

Presidio Trust Board of Directors Meeting
February 25, 2009
Minutes

Attending:

Nancy Bechtle
Nancy Conner
Curtis Feeny
David Grubb
Michael Shepherd

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

Not Attending:

Robert Burke
William Wilson, III

Meeting called to order by Chairperson Grubb at 8:10 a.m.

Actions taken:

- Approval of Minutes of January 14, 2009 and February 11, 2009 (Resolution 09-6). By motion duly made and seconded. Vote: 5-0.
- Approval of Approval Process for Budget Adjustments (Resolution 09-7). By motion duly made and seconded. Vote: 5-0.
- Approval of Adoption of Revised Operating Budget for Fiscal Year 2009 (Resolution 09-8). By motion duly made and seconded. Vote: 5-0.
- Approval of Proposed *Touhy* Regulations (Resolution 09-9). By motion duly made and seconded. Vote: 5-0.
- Approval of Philanthropic Recognition Policy (Resolution 09-10). By motion duly made and seconded. Vote: 5-0.

Discussion items:

- Mr. Middleton reported that the draft Main Post Update to the Presidio Trust Management Plan (PTMP), the supplement to the draft Supplemental Environmental Impact Statement

(SEIS) for the Main Post Update, and the draft Finding of Effect (FOE), are scheduled to be released on Friday, February 28, 2009 and are anticipated to be on the Trust's web site the following day. The Board discussed the content of the documents. In response to a question, Ms. Cook said that design guidelines were no longer included in the draft Main Post Update to the PTMP beyond those guidelines previously included in the original PTMP in 2002. Ms. Cook reminded the Board that the next steps in the compliance process are to publish in the Federal Register an announcement of availability of the supplement to the draft SEIS and to provide a 45-day public comment period following publication of the announcement. Mr. Middleton said that the consultation process with the National Park Service (NPS), the Advisory Council on Historic Preservation, the State Historic Preservation Officer and other interested parties would continue during the public comment period. Mr. Middleton also said that during the comment period the NPS anticipates releasing its Section 213 report in which the NPS provides its opinion of the impacts of the undertaking. A final SEIS is issued following the 45-day comment period, and then 30 days later the document becomes final. Mr. Middleton said that for several weeks the Trust will hold open houses on the weekends to provide a forum for interested parties to educate themselves about Main Post plans and the Trust's preferred alternative. Additionally, the Trust intends to hold two non-Board public meetings once the 45-day comment period begins. The Board discussed convening a public Board meeting after the other two public meetings are held.

- Mr. Middleton said that the *San Francisco Chronicle* is working on stories about the Main Post rehabilitation and that the stories may be published in this Saturday's and Sunday's editions. Ms. Bechtle said that she had viewed the model of the new conceptual design for the proposed Contemporary Art Museum at the Presidio.
- Mr. Feeny asked whether the Trust was expected to receive any stimulus funds from the recently-passed legislation in Washington D.C. Mr. Middleton said that it was highly doubtful since earmarks were not to be included in the legislation, explaining that an earmark involves dollars designated for a specific congressional district and that since the Presidio is in one district, rather than in multiple districts, the Trust would not receive funds. Mr. Middleton also said that there was no earmark of funds for the Doyle Drive reconfiguration. Mr. Middleton reported that pursuant to a continuing resolution the Trust would be funded at 2008 levels until a federal budget is adopted, and that it is currently unclear whether once a budget is passed it would be retroactive, altering the Trust's appropriated funding level, or just prospective.
- Mr. Middleton reported that:
 - He did not have any news on who would be the next head of the NPS.
 - An abatement and rehabilitation contract has been signed for 682 Schofield Road and that the area around the building has been fenced.
 - He anticipates that a construction contract will be executed within the next few days for the rehabilitation of the Wyman Avenue houses.
 - The Trust is waiting for construction bids in connection with the rehabilitation of 103 Montgomery Street as office space. Demolition and remediation work at the site is anticipated in April and May.
 - Both non-residential and residential leasing remain relatively strong, given the economic climate.

- The Trust expects to receive a grant from the CALFED Watershed Program for \$1M for restoration of El Polin Springs. Securing the grant was a joint effort with the Golden Gate National Parks Conservancy.
 - Approximately 10,000 visitors, including 1,500 school students, viewed the “War & Dissent” exhibition, which closed the previous day.
 - The McDonald Windows exhibit will travel the country as a Smithsonian exhibition. Mr. Middleton reminded the Board that the exhibit is comprised of windows fashioned by artists from shards of stained glass collected by the U.S. Army Chaplain Frederick McDonald while with Omar Bradley at the end of World War II. The designation of the exhibit as a Smithsonian project may help the Interfaith Center’s funding efforts to expand the Presidio Chapel.
- The Board discussed the status of the Foggy Bridge Winery transaction. The Board agreed that Mr. Grubb will coordinate the Trust’s discussions with the winery representatives.
 - Mr. Rothman presented the proposed revisions to the Approval Process for Budget Adjustments increasing the authority of the Executive Director to approve budget adjustments from a threshold of \$100K to \$250K. Mr. Rothman explained that the revisions, endorsed by the Finance and Audit Committee, were intended to increase efficiencies in the management of the Trust’s funds. In response to a question from Mr. Shepherd, Mr. Rothman confirmed that there is an audit trail when the Executive Director makes budget adjustments.

Mr. Rothman presented proposed revisions to the Fiscal Year 2009 budget. He said that the revisions were endorsed by the Finance and Audit Committee. Mr. Rothman pointed out that while non-residential and residential revenue generally continue to perform as planned, interest revenue is substantially underperforming because of lower than anticipated short-term interest rates and because the Trust has not yet received its fiscal year appropriation from the Department of the Treasury. Mr. Grubb asked why it is necessary to revise the annual budget regularly instead of revising the forecast. Mr. Rothman responded that it is desirable to obtain Board approval of an expenditure before funds are obligated so that there is a clear audit trail. Mr. Feeny suggested that instead of revising the original annual budget, the Board review and approve revised forecasts, thereby maintaining the original budget while also addressing Mr. Rothman’s audit concerns. The Board discussed revising the budget format and future revisions to the Approval Process for Budget Adjustments.

Mr. Rothman reviewed updates to the Five-Year Construction Plan and reviewed the environmental remediation summary. Mr. Grubb asked why the remediation planning costs appeared so high. Ms. Cook responded that the expense includes a range of activities such as testing costs required by various compliance authorities and certain overhead costs. She said that the Trust is working to reduce the cost. Mr. Grubb asked that a more detailed breakdown of pre-remediation planning be provided. Mr. Middleton said that it would and that benchmarks also would be provided.

- Mr. Middleton reviewed the status of certain real estate projects and said that the International Center to End Violence lease for 100Montgomery Street will be sent out for signature within the next several days.

- Ms. Cook presented the proposed draft procedural *Touhy* regulations addressing the circumstances and manner of responding to subpoenas and demands for testimony in judicial and similar proceedings in which neither the Trust nor the United States is a party. Mr. Feeny asked about the consequence of not adopting the regulations. Ms. Cook said that the Trust would have to deal with testimony and subpoena requests on an ad hoc basis. Mr. Feeny asked that the Board periodically be informed of litigation involving Trust tenants, even when the Trust is not a party to the action.
- Mr. Boland presented the proposed revised Philanthropic Recognition Policy. The Board discussed whether the benchmarks for recognizing donors should be indexed and whether changes to the recognition policy should be limited to the current philanthropic campaign for the trails. The Board agreed that they would review the benchmarks and parameters annually.
- Mr. Middleton informed the Board that fellow director, Bob Burke, had made a significant pledge to the Trust. Mr. Middleton said that it was the Trust's intent, with Mr. Burke's approval, to designate the entire pledge for the trails program in order to take advantage of available matching funds. Mr. Burke's gift will be applied toward the National Cemetery overlook and associated trail. Mr. Middleton said that Mr. Burke will accelerate the payment of his pledge if the work is completed by Veterans Day.
- Mr. Boland updated the Board on the status of the Doyle Drive reconfiguration. Mr. Boland reported that in December 2008 the Federal Highways Administration signed a Record of Decision for the project, completing the necessary compliance aspects of the development. Other project participants, the San Francisco County Transportation Authority (SFCTA) and Caltrans, wish to expedite the work and complete the project approximately 22 months earlier than previously planned in order to save approximately \$122M. Work may begin this summer. Mr. Boland said that the SFCTA and Caltrans are meeting monthly with Trust representatives to expedite decision making. SFCTA will provide funding of \$2.1M over the next three years to fund the Trust's involvement with the project. Mr. Boland explained the anticipated design of the project, staging of the work, and key components of the project as they affect the Presidio, the Trust and Trust tenants. He also reviewed many of the mitigations involved in the project, including reorganization of parking facilities, treatment of storm water runoff, improvements to landscaping, construction of new trails and bikeways, reduction of noise levels and replacement of utilities. The Board designated Mr. Shepherd to monitor right-of-way aspects of the project and Mr. Grubb to monitor construction aspects of the project.
- Executive Session: 10:29 – 10:48.

Meeting adjourned by Chairperson Grubb at 10:48 a.m.