

**Presidio Trust Board of Directors Meeting**  
**September 19, 2007**  
**Minutes**

**Attending:**

Robert Burke  
Nancy Conner  
Curtis Feeny  
David Grubb (8:18-11:50)  
William Wilson, III  
Joseph Yew, Jr. (8:14-9:56)

**Attending Via Teleconference:**

Lydia Beebe (8:14-9:12)

**Not Attending:**

Michael Boland  
Steve Carp  
Karen Cook  
Jeff Deis  
Tia Lombardi  
Mollie Matull  
Craig Middleton  
Mike Rothman

Meeting called to order by Vice Chairperson Wilson at 8:14 a.m.

**Actions taken:**

- Approval of Minutes of July 26, 2007 (Resolution 07-12). By motion duly made and seconded. Vote: 6-0 (Grubb not present for vote).
- Approval of Financed Lease Transactions (Resolution 07-13). By motion duly made and seconded. Vote: 7-0.
- Approval of Adoption of Five-Year Capital Plan (Resolution 07-14). By motion duly made and seconded. Vote: 6-0 (Beebe not present for vote).
- Approval of Approval Process for Budget Adjustments (Resolution 07-15). By motion duly made and seconded. Vote: 5-0 (Beebe and Yew not present for vote).
- Approval of Adoption of Budget for Fiscal Year 2008 (Resolution 07-16). By motion duly made and seconded. Vote: 5-0 (Beebe and Yew not present for vote).

- Approval of Adoption of Main Parade Plan and Environmental Assessment and Approval of Finding on No Significant Impact (Resolution 07-17). By motion duly made and seconded. Vote: 5-0 (Beebe and Yew not present for vote).

**Discussion items:**

- Craig Middleton reported that:
  - There has been a great deal of recent positive activity in the Presidio.
  - Don and Doris Fisher have indicated their intention to donate \$10M to the development of the Main Parade area.
  - Two outstanding candidates are competing for the development of a Presidio Lodge.
  - The Trust is conducting interviews with development teams who responded to the Request for Proposals for the Thornburgh buildings.
  - The David B. Gold Foundation contributed \$500K for the development/improvement of trails.
  - The Trust is surpassing Fiscal Year 2007 revenue projections.
  - The Trust continues to enjoy strong support in Congress.
  - Media coverage has been largely positive.
  - The Trust is embarking on an ambitious capital spending program over the next five years.
  - On September 24th, the Trust will conduct the first public meeting for the Environmental Impact Statement for cultural institutions on the Main Post.
- Ms. Beebe reported that the Finance and Audit Committee had a productive meeting in August. Mr. Rothman provided an updated projection of Fiscal Year 2007 financial results as of July 31, 2007. He highlighted that net operating income increased by approximately \$5M, due principally to \$2.2M in deobligations from prior years, \$1M in additional revenue, and \$1M in expense savings. Mr. Rothman projected a carry forward into the next fiscal year of approximately \$13M.

Mr. Feeny asked to be briefed on the environmental remediation costs at the next Real Estate Committee meeting. Mr. Wilson asked for projected versus actual revenues in connection with the golf course and asked for the golf course projected revenue in Fiscal Year 2008. Mr. Deis said that he would provide the information at the next Real Estate Committee meeting.

Mr. Rothman reported that the proposed budget adjustments have been reviewed and discussed by the Finance and Audit Committee. He noted that the service district charge (SDC) assessed to non-residential tenants does not fully cover the cost of infrastructure replacement cost and that the goal is to increase SDC revenue over time to match costs.

Mr. Rothman also provided an updated “High Level Scorecard,” noting that overall the Trust is meeting several important goals but could use improvement in the number of volunteer hours per year, the lost time incident rate, and the number of participants in formal Presidio activities.

- Fred Prager and Saul Rosenbaum of Prager, Sealy & Co. and Jonathan Olick of Duane Morris LLP joined the meeting to discuss the structure of a financed lease transaction. Mr. Prager stated that there is precedent for such transactions and that they should clear regulatory hurdles. Mr. Burke said that the Board needs to ensure that only quality projects are financed. In response to a question from Ms. Conner, Mr. Middleton said that the Trust has informed the Office of Management and Budget in Washington and that thus far there has not been an objection. Mr. Wilson said that funds from the transactions should be put into revenue-generating projects. Mr. Wilson asked for the amount of the annual revenue from the leases used to secure the loan. Mr. Rosenbaum responded that for the proposed first transaction the annual revenue stream was approximately \$5M and that this stream should support \$40M-\$60M in funding. Mr. Prager noted that a financed lease transaction cannot be an obligation of the federal government. Mr. Yew asked what the underlying rating would be. Mr. Prager responded that he anticipated an “A” rating and said that the funding likely would come from a private placement. He also said that there is a benefit in having leases of a variety of types of tenants involved.
- Mr. Middleton presented the five-year capital plan. He said that the effect is to spend twice as much in the next five years as was spent in the previous five. The goal is to have completed, by October 2012, rehabilitation/development of the Public Health Service Hospital (PHSH) district, the West Crissy Field area, the Thornburgh district, six of the seven Montgomery Street Barracks, the Presidio Lodge, cultural institutions in the Main Post area, an history and archaeology education center, the Main Parade Ground, Anza Esplanade and Pershing Square, the Rob Hill Campground, additional Presidio trails and overlooks and various open space projects, including Tennessee Hollow, Dragonfly Creek, and the restoration of several remediation sites. Mr. Burke noted that the Trust will be delivering a lot of programming to the public by making the physical improvements. Mr. Feeny asked whether the Trust is measuring and planning for deferred maintenance. Mr. Wilson said that in addition to planning for the deferred maintenance, the Board needed to be aware of what assets have been pledged for Treasury borrowing, what is projected to be encumbered, and what assets will be left unencumbered. Mr. Middleton said that the plan is to invest in the highest revenue generating projects, complete the Main Post, the PHS district, Crissy Field, and the Thornburgh area. He also said that it is important to have funding available for demand-driven projects and to be ready when opportunities present themselves. Mr. Middleton said that the plan is a rolling five-year plan that will be updated each year. The Board discussed staffing levels to complete the ambitious schedule.
- Mr. Rothman presented the proposed revised Approval Process for Budget Adjustments.
- Mr. Rothman presented the proposed Fiscal Year 2008 budget and reported that the Finance and Audit Committee recommended approval of the budget. Mr. Feeny asked about a decrease in the SDC revenue and Mr. Rothman said that it resulted from final measurements at the LDA site.
- Mr. Middleton presented an update of the Fiscal Year 2008 – Fiscal Year 2012 Strategic Plan and said that is was an update of what the Board had previously reviewed.

- Mr. Deis reported that the Real Estate Committee recently discussed the Thornburgh project. Mr. Wilson said that parking was an issue at the site and that it required further study. The Board discussed which development team would produce the best project and possible deal structures. Mr. Deis reported that interviews with prospective developers of the Presidio Lodge were conducted the previous day and that Trust staff would make a recommendation to the Real Estate Committee within one week.
- Ms. Conner reported that the Park Projects and Programs Committee met in July and that members reviewed the anticipated projects for the next fiscal year. Ms. Conner said that the Committee reviewed the YMCA's vision of its future in the Presidio, that the Committee agreed that the YMCA would make a good partner for providing recreational facilities, and that the Committee would make a recommendation to the Board at a future meeting. Ms. Conner also said that the Committee thought that the preferred alternative for the Tennessee Hollow restoration was appropriate. The Committee discussed the Presidio Green campaign, identifying the amount of funding required and the projects involved. Ms. Conner reported that the Committee was concerned about public safety because of the number of homeless people appearing in the park. Mr. Burke expressed concern about speeding cars in the Presidio and the need for traffic calming measures.
- Ms. Cook discussed a proposed resolution involving environmental issues in connection with the Main Parade site. Ms. Cook summarized the public comments that the Trust has received about the site, noting that most were about the process rather than about specific projects. The Board discussed the process and was informed that a public scoping meeting was scheduled for the following Monday.
- Mr. Middleton reminded the Board of previous conversations about imposing public use limits of Battery Caulfield Road in connection with the rehabilitation of the PHSH. The Board discussed appropriate limits and timing.
- Executive Session: 11:14 – 11:50.

Meeting adjourned by Chairperson Grubb at 11:50 a.m.