

Presidio Trust Board of Directors Meeting
May 20, 2008
Minutes

Attending:

Nancy Bechtle
Robert Burke
Nancy Conner
David Grubb
Michael Shepherd (8:50 – 11:27)
William Wilson, III

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

Not Attending:

Curtis Feeny

Meeting called to order by Chairperson Grubb at 8:33 a.m.

Actions taken:

- Approval of Minutes of March 4, 2008, March 20, 2008 and April 29, 2008 (Resolution 08-13). By motion duly made and seconded. Vote: 5-0 (Shepherd not present for vote).
- Approval of Adoption of Revised Budget for Fiscal Year 2008 (Resolution 08-14). By motion duly made and seconded. Vote: 6-0.
- Approval of Art Policy (Resolution 08-15). By motion duly made and seconded. Vote: 6-0.

Discussion items:

- Mr. Rothman presented the report from the Finance and Audit Committee meeting held on April 24, 2008. The Committee recommended approval of proposed budget revisions, which are necessary to reflect project to date costs. In response to a question, Mr. Rothman told the Board that the budget does not include \$66M in anticipated funds resulting from the financed lease transactions. Ms. Bechtle asked whether the cost of the water treatment plant was reflected in the budget. Mr. Rothman responded that the cost is included in the five-year plan

and in the anticipated budget for fiscal year 2011. The cost also appears on line 27 of this year's budget, mindful that this year's budget runs through 2012. Ms. Conner asked why approval of the proposed revisions is necessary since the funds already have been spent. Mr. Rothman explained that the changes are so one can more easily see the total project cost in the five-year plan budget. Mr. Wilson asked whether costs associated with providing parking were in the budget. Mr. Middleton said that they were not and that the budget would need to be further amended to include necessary parking costs following the adoption of a Record of Decision regarding the Main Post. Mr. Grubb asked whether anticipated philanthropic funds were reflected in the budget. Mr. Rothman said that they were not.

Ms. Conner asked whether there was any concern that a delay in anticipated financed lease transactions would delay progress on projects. Mr. Middleton responded that budget planning has been performed assuming both possibilities – with a financed lease transaction and without a financed lease transaction. Mr. Rothman said that credit market conditions were not currently favorable. He also indicated that the San Francisco Foundation (SFF) was doing its due diligence in order to be ready to proceed with the first transaction. Mr. Grubb reminded the Board of the rationale for the financed lease transaction concept, which, in a nutshell, is that the Trust pledge the revenue from a portfolio of specific residential and non-residential leases in return for a current payment. Mr. Rothman explained that SFF would receive an annual fee in an amount not yet negotiated for its involvement in the transaction. Ms. Cook said that the SFF ad hoc committee hopes to make a recommendation to their board by mid-June. Mr. Wilson said that any funds received from the transactions should go to revenue-generating projects rather than to infrastructure. Mr. Wilson said that the cost of parking is critical and should be reflected in the budget. Mr. Middleton said that it would be.

- Ms. Conner presented the Park Projects and Programs Committee report for the meeting held on April 24, 2008. The Committee recommended proceeding with two programmatic tenants – the National Japanese American Historical Society and Outward Bound. Ms. Conner said that the Committee was working on developing criteria for accepting tenants who fit the Trust's programmatic values but who have limited ability to pay market rent. In response to a question from Mr. Shepherd, Mr. Middleton reported that staff was not yet prepared to make a recommendation about certain proposals from the Interfaith Center.
- Mr. Middleton presented the proposed art policy. He explained that a draft art manual was provided to the Board for discussion purposes. Ms. Conner said that it was important to get an art policy in place as soon as possible. The Board discussed revisions to the art policy.
- Mr. Middleton reported that:
 - The status of the Presidio Lodge and the theater will be discussed at the Real Estate Committee meeting.
 - He and Ms. Lombardi recently met with neighborhood groups in connection with the proposed Contemporary Art Museum at the Presidio (CAMP). The most common comments involved design, location and traffic concerns. Ms. Cook reminded the Board that, among other things, the CAMP Supplemental Environmental Impact Statement outlines proposed alternatives and that so far the only thing the Board has decided is that a museum and lodge would enhance the Presidio. The locations and designs of such

projects are the subject of comment and discussion. A museum, lodge and theater were all identified in the Presidio Trust Management Plan as potential projects.

- Executive Session: 10:07 – 11:27.

Meeting adjourned by Chairperson Grubb at 11:27 a.m.