

Presidio Trust Board of Directors Meeting
September 22, 2005
Minutes

Attending:

Lydia Beebe
Nancy Conner
David Grubb
William Wilson, III
Joseph Yew, Jr.

Steve Carp
Karen Cook
Jeff Deis
Adam Engelskirchen
Tia Lombardi
Mollie Matull
Craig Middleton
Mike Rothman

Not Attending:

Robert Burke
Curtis Feeny

Meeting called to order by Chairperson Grubb at 8:31 a.m.

Actions taken:

- Approval of Minutes (Resolution 05-16). Motion: Beebe. Second: Yew. Vote: 5-0.
- Approval of Adoption of Budget for Fiscal Year 2006 (Resolution 05-17). Motion: Beebe. Second: Yew. Vote: 5-0.
- Approval of Approval Process for Budget Adjustments (Resolution 05-18). Motion: Beebe. Second: Wilson. Vote: 5-0.
- Approval of Submittal of Funding Application to Bay Area Air Quality Management District (Resolution 05-19). Motion: Beebe. Second: Wilson. Vote: 5-0.
- Approval of Formation of Park Projects and Programs Committee and Adoption of Committee Charter (Resolution 05-20). Motion: Conner. Second: Beebe. Vote: 5-0.

Discussion items:

Craig Middleton reported that:

- The senior staff team is now in place with the recent hiring of Mike Rothman as the Trust's new Chief Financial Officer. Mr. Rothman was introduced to the Board.
 - A program of cyclical maintenance is underway with the objective of completing one residential neighborhood each year.
 - New landscaping is being planted, especially in the Lombard Gate area.
 - The Trust's revenues are on target.
 - Habitats in the Presidio are healthier and the number of raptors has doubled from previous years.
 - Residential construction is on schedule. The Pilots' Row houses are being completed and will soon be ready for occupancy.
 - Momentum in the non-residential real estate market is returning. The Bay School, located at 35 Keyes Avenue, has recently opened and the Funston Avenue buildings are being leased.
 - In the next fiscal year the Trust will focus on the rehabilitation of the Public Health Service Hospital (PHSH) site, the West Crissy Field buildings, and the Main Post and Thornburgh areas.
 - A key challenge is to speed up environmental remediation in the Presidio. It currently takes over one year to obtain approval from the regulators to proceed with a project. The Trust will work with the regulators to reduce the lag time. Current projections indicate that the program costs may exceed the allocated program funds. The Trust is looking at ways to reduce costs.
 - The Trust is fine-tuning its strategic plan and its financial projections.
 - Two issues the Board should be aware of are lead-based paint abatement in the houses on Presidio Boulevard and a negotiated rulemaking among the National Park Service (NPS) and stakeholders regarding pet leash laws. The Trust has decided not to participate as a stakeholder in the NPS process, but instead will learn from this action and will consider what its own appropriate action should be in the future.
 - Bill Wilson asked about Congresswoman Pelosi's anticipated visit to the Presidio. Mr. Middleton said that her trip had been cancelled.
- Lydia Beebe presented the report from the Finance and Audit Committee, which met on September 7, 2005, noting that through July 31, 2005 the Trust was lagging in its environmental remediation and its capital projects scheduled expenses. Dave Grubb asked

whether the Trust is catching up on these projects. Mr. Middleton said that the Trust will speak with appropriate State regulators in Sacramento regarding the remediation scheduling; the Trust has been working with State authorities at the staff level and it is time to speak to supervisors at both the State and the Environmental Protection Agency (EPA). Jeff Deis said that the Trust has scheduled capital projects and has the staff to implement the projects, but that inevitably some projects may not be started or completed when planned, resulting in a carry forward of obligated funds. Mr. Deis said that additional projects and cash flow alternatives were being identified so that capital will be used in the current fiscal year instead of being carried forward to the next fiscal year.

- Ms. Beebe presented the proposed budget for fiscal year (FY) 2006, noting an increase in projected revenue as well as an increase in projected expenses. The increased expenses result principally from an increase in staff for FY 2006. Mr. Wilson said that he thought the plan was to do more outsourcing rather than adding staff. Mr. Deis responded that it would be best to look at outsourcing project by project. Board members will discuss the issue further at the committee level. Ms. Beebe also noted that expenses appear to exceed inflation in future years and that at a future Finance and Audit Committee meeting staff should recommend ways to reduce expenses.
- Ms. Beebe presented a revised Approval Process for Expenditures. The Board discussed the significance of the revisions.
- Ms. Beebe informed the Board that the Committee met with the Trust's external auditor, Grant Thornton, and that the audit began shortly after the close FY 2005. She also noted that the Finance and Audit Committee plans to perform a self-assessment at its November meeting.
- Nancy Conner presented a report from the Programs Committee, which met on September 7, 2005. She said that the Committee is recommending that it be reconstituted as the Park Projects and Program Committee and that it track all key projects rather than have a construction focus. Ms. Conner said that the Committee reviewed current and prospective projects at its meeting. Joe Yew suggested that staff from the Finance Department be present at meetings of the reconstituted committee.
- Mr. Wilson presented the Real Estate Committee report which involved a discussion of the PHS. Mr. Wilson outlined the strengths and weaknesses of several alternatives. The Board reviewed the options and concluded that the Trust should continue its conversations with Forest City regarding rehabilitation alternatives and types of projects that would be best for the Presidio and the neighborhood. Ms. Conner said that it was important for the Trust to maintain design approval of the project. Karen Cook identified the next steps that would be required in connection with the alternatives.
- Mr. Middleton provided an update of the Trust's philanthropy program and its partnership with the Golden Gate National Parks Conservancy (GGNPC) in connection with philanthropic projects. Mr. Middleton reminded the Board that the *Presidio Green* partnership is structured as a committee in format, comprised of two members from the GGNPC Board, Charlene

Harvey and Mark Buell, two members of the Trust's Board, Mr. Grubb and Ms. Conner, and additional members selected by the committee with knowledge of and commitment to the program. Currently, Toby Rosenblatt and Andy Schilling serve in this capacity. The Executive Directors of each organization also serve on the committee. Mr. Middleton told the Board that the partnership committee has no authority other than to make recommendations.

Mr. Middleton reported that a consultant had been retained to evaluate the Trust/Conservancy philanthropic ambitions, to evaluate the partnership's capacity for carrying out its philanthropic agenda and to make recommendations. Mr. Middleton discussed the key recommendations presented by the consultant and their implications. The Board discussed the size and scope of a potential philanthropic campaign and raised issues that should be discussed by Mr. Middleton with the Conservancy's Executive Director. Mr. Middleton said that two important objectives of the Trust's participation in the partnership are to get projects completed and to establish the Trust as a park-building organization in the public's mind. Mr. Middleton said that a set of recommendations would be presented the Board at a future meeting.

- Executive Session: 10:35 – 10:54.

Outstanding items:

- Staff is to discuss expediting environmental remediation with supervisors at the appropriate regulatory agencies.
- Staff will continue to work with the Finance and Audit Committee to find future expense reductions.
- Staff will bring recommendations to the Board for the philanthropy program.

Meeting adjourned by Chairperson Grubb at 10:54 a.m.