

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

February 10, 2005

MINUTES

In Attendance

Directors:

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

Staff Attending:

For Lower Manhattan Development Corporation:

Kevin Rampe, President and CEO
Irene Chang, General Counsel
Betty Chen, Vice President - Planning,
Design and Development
Christopher Glaisek, Vice President -
Planning, Design and Development
Stephen Konopko, Director of Internal Audit
Anita Contini, Vice President - Memorial,
Cultural and Civic Programs
Robert Miller, Chief Financial Officer and
Treasurer to the Board
Amy Peterson, Senior Vice President -
Memorial, Cultural and Civic Development
Stefan Pryor, Senior Vice President - Policy
and Programs
Dyana Lee, Vice President for Investigations
Allison Bailey, Project Manager - Office of
the Chairman

Other Staff

For Governor Pataki:

Douglas Blais

For Speaker Sheldon Silver:

Judy Rappofel

For ESD:

Susanna Stein, Senior Vice President -
Operations

Counsel to the Board:

Jason R. Lilien, Esq.
Weil, Gotshal & Manges LLP

Also Present:

Jim Whitaker - Project Rebirth
The Public
The Media and Press

The meeting of the Lower Manhattan Development Corporation ("LMDC") was called to order at 8:06 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 January 13, 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 JANUARY 13, 2005 MEETING OF THE DIRECTORS OF THE LOWER
MANHATTAN DEVELOPMENT CORPORATION

RESOLVED, that the minutes of the meeting of the Corporation held on January 13, 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.

* * *

Chairman Whitehead began his report by noting that as part of the White House Budget that was issued on January 10, 2005, President Bush proposed two billion dollars in converted tax credits to finance the rail link from Long Island and JFK to Lower Manhattan.

Among other things, the Chairman noted that the project is a critical component of the revitalization of Lower Manhattan and of New York City as a whole. He added that the President's support means that another important step is being taken towards its realization.

The Chairman then noted his appreciation for the broad

public support that the project has been given. He went on to express his appreciation specifically to the Governor and the Mayor for their leadership on this issue. The Chairman then thanked Deputy Mayor Doctoroff, LMDC Directors Betts, Weisbrod and Wils, and the coalition of business and civic advocates, for their tireless and effective efforts in this regard. The Chairman ended his comments on this subject by stressing that it is now up to Congress to do their part and to both Houses to approve this item in order to bring about the President's proposal.

The Chairman briefly addressed several other matters, including the progress that has been made in starting up the World Trade Center Memorial Foundation. He thanked John Zuccotti and Brookfield Properties for contributing office space for the World Trade Center Memorial Foundation across the hall from the LMDC. He then congratulated President Rampe for being honored as one of the Forty Under 40 in Crain's Magazine.

President Rampe opened his report by joining the Chairman in applauding President Bush and the efforts of the Governor and the Mayor for the funding proposal for the Long Island/JFK Rail Link Project. He then noted the importance of the tremendous progress that has been made regarding the K-8 public school in

Lower Manhattan. President Rampe cited the efforts of the Mayor, Speaker Silver and Director Wils as the main reason for the success of this project.

President Rampe then stated that within the next few weeks, LMDC will be sharing the schematic design for the World Trade Center Memorial with the entire State of New York. He explained that a traveling exhibit of the models, renderings and animations has been created and will be displayed at various locations throughout the State.

President Rampe then outlined in detail each of the funding requests to be considered by the Directors at the meeting. In closing, and as the Chairman had done earlier in his report, President Rampe spoke about the Project Rebirth presentation to be made at the end of the meeting by Jim Whitaker of Imagine Entertainment.

Director Johnson then provided the Audit and Finance Committee Report, stating that the Committee had reviewed the background information with regard to the five funding requests that will be presented to the Board for approval this date. Director Johnson noted that three of the requests involve time extensions, and do not require any additional funds. He further

stated that the Committee recommends the approval of the items.

Director Johnson went on to address the Budget Variance Report that had been provided to the Directors. Director Johnson explained for clarification purposes that, as is usually the case with this report, certain items are presently in a category from which they will be removed once the appropriate partial action plans have been approved.

In closing, Director Johnson noted that recently a brief commentary provided by the Internal Auditor to the Audit Committee indicated that there are presently no items about which there should be inordinate concern.

Next, Ms. Peterson asked the Directors to authorize LMDC to amend Partial Action Plan 7 as that plan relates to the deconstruction of 130 Liberty Street. The request, she noted, is for an additional amount not to exceed \$45,305,032.

Ms. Peterson provided the relevant background information with regard to the events surrounding LMDC's acquisition of the Deutsche Bank building on August 31, 2004.

Among other things, Ms. Peterson explained that after LMDC

acquired the building in September, results were published of independent testing by LMDC's environmental consultants of dust and other contaminants of potential concern in the building.

Ms. Peterson further explained that in December, LMDC issued a draft Phase One Deconstruction Plan to the regulators for public comment. Said plan, she noted, addressed the contaminants of potential concern as well as the input that had been provided by the regulators.

Ms. Peterson went on to note that comments were received from the regulators on January 31st and that LMDC is presently going through the process of updating the plan to comply with the regulators' comments. LMDC, she noted, will not start the deconstruction or cleaning of 130 Liberty Street until it receives an approved plan from the regulators.

Ms. Peterson stressed that there is significant cost related to the regulators' comments in regard to the legal requirements.

Ms. Peterson then noted that the present request will allow LMDC to proceed on the deconstruction process expeditiously once the final deconstruction plan is approved by the regulators, while the Corporation pursues recovery of funds from the

insurers and/or Deutsche Bank as appropriate under LMDC's legal agreements.

Following Ms. Peterson's presentation, Director Malloy asked if all of the regulators were in agreement regarding the scope of the clean-up. Ms. Peterson informed him that all of the regulators are working together on this and have sent LMDC the comments jointly.

Director Crotty then asked if it was clear that LMDC has outside counsel on all steps of this undertaking and that the Corporation is appropriately advised that this is the right course of action. Ms. Peterson answered that this was the case.

The Chairman then summarized the situation, noting in part that \$45,000,000 was previously appropriated for the cost of deconstruction and there are agreements in place that should the cost exceed that amount, LMDC will recover the excess costs either from Deutsche Bank or from the insurer's company. This additional \$45,000,000, he stated, will be covered under the afore-mentioned agreements within a relatively short period of time after the funds are expended.

Ms. Peterson confirmed the Chairman's assessment adding

that the additional costs are related to legal requirements because of hazardous materials.

There being no further questions or comments, the Chairman read the related resolution into the record. After making the motion to move said resolution, Director Weisbrod commented that LMDC is advancing three very important objectives by moving forward on this authorization. Director Weisbrod outlined those objectives as: (1) assuring that the building is deconstructed in a manner that ensures the public's health, safety and welfare, (2) doing so in an expeditious manner and (3) protecting the public's money to the highest extent possible.

The motion having been duly made and seconded, the following resolution was unanimously adopted:

Authorization to Issue Amended Partial Action Plan 7

RESOLVED, that the proper officers of the Corporation are hereby authorized to release for public comment and submit for review by the federal Department of Housing and Urban Development (HUD) an Amended Partial Action Plan 7, on substantially the terms as presented to this meeting, providing for the expenditure of up to an additional \$45,305,032 of the Corporation's funds to cover additional costs relating to the deconstruction of 130 Liberty Street, which funds shall be used for, among other things, remediation and mitigation measures, construction management, legal and environmental consultants and integrity monitoring; and be it

FURTHER RESOLVED, that the Amended Partial Action Plan 7 shall provide that the Corporation will seek prompt recovery or reimbursement of such costs to the greatest extent practicable consistent with its agreements with the insurers of 130 Liberty Street and/or Deutsche Bank, as appropriate, relating to 130 Liberty Street; and be it

FURTHER RESOLVED, that the President of the Corporation shall be authorized to make changes to the Amended Partial Action Plan 7 as may be necessary or appropriate to comport with applicable HUD requirements and to reflect public comments received on such Amended Plan; and be it

FURTHER RESOLVED, that the agreements necessary to implement Amended Partial Action Plan 7, and the expenditures to be incurred by the Corporation in connection therewith, shall be submitted separately to the Board of Directors for authorization; 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 and appropriate to effect the foregoing.

* * *

Next, Ms. Lee presented a request for authorization for LMDC to amend its business integrity consulting contract with Kroll, Inc. by an amount not to exceed \$165,000 and to extend the term for an additional year.

Following Ms. Lee's detailed account of the relevant background information with regard to this request, Director Crotty noted that the amount given in the write up states that the amount is not to exceed \$165,000 and that the resolution shows a not to exceed amount of \$205,000.

Director Crotty asked why the figures are different.

Ms. Lee explained that the original contract was for \$40,000 and that the amendment requested is \$165,000. The \$205,000 amount, she stated, reflects the entire amount of the amended contract. There being no further question or comments, the Chairman read the following related resolution into the record and upon motion duly made and seconded, the following resolution was unanimously adopted:

Authorization to Amend Agreement for Business Integrity Consulting Services

RESOLVED, that the Corporation is hereby authorized to amend its agreement with Kroll, Inc. for business integrity consulting services to increase the authorized expenditures thereunder to an amount not to exceed \$205,000 in the aggregate and to extend the term of such agreement for an additional one-year period; 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.

* * *

President Rampe then provided detailed background information with regard to three items relating to LMDC's daily operations and communication needs. It was noted that the three items represent contract term extensions and that no further funding is being requested at this time.

Following President Rampe's full presentation, the Chairman read all three related resolutions into the record, and upon motion duly made and seconded, the following resolutions were unanimously adopted:

Authorization to Amend Agreements for Printing Services

RESOLVED, that the Corporation is hereby authorized to amend its agreements with each of GM Printing, ABC Imaging, Duggal Visual Solutions, Inc. and Graphic Technology, Inc. for printing services, including offset, digital and photo printing services, to extend the term of each such agreement through July 31, 2006; and be it

FURTHER RESOLVED, that the Corporation is hereby authorized to allocate among such agreements the remaining unexpended portion of the combined \$1,200,000 amount previously approved by the Board for printing services at its May 15, 2003 and July 8, 2004 meetings, and such prior authorizations are hereby superseded by this resolution; 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.

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Authorization to Amend Agreement for Audio Visual Services

RESOLVED, that the Corporation is hereby authorized to amend its agreements with each of Kipany Productions, Mechanism Digital Inc. and Video Impact Productions Inc for audio-visual services to extend the term of each such agreement for an additional one-year period; 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 and appropriate to

effect the foregoing.

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Authorization to Amend Agreement for Photocopying Services

RESOLVED, that the Corporation is hereby authorized to amend its agreements with each of Corporate Marketing Solutions, Inc. and A. Esteban & Company, Inc. for photocopying and related services to extend the term of each such agreement for an additional one-year period; 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 and appropriate to effect the foregoing.

* * *

Mr. Whitaker of Project Rebirth then provided a video presentation chronicling the rebuilding of the World Trade Center site through time lapse photography. The video also included yearly interviews with people affected by the September 11th attacks, providing their accounts of the direct impact the attacks continue to have upon their lives. Among other things, Mr. Whitaker stated that he intends to create a two-hour film over the next ten years which will capture the rebuilding process as well as documenting the effects of the passage of time on several affected individuals. He noted his hope that this film will become a part of the Memorial Center.

There being no further business, the meeting was adjourned
at 8:51 a.m.

Respectfully submitted,

Eileen McEvoy
Assistant Secretary