HYDC
Hudson Yards Development Corporation

September 16, 2010

Deloitte & Touche LLP
One Centre Street
New York, NY 10007
6th Floor, Room 626
Attention: Mr. Glenn Friedrich

We are providing this letter in connection with your audits of the financial statements of the governmental activities and the capital projects fund of the Hudson Yards Development Corporation (the "Corporation"), as of and for the years ended June 30, 2010 and 2009, which collectively comprise the Corporation's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations and changes in fund balances of the Corporation in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the following:

a. The fair presentation in the basic financial statements of the financial position of the governmental activities and the capital projects fund in conformity with accounting principles generally accepted in the United States of America.

b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, accompanying the basic financial statements, that is presented for the purpose of additional analysis of the basic financial statements.

c. The design and implementation of programs and controls to prevent and detect fraud.

d. Establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The basic financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. In addition:

   a. The financial statements properly classify all funds and activities.

   b. The Capital Project Fund meets the quantitative criteria in Statement No. 34 and Statement No. 37 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for presentation as major and is identified and presented as such.

   c. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

d. Expenses have been appropriately classified in the statement of activities.

e. Revenues are appropriately classified in the statement of activities.

f. Deposits and investment securities are properly classified in category of custodial credit risk.

g. Required supplementary information is measured and presented within prescribed guidelines.

h. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

2. The Corporation has made available to you all:

   a. Summaries of actions of the Audit Committee and Board of Directors.

   b. Financial records and related data for all financial transactions of the Corporation and for all funds administered by the Corporation. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Corporation and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

   c. Contracts and any other correspondence that has taken place with federal agencies.

3. There has been no:

   a. Action taken by the Corporation's management that contravenes the provisions of federal laws and State of New York laws and regulations, or of contracts and grants applicable to the Corporation.

   b. Communication from other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

4. The Corporation has made available to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.

5. We have no knowledge of any fraud or suspected fraud affecting the Corporation involving:

   a. Management.

   b. Employees who have significant roles in internal control over financial reporting.

   c. Others if the fraud could have a material effect on the financial statements.

6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, analysts, regulators, short sellers, or others.

7. There are no unasserted claims or assessments that legal counsel has advised us are probable of

assertion and must be disclosed in accordance Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 450, *Contingencies* (formerly FASB Statement No. 5, *Accounting for Contingencies*).

8. No organizations were identified that meet the criteria established in GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*.

9. We have included in the financial statements all assets and liabilities under the Corporation's control.

Except where otherwise stated below, matters less than $21,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

10. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

11. The Corporation has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

12. The following, to the extent applicable, have been appropriately identified and properly recorded and disclosed in the financial statements:

    a. Related-party transactions and associated amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral).

    b. Guarantees, whether written or oral, under which the Corporation is contingently liable.

13. In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

14. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:

    a. The concentration exists at the date of the financial statements.

    b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact.

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

15. There are no:

a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, *Contingencies* (formerly FASB Statement No. 5, *Accounting for Contingencies*).

16. The Corporation has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral except for assets reported as restricted in the financial statements.

17. The Corporation has materially complied with all aspects of contractual agreements that may have a material effect on the financial statements in the event of noncompliance.

18. No employee of the Corporation has reported a material instance of noncompliance to us.

19. We have identified the significant assumptions and factors influencing the measurement of fair value as follows: investments are reported at estimated fair value as of the financial statement date. The significant assumptions used in measuring fair value, taken individually and as a whole, provide a reasonable basis for the fair value measurements and disclosures in the financial statements. The assumptions are reflective of management's intent and ability to carry out specific courses of action and the significant assumptions used are consistent with the Company's plans and past experience.

20. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments:

    a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied.

    b. The completeness and adequacy of the disclosures related to fair values are in conformity with accounting principles generally accepted in the United States of America.

    c. No events have occurred after June 30, 2010 but before September 16, 2010, the date the financial statements were available to be issued that require adjustment to the fair value measurements and disclosures included in the financial statements.

21. No events have occurred subsequent to June 30, 2010 but before September 16, 2010, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the financial statements.

22. Management has disclosed whether, subsequent to June 30, 2010, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses, have occurred.

23. Management has disclosed to you any changes in the Corporation's internal control over financial reporting that occurred during the Corporation's most recent fiscal year ended June 30, 2010, that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

24. Receivables recorded in the financial statements represent valid claims arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

25. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

26. Management has disclosed all contracts or other agreements with the Corporation's service organizations.

27. Management has disclosed all communications from the Corporation's third-party service organization relating to noncompliance with the Corporation's operations at that service organization.

28. We believe that all expenditures that have been deferred to future periods are reasonable and proper and will be amortized in accordance with accounting principles generally accepted in the United States of America.

29. The Corporation has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as disclosed in Note 2. The Corporation is therefore unable to disclose the impact that adopting GASB Statement No. 54 will have on its financial position, results of operations, and cash flows when such statement is adopted.

Ann Weisbrod
President

Dena Linn Chen
Controller & Vice President, Operations