

Presidio Trust Board of Directors Meeting
January 14, 2009
Minutes

Attending:

Nancy Bechtle
Robert Burke
Nancy Conner
Curtis Feeny
David Grubb
Michael Shepherd
William Wilson, III (8:12 – 10:22)

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

Meeting called to order by Chairperson Grubb at 8:04 a.m.

Actions taken:

- Approval of Minutes of September 18, 2008, October 16, 2008, December 3, 2008, December 9, 2008 and December 17, 2008 (Resolution 09-3). By motion duly made and seconded. Vote: 6-0 (Wilson not present for vote).
- Approval of Adoption of Revised Five-Year Construction Plan (Resolution 09-4). By motion duly made and seconded. Vote: 7-0.

Discussion items:

- Mr. Grubb and Mr. Middleton presented a Trust performance report for 2008. Mr. Middleton reported that the Trust's revenue was approximately \$4M higher than expected and its expenses were approximately \$1M under budget, with a net operating income of approximately \$16M. As to park redevelopment goals, the Main Post projects are undergoing compliance review, a letter of intent for the Thornburgh project is anticipated to be signed within the next few weeks, the Crissy Field overlook has been completed, the

Presidio Promenade connecting the Crissy Field overlook to the Golden Gate Bridge and the Lombard Gate is under construction, the Rob Hill Campground has been redesigned to accommodate campers with disabilities and is under construction, the YMCA lease has been extended and discussions are underway for a longer-term solution, the Public Health Service Hospital's non-historic "wings" have been demolished and construction is underway on the adjacent Nurses' Quarters building, rehabilitation of the Wyman Avenue houses will start soon, the Funston Avenue Queen Anne units have been rehabilitated and are two-thirds occupied, environmental compliance for the Tennessee Hollow watershed has been completed, ball field design is underway, and the Heritage Center concept has been developed and the Trust is conducting a search for a director. Mr. Middleton said that organizationally the Trust has worked to refine reporting lines and that a management-labor agreement has been executed. Mr. Feeny asked that metrics be added on square footage, vacancy rates and absorption, tenant feedback, and the status of landscaping. Mr. Shepherd agreed that non-financial measures should be included in progress reports.

Mr. Middleton said that 2009 goals include the continuing control of operating costs and maximizing capital for park investment and revenue-generating projects. He also hopes to complete a financed lease transaction, bring the Main Post planning effort to a successful conclusion, complete construction documents to revitalize the Main Parade Ground, continue implementation of the Trails and Bikeways Plan, design and construct a fourth scenic overlook, complete the Rob Hill Campground construction, hire a Heritage Center director and initiate a strategic plan for the Center, achieve certain milestones in the Thornburgh revitalization project, undertake and/or complete historic rehabilitation of identified buildings, and obtain regulatory approval to begin environmental remediation of RAP 4 projects.

- Mr. Rothman presented a proposed revised operating budget for Fiscal Year 2009. He explained that proceeds from the financed lease transaction and from financing the water treatment plant were removed from the proposed revision. The Board tabled the proposed budget adjustments until a future meeting. The Board discussed the Trust's cash position, noting that most of the cash being held represents funds received from the Army in 1999 for the environmental remediation. The Board discussed shovel-ready projects that would be appropriate for funding if the proposed stimulus bill before Congress resulted in allocations for the Trust. In response to Mr. Shepherd's question about the status of the Doyle Drive construction project, Mr. Middleton said that it has been ramped up.
- Andrea Andersen, the Trust's Assistant General Counsel – Environment, Eileen Fanelli, the Trust's Remediation Manager, and Lesa Steinhauer from Marsh Risk and Insurance Services, the Trust's insurance broker, joined the meeting to present an environmental remediation program update. Ms. Andersen reviewed the background of interlocking agreements and relationships governing the clean-up and reviewed the insurance policies and coverages in effect. Ms. Fanelli briefed the Board on the remediation program, the progress to date including milestones and accomplishments, and discussed the outstanding work to be done. Ms. Fanelli said that overall the approval process with regulators has been streamlined with the advent of higher-level meetings among the various agencies.

Ms. Andersen reviewed the Trust's relationship with Zurich Insurance. She said that the remediation program and work have had a great deal of oversight by all affected stakeholders. In response to Mr. Wilson's question, Ms. Andersen said that the insurance policies cost the Trust \$7M and that the sum was pre-paid. Ms. Andersen also reviewed the status of the clean-up of Mt. Lake. She reported that the Trust is working with the Army and the Department of Justice to file a \$12.5M claim against CalTrans for the anticipated clean-up cost.

- Ms. Conner presented the Park Projects and Programs Committee report from its meeting on January 13, 2009. Ms. Conner said that the Committee identified a preferred alternative for the Supplemental Environmental Impact Statement (SEIS) for the Presidio Trust Management Plan Main Post Update and that she hoped a final SEIS would be completed by May 2009. Ms. Conner also reported that Trust staff had revisited and updated the Main Parade Ground design, modifying the grading, program elements and landscape character. The Committee concluded that it was prudent, given economic uncertainty, to explore a series of strategies for implementing the Main Parade Ground project, ranging from completion of the full project to staging the project as funding becomes available. The Board discussed the Trust's philanthropic fundraising efforts.
- Mr. Middleton briefed the Board on the status of the proposed Contemporary Art Museum at the Presidio. He reported that the project was undergoing redesign based on the historic preservation design strategies that had been developed in collaboration with the National Park Service, the State Historic Preservation Office and the Advisory Council on Historic Preservation. Mr. Middleton said that these agencies have been apprised of the redesign. Mr. Middleton said that he hoped for a programmatic agreement among the agencies a Record of Decision from the Board in May 2009. In response to a question from Mr. Shepherd, Mr. Middleton recommended that the Board formally identify a preferred alternative within the next few weeks. He reminded the Board that identifying a preferred alternative does *not* constitute approval of a specific project.
- Executive Session: 10:13 – 10:22.

Meeting adjourned by Chairperson Grubb at 10:22 a.m.