

**MINUTES OF MEETING OF THE BOARD OF DIRECTORS OF THE
HUDSON YARDS DEVELOPMENT CORPORATION
May 7, 2009**

A regular meeting of the Board of Directors of the Hudson Yards Development Corporation (the "Corporation") was held on May 7, 2009 at 10:00 a.m. in the 7th floor Conference Room at the New York City Office of Management and Budget at 75 Park Place, New York, New York.

Twelve Directors and Alternate Directors were present, constituting a quorum.

Directors:

Robert Lieber, Deputy Mayor for Economic Development for the City of New York

Jean-Daniel Noland, Chairperson, Community Board #4

Mark Page, Director, New York City Office of Management and Budget

Alternate Directors:

Richard Barth, New York City Planning Commission

Anthony Borelli, Office of the Manhattan Borough President

Deborah Buyer, New York City Department of Small Business Services

Danielle DeCerbo, New York City Council

Kyle Kimball, New York City Economic Development Corporation

Carol Kostik, Office of the Comptroller for the City of New York

Joshua Laird, New York City Department of Parks and Recreation

Holly Leicht, Department of Housing Preservation & Development

Raymond Majewski, New York City Council

Approval of Minutes

Raymond Majewski indicated that he should be referred to Raymond, not Ray, in corporate documents.

In response to a question from Carol Kostik, David Farber, HYDC's Senior Vice President and General Counsel, confirmed that HYDC had completed the Vendex process and determined that it was appropriate to contract with Carter Ledyard & Millburn ("CLM") prior to entering into a retainer agreement with CLM for property acquisition services.

Upon motion duly made and seconded, the minutes of the October 3, 2008 meeting of the Directors of the Corporation, with Mr. Majewski's name corrected to Raymond, were approved.

Public Authorities Accountability Act Compliance

Raymond Majewski requested that, in the future, HYDC staff provide Board members with explanatory information concerning PAAA policies to be newly adopted or ratified. Further, for each policy to be ratified, he requested that HYDC staff provide a blacklined copy of such policy showing changes, if any, from the policy then in effect. Mr. Farber indicated that the investment guidelines and real and personal property acquisition and disposition policies proposed for adoption are the same as the policies adopted by the HYDC Board last year.

Upon motion duly made and seconded, the following Resolution was adopted.

RESOLVED, that the Investment Guidelines and the Policies on the Acquisition and Disposition of Real Property and the Disposition of Personal Property attached hereto as Exhibits 1, 2 and 3 are hereby ratified and affirmed.

Fiscal Year 2010 Budget And Fiscal Years 2008 And 2009 Reports

In response to a question from Ms. Kostik about Note 3 to HYDC's Budget Report concerning payment of AKRF's WRY Environmental Review expenses, Mr. Farber explained that HYDC does not advance any of its own funds for payment of such expenses. Instead, HYDC only pays such expenses out of funds that have been received by HYDC pursuant to the Funding Agreement between HYDC and Related. Mr. Farber further explained that AKRF's aggregate expenses currently exceed HYDC's aggregate payments because, in order to assure timely payments to AKRF on a monthly basis, HYDC, Related and AKRF agreed that AKRF would be paid a fixed amount on a monthly basis, and any expenses in excess of the aggregate of such payments would be paid to AKRF according to a payment schedule to be mutually determined.

Upon motion duly made and seconded, the following Resolution was adopted.

RESOLVED, that the Hudson Yards Development Corporation ("HYDC") budget for Fiscal Year 2010 as set forth in Exhibit 1 is hereby approved, and it is

FURTHER RESOLVED, that the Fiscal Year 2010 budget, together with the information for Fiscal Years 2008 and 2009, all as set forth in Exhibit 1, shall be submitted as required by the Public Authorities Accountability Act of 2005 (the "PAAA").

Hudson Yards Security Consulting Services

Richard Falkenrath, New York City Police Department Deputy Commissioner for Counterterrorism, presented this item. He indicated that HYDC had issued a request for proposals for consulting services ("RFP") in February and five proposals were received in March, and that the selection criteria included quality of the consultant team's experience, experience in providing services similar to the required services, the quality of the proposal, and the fee proposal, and that T&M Resources ("T&M") had been selected to perform the services.

Mr. Farber indicated that HYDC would enter into a funding agreement with EDC in the amount of \$2 million over three years to fund the costs of the T&M consulting services.

Following Mr. Falkenrath's presentation, Ms. Kostik stated that she supported the security study, but that the materials provided to the Board of Directors in advance of the Board meeting did not include sufficient information about the procurement process and the contract to allow the Board to determine whether to authorize the proposed consulting contract. She said that the materials did not detail the selection process or the consultant's billing rates. She stated that more complete information concerning contract awards should be provided to the Board in advance of Board meetings.

Mr. Falkenrath then provided additional information about the proposed contract and the selection process. He identified the five consultants that had submitted responses to the RFP. He explained that the selection committee was comprised of NYPD and HYDC staff who evaluated the proposals on the basis of the selection criteria set forth in the addendum (the "Addendum") to the RFP. He said that the selection of T&M was based, in part, on their low flat fee for the master security plan, the fact that they had performed similar services for the Canary Wharf project in London, which is similar to the Hudson Yards project, that their team included members of the 9/11 task force, that T&M had the fewest subcontractors, and that one of their subcontractors is Weidlinger, a leading security firm. He indicated that interviews had been conducted with the top three proposers prior to selection.

Cori Packard, HYDC's Vice President for Development, indicated that billing rates for hourly services will be set forth in the contract, and will range between \$175 and \$325 per hour.

Mr. Falkenrath said that HYDC and NYPD had met with the Comptroller's office several months ago to discuss the proposed security study and the RFP. Ms. Kostik responded that at such meeting, the Comptroller's office commented that the RFP did not contain selection criteria. Mr. Farber indicated that, in response to the Comptroller's office's comments, HYDC had issued an addendum to the RFP (the "Addendum"). Ms. Kostik indicated that she was not aware of and had not received a copy of the Addendum.

Ms. Kostik noted that the EDC Board of Directors had authorized \$10 million in funding for the security consulting services, and asked if there were any security consulting services not covered by the proposed T&M contract because it was only for \$2 million. Mr. Farber explained that the EDC authorization was premature because the RFP and contract negotiation process were still pending at the time of such authorization. Mr. Farber said that the \$2 million contract with T&M was expected to cover all necessary security consulting services.

Upon motion duly made and seconded, the following Resolution was adopted by an affirmative vote of eight Directors. Ms. Kostik voted against this Resolution on the basis that the Board had not received sufficient information about the proposed contract and the selection process prior to the Board meeting. Mr. Majewski, Danielle DeCerbo and JD Noland abstained on the same basis.

RESOLVED, that the President of the Hudson Yards Development Corporation (“HYDC”) and other empowered officers are authorized to enter into the Consulting Agreement substantially as described herein, subject to HYDC’s determination that the Consultant is a responsible party.

No. 7 Subway Extension Presentation

Peter Turton, Project Director of the Consultant Construction Manager for the #7 Subway Extension Project, made a presentation on the status of the project. He indicated that the project is currently ahead of schedule, that the tunnel boring machines (“TBM”) are expected to be in place in May, and that the TBM work is expected to take one year. Mr. Turton said that, to date, change orders had been negotiated with the project contractor for a total savings to the MTA of approximately \$4.5 million.

Adjournment

There being no further business, the meeting was adjourned.