

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

September 17, 2002

MINUTES

In Attendance

Directors:

John C. Whitehead, Chairman
Paul Crotty
Lewis M. Eisenberg
Robert M. Harding
Sally Hernandez-Pinero (telephone)
Edward J. Malloy (telephone)
E. Stanley O'Neal (telephone)
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
Amy Peterson, Program Administrator
Stefan Pryor, Deputy to the Chairman
and Secretary
Kevin Rampe, Executive Vice President
and General Counsel
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
Anita W. Laremont, Senior Vice President
& General Counsel

For Chairman Whitehead:

Edward Novotny, Press Consultant

For Office of the Mayor:

Daniel L. Doctoroff, Deputy Mayor

For Governor George E. Pataki

Diana Taylor

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
Peter Flaherty, McKinsey & Co.
Ari Buchaler, McKinsey & Co.

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 to the August 15, 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 AUGUST 15, 2002 MEETING OF THE DIRECTORS OF THE LOWER
MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on August 15, 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 noting his optimism regarding the future of downtown in spite of the negative economic effects brought on by the events of September 11th. He cited the many firms and retailers that have remained in the area, as well as the much-improved residential vacancy rate as evidence of the on-going recovery.

Next, the Chairman stressed the importance of the individual contributions of many businesses in the area. He noted as an example, Richard Cohn, the owner of Southwest New York, who provided a hospitality suite in his restaurant for

family members following the September 11th ceremonies at the site.

Other positive events noted by the Chairman included the River to River Festival, the opening of the #1 and #9 subways and the completion of renovations to the Winter Garden at the World Financial Center.

The Chairman then noted that the viewing wall and tribute panels at the World Trade Center site were now in place as a result of the combined efforts of LMDC staff members, the Port Authority and New York New Visions. In closing, the Chairman stated that with substantial accomplishments, some prominent and some low-keyed, lower Manhattan continues to overcome the challenges and to progress every day.

Mr. Tomson then opened the President's Report by welcoming to the meeting Diana Taylor, who is attending as a representative of the Governor. Mr. Tomson then stated that participating in the various 9/11 ceremonies had helped him, and the other LMDC staff and Board members attending, better understand the importance of the work LMDC is undertaking.

Mr. Tomson then noted that LMDC had signed a Memorandum of Understanding with the City Planning Commission which will allow the Commission to coordinate LMDC's efforts with those of the relevant City agencies as the rebuilding effort moves forward.

Mr. Tomson further noted that the deadline for responses to LMDC's International Design RFQ is five o'clock on this date. Thus far, he noted, approximately 300 responses had been received.

Moving on, Mr. Tomson thanked those Board members who had attended the various public hearings that LMDC held in each borough and in New Jersey.

He went on to note that LMDC is working with the City, the MTA and the Port Authority to develop a prioritized set of transportation projects to most effectively utilize the \$4.55 billion received in federal aid.

He then introduced several new staff members to those present at the meeting.

Next, the Chairman called on Deputy Mayor Doctoroff to report on the Lower Manhattan Information Campaign.

Mr. Doctoroff explained that the program, which had been spearheaded by the City, is a cooperative effort among the City, the State, the Federal Government, LMDC and the Port Authority to create a one-stop source for all informational needs about Lower Manhattan.

Mr. Doctoroff explained that the most important element of the program is the website, www.lowermanhattan.info, through which hundreds of thousands of inquiries are received weekly. He further stated that a monthly newsletter will begin publication shortly. Mr. Doctoroff then outlined some of the information that is provided, including a virtual tour of Lower Manhattan and health and safety information.

Director Hernandez-Pinero asked if any advertising was anticipated to promote the site. Mr. Doctoroff informed her that there would be advertising in community papers and the like. Directors Wils and Weisbrod then thanked Mr. Doctoroff for this initiative.

Next, Ms. Snow provided an update on the most recent public outreach activities. Ms. Snow stated that through the public hearings held in New York City and in New Jersey, and the Federal Hall exhibit displaying the six initial concept plans, more than 23,500 citizens were able to either view the plans or provide direct feedback to LMDC.

Mr. Tomson and Mr. Winters then presented information on the retention by LMDC of The Louis Berger Group and Allee, King, Rosen & Fleming to serve as environmental consultants to LMDC. The Chairman read a resolution into the record authorizing LMDC to enter into agreements with these firms. Following the Chairman's reading of this resolution and upon motion duly made and seconded, the following resolution was unanimously adopted:

Environmental Consultants

RESOLVED, that the Corporation is hereby authorized to enter into an agreement with each of The Louis Berger Group, Inc. and Allee King Rosen & Fleming, Inc. to provide environmental consulting services for a two-year period in connection with planning matters and development projects in Lower Manhattan; and be it

FURTHER RESOLVED, that the combined expenditures under such agreements shall not exceed \$250,000 in the aggregate without further Board approval; 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. Tomson next introduced Ms. Derrington, Mr. Garvin and Ms. Contini of LMDC and Peter Flaherty of McKinsey & Co. to make a presentation on the economic condition of Lower Manhattan, and its relationship to the planning and memorial process. Mr. Tomson noted that McKinsey & Co. had volunteered its services with respect to this presentation.

Ms. Derrington opened the presentation by explaining the economic impact of 9/11, noting that 62,000 of the 138,000 jobs that were displaced by the attack have not returned to Lower Manhattan. Ms. Derrington provided an overview of the economic drivers in Lower Manhattan, particularly the financial services industry, and the importance of revitalization to the national, regional and local economies. She went on to discuss some of the economic trends in Lower Manhattan over the past decade, and the impact of 9/11 on the key sectors of the Lower Manhattan economy.

Ms. Derrington then called on Mr. Flaherty to present the results of the McKinsey study. Mr. Flaherty provided a lengthy overview of the existing economic conditions and those elements that it has determined require stimulation - transportation, infrastructure, anchor institutions and incentive programs - in order to achieve enhanced economic growth and improved quality of life. He then presented the various scenarios under which economic stimulation would be most effective.

Mr. Garvin then provided an overview of the planning activities that are integral to the revitalization process. He began his remarks by discussing the RFQ process for new designs for the World Trade Center site. He noted that a group of experts, which he named, would serve to review and to narrow down the number of RFQ responses that have been received.

Mr. Garvin went on to discuss the importance of transportation to a successful recovery and noted that the LMDC Planning Department is working diligently with the Port Authority in that regard.

Ms. Contini opened her remarks by noting the commitment of

LMDC and the other involved agencies to cultural and civic programs, both of which she noted will play a pivotal role in rebuilding the economic strength and the quality of life in Lower Manhattan. Ms. Contini stated that she is in the process of developing, along with the Non-Profits Working Group, criteria for cultural and civic groups who will be interested in soliciting support from LMDC.

Ms. Contini then noted that she has begun coordinating the memorial process with the overall site planning, and has been working with Mr. Garvin and Ms. Derrington in that regard. Ms. Contini further stated that she and various LMDC Board and staff members have visited local memorials and will shortly be visiting different cities throughout the country to study their memorials. In total, more than twelve memorials will be visited.

Next, the Chairman called on Mr. Zarb to provide a report of the Audit & Finance Committee.

Following Mr. Zarb's report, Ms. Peterson presented an update on the Residential Grant Program. Ms. Peterson noted

that to date over 116,000 copies of the grant application have been distributed, with an additional 16,000 being downloaded from LMDC's web-site. Over 10,000 completed applications have been received.

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There being no further business, the meeting was adjourned at 9:45 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary