

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

August 15, 2002

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman
Roland W. Betts
Paul Crotty
Richard Grasso (via telephone)
Robert M. Harding
Sally Hernandez-Pinero
Thomas S. Johnson
Edward J. Malloy (via telephone)
E. Stanley O'Neal
Billie Tsien
Carl Weisbrod
Madelyn Wils
Howard Wilson
Frank G. Zarb

Staff Attending:

For Lower Manhattan Development Corporation:

Louis R. Tomson, President
James Angley, Chief Financial Officer
And Treasurer
Anita Contini, Vice President and Director
for Memorial, Cultural and Civic Programs
Alexander Garvin, Vice President for
Planning, Design and Development
Matthew Higgins, Vice President for
Communications
Peter Madden, Project Manager
Amy A. Peterson, Program Administrator
Stefan Pryor, Deputy to the Chairman
and Secretary
Kevin Rampe, Executive Vice President
and General Counsel

**Staff Attending
Continued:**

**For Lower Manhattan Development
Corporation:**

Tara Snow, Vice President for Community
and Government Relations
Andrew Winters, Director of Design and
Development

For Empire State Development Corporation:

Kevin S. Corbett, Executive Vice President
& Chief Operating Officer

For Chairman Whitehead:

Edward Novotny, Press Consultant

For Office of the Mayor:

Daniel L. Doctoroff, Deputy Mayor

Also Present:

Ira M. Millstein, Counsel to the Board
Weil, Gotshal & Manges LLP
Jason R. Lilien, Esq.
Weil, Gotshal & Manges LLP
Judy Rapfogel, Chief of Staff
Speaker Sheldon Silver's Office

The Public
The 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.

The first order of business was the approval of the Minutes of the July 17, 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 JULY 17, 2002 MEETING OF THE DIRECTORS OF THE LOWER
MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on July 17, 2002, 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 remarks by stressing the progress that has been made with regard to the public outreach process and the incorporation of public input into LMDC's site planning efforts.

The Chairman then provided a brief outline of the program designed by the Governor and the Mayor to mark the one-year anniversary of the September 11th terrorist attack. He stated that LMDC should be proud that The Sphere in Battery Park continues to be a focal point for remembrance. Honoring those lost on September 11th is central to LMDC's mandate, the Chairman

noted, and Anita Contini has begun work towards the creation of a fitting permanent memorial. In addition, Ms. Contini has begun evaluating the types of cultural and civic amenities needed to help revitalize downtown.

In closing, the Chairman commended Mr. Tomson for his leadership and success in securing funding for lower Manhattan transportation projects. He then turned the floor over to Mr. Tomson for the President's report.

The President opened by noting that the most important events since the last meeting centered around federal funding, including the August 2nd signing of the Supplemental Appropriations Act by President Bush.

President Tomson explained that this bill will provide further financial assistance to help lower Manhattan recover from the terrorist attack, and then provided an outline of the proposed uses of those funds as set forth in the legislation.

Further positive news, the President noted, regarded the flexibility in using FEMA Funds, totaling \$4.55 billion, for transportation improvements.

Next, at the Chairman's request, Messrs. Betts, Garvin and Tomson provided an update on LMDC's recent announcement regarding a Request for Qualifications for architects and designers.

Mr. Tomson explained that this RFQ for architects to submit new design planning concepts for the World Trade Center site is being issued in response to the high volume of public comments received on the first six concept plans.

Mr. Betts then discussed the elements of the original six plans which have received favorable public response, and which would likely be retained in the planning going forward. Among the elements the public has shown great interest in is the wide promenade or boulevard that would run from the site down to Battery Park, and the restoration of the skyline.

Continuing with this presentation, Mr. Garvin explained that LMDC has sought the assistance of New York New Visions in establishing a panel to narrow down the selection from the anticipated large number of respondents.

Next, Mr. Tomson requested that the Directors authorize the Corporation to authorize additional expenditures pursuant to its contract with Peterson/Littenberg, which serves as LMDC's in-house planning consultant. Mr. Tomson briefly outlined the services to be performed by Peterson/Littenberg and the reasons that this authorization is necessary.

The Chairman then read a resolution into the record authorizing this action. Following the Chairman's reading of this resolution, he noted that the words "for a three month period" should be inserted. Then upon motion duly made and seconded, the following resolution was unanimously adopted:

IN-HOUSE PLANNING CONSULTANTS

RESOLVED, that the Corporation is hereby authorized to appropriate and expend out of the Corporation's funds an amount not to exceed \$165,000 for consulting services rendered by Peterson Littenberg Architecture and Urban Design LLP for a three-month period pursuant to phase III of the Letter of Agreement, dated May 2, 2002, between the Corporation and Peterson Littenberg; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action as may be necessary and appropriate to effect the foregoing.

* * *

Mr. Zarb noted that this expenditure, as well as the two others that will be requested later in the meeting, are included in the total existing budget.

The Chairman then asked Ms. Contini to provide an update on the memorial process.

Ms. Contini first noted the importance of working closely with LMDC's Families Advisory Council, LMDC's other Advisory Councils, as well as all stakeholders, partners and agencies in developing these plans. She explained that it is essential to coordinate the plans for the memorial with the overall site plan.

She noted that a review is underway of protocols and practices of other memorial projects (such as the Oklahoma City and the Vietnam Memorials). Also underway is an effort to finalize a Mission Statement relating to the memorial (the preliminary Mission Statement developed by the Families Advisory Council is being used as a starting point).

Ms. Contini emphasized the importance of setting an anticipated deadline for the memorial, a point echoed by the Families Advisory Council during its last meeting.

Ms. Contini stated that the anticipated deadline is September 2003. Ms. Wils asked for a clarification as to the goal set for September 2003. Ms. Contini said that it is hoped that a design will be brought forward by the selection team by that time.

Mr. Grasso then stated his hope that the City will consider renaming West Street the Highway of Heroes. The Chairman thanked him for his suggestion and stated that it will be considered.

The Chairman then asked the Advisory Councils to begin their reports. Speaking on behalf of the Families Advisory Council, Mr. Johnson stated that the family members had held two meetings recently, the second one essentially being a continuation of the first.

Mr. Johnson explained that Ms. Snow updated the Council on a number of issues, including the status of the viewing wall, the recent mailing to families and the legislation signed by

Governor Pataki that will provide funds for the families for college expenses.

Mr. Johnson further noted that Mr. Lombardi from the Port Authority briefed the families on the private area on Liberty Street from which the families can view and visit the World Trade Center Site.

Mr. Johnson stated that some family members expressed concern that the current configuration of the proposed transportation concourse would require building through one of the towers' footprints. Ways to avoid the footprint were discussed, which, Mr. Johnson noted, merit further consideration and will be discussed at future meetings.

The concept plans, Mr. Johnson noted, were the final matter addressed by the family members. Among the concerns discussed in that regard was the restoration of the street grid through the site and whether streets would be pedestrian or vehicular. Concern was also expressed regarding the amount of office space expected to be built.

In particular, the family members expressed opposition to building on the footprints of the North and South towers. Family members also encouraged the Port Authority and LMDC to look into the possibility of including residential development at or around the site.

Mr. Harding then presented the report of the joint meeting of the Residents Advisory Council and the Restaurants, Retailers and Small Business Advisory Council.

Mr. Harding noted that Mr. Garvin briefed the Councils on the six plans, and was followed by Mr. Eisenstat of the Port Authority, who briefed the Councils on transportation alternatives.

Mr. Harding explained that some of the suggestions prompted by these presentations included the need to perform traffic and sewer studies prior to proceeding with discussions on depressing West Street.

Ms. Wils then provided a report on the Arts, Education and Tourism Advisory Council meeting. She noted that Mr. Garvin presented the six plans at that meeting as well, and that among

the ideas expressed, was a request to prepare a master plan for cultural innovations and institutions.

Mr. Betts reported on the Development Advisory Council meeting, which included presentations and discussions on transportation issues and the six plans.

Next Mr. Wilson provided a report on the Transportation and Commuters Advisory Council meeting which, he noted, focused primarily on the inter-modal transportation center and the idea of linking PATH and the New York City transit systems.

Next, the Chairman asked Ms. Snow to provide an update on LMDC's outreach efforts. Ms. Snow reported on the mailing of the preliminary mission statement to over three thousand families and the related questionnaire. She further reported that LMDC will be holding a series of public meetings throughout the five boroughs to solicit further public comment as the rebuilding process continues.

Mr. Tomson and Ms. Peterson then provided a report on the Residential Grant Program. Mr. Tomson noted that due to Ms. Peterson's efforts, applications for the Residential Grant

Program were now available. This, he explained, is a crucial development for the revitalization of Lower Manhattan.

Ms. Peterson then outlined the various means by which these applications will be made available and the follow-up processes involved.

Ms. Peterson explained that a key concern with regard to this program is to minimize fraud. To that end, she stated that LMDC will hire a compliance auditor, which will be paired with a fraud prevention and investigation specialist. Ms. Peterson then outlined the process utilized in selecting this team.

Ms. Peterson then provided a breakdown of the audit plan for the Program, which had been reviewed by LMDC's Audit Committee.

Following Ms. Peterson's report, Mr. Tomson noted that the City Department of Investigation has offered its resources to assist LMDC in coordinating its efforts with the auditors.

Ms. Hernandez-Pinero asked for an estimate as to the time for processing the application and the actual distribution of

the grant. She was informed that in general, the process will take no more than six weeks.

Ms. Wils then asked several questions with regard to mixed-use buildings and then commented on the need for an outreach for the elderly and handicapped below Canal Street regarding this program.

Ms. Wils further raised the issue of the taxability of the grants. Specifically, she called upon elected officials and other to write letters to the IRS requesting that the grant recipients not be taxed by the federal government.

Mr. Tomson noted that the Governor has written to the IRS, and that efforts are underway to address this matter.

In response to a further query by Ms. Wils, Ms. Peterson outlined the division of payments under the three types of available grants.

There being no further questions or comments, the Chairman read a resolution into the record with regard to hiring the compliance audit team. Upon motion duly made and seconded, the following resolution was unanimously adopted:

COMPLIANCE AUDITOR

RESOLVED, that the Corporation is hereby authorized to enter into an agreement with Ernst & Young LLP to serve as the Compliance Auditor for the Corporation's Residential Grant Program; and be it

FURTHER RESOLVED, that such agreement shall be for a three-year period for an amount not to exceed \$3,000,000 in the aggregate which amount shall be allocated from funds the Corporation has authorized for the Residential Grant Program; and be it

FURTHER RESOLVED, that the proper officers of the Corporation are hereby authorized to take any such action as may be necessary and appropriate to effect the foregoing.

* * *

Next, the Chairman asked Messrs. Tomson and Rampe to discuss the retention by LMDC of IBM Global Services for necessary improvements to LMDC's office computer system. Following this presentation, Mr. Betts, noting that his comments were not related to the present resolution, requested that the inadequacies in LMDC's phone system be looked into. Mr. Rampe explained that the State OGS and ESD have offered assistance in this regard and that the matter is being currently addressed. There being no further comments, the Chairman called for a vote on the resolution that he had read into the record requesting authorization to enter into a contract with IBM Global. Upon motion duly made and seconded, the following resolution was unanimously adopted:

INFORMATION TECHNOLOGY CONSULTANT

RESOLVED, that the Corporation is hereby authorized to enter into an agreement with IBM Global Services, and such other technology vendors and firms as the President of the Corporation may select, to provide information technology services, equipment and related products to the Corporation for an amount not to exceed \$550,000 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 and appropriate to effect the foregoing.

* * *

Ms. Rapfogel announced that August 20th through the 22nd marks the next set of sales tax rebate days in Lower Manhattan.

Next, the Chairman called for a motion to conduct an Executive Session pursuant to paragraph (h) of Subdivision 1 of Section 105 of the New York State Open Meetings Law. Upon motion duly made and seconded, the following resolution was unanimously adopted:

EXECUTIVE SESSION - Pursuant to Paragraph (h) of
Subdivision 1 of Section 105 of the New York State Open
Meetings Law

RESOLVED, that the Directors conduct an Executive Session to consider matters pertaining to paragraph (h) of Subdivision 1 of Section 105 of the New York State Open Meetings Law.

* * *

Before the Directors left the room for Executive Session, questions were taken from the media. This part of the meeting was not recorded for the public record.

All persons were requested to leave the room with the exception of the Directors and members of senior staff. The Executive Session ended at 9:50 a.m. It was noted for the record that no votes were taken during the Executive Session.

There being no further business, the meeting was adjourned at 9:51 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary