

Presidio Trust Board of Directors Meeting
May 26, 2016
Minutes

Attending:

Lynne Benioff
Paula Collins
John Keker
Alex Mehran
Nicola Miner
Janet Reilly
John Reynolds

Andrea Andersen
Carla Armstrong
Josh Bagley
Michael Boland
Steve Carp
Fran Gonek
Mollie Matull
Sherri Schilling
Joshua Steinberger

Meeting called to order by Chairperson Collins at 8:05 a.m.

Actions taken:

- Approval of Minutes of [April 21, 2016 \(Resolution 16-18\)](#). By motion duly made and seconded. Vote: 7-0.
- Approval of Adoption of Third Revised Operating Budget Forecast for Fiscal Year 2016 and Third Revised Five-Year Construction Plan ([Resolution 16-19](#)). By motion duly made and seconded. Vote: 7-0.
- Approval of [Procurement Policy \(Resolution 16-20\)](#). By motion duly made and seconded. Vote: 7-0.

Discussion items:

- Ms. Collins said that the emphasis of the day's meeting would be on finance issues, and that the next Board meeting would focus on the Trust's food and hospitality programs.

- Mr. Boland reflected on the accomplishments of the past year and identified key areas that were critical to the Trust's future success, including serving visitors, expanding the audience of the Presidio as an asset that serves the entire community, and strengthening the organizational culture of the Trust. Mr. Boland noted that press coverage had been very positive and that it was important to continue to promote the Presidio as a resource for the community. Mr. Steinberger described the Trust's outreach program and its identification of the Presidio as a destination, a place for service and leadership, and a place with food and hospitality venues. He said that the Tunnel Top project was a great civic undertaking and was an opportunity for national exposure for the Presidio.
- Mr. Mehran reviewed the revised operating budget forecast for fiscal year 2016 (FY16). Ms. Armstrong said that FY16 performance was strong and that the Trust was on target for both revenue and expenses. The Board discussed the food program and whether the program was accomplishing its objectives. Ms. Collins asked about the cost of municipal-related services and the components of the Service District Charge (SDC) assessed to tenants to recapture those costs. She said that there was a need for greater transparency regarding the calculation of the SDC and its allocation among tenants.
- Mr. Mehran described three alternative long range financial models the Finance Committee discussed at previous meetings. The alternatives were based upon the key data points of net operating income, program expenses, and the estimated completion date of building rehabilitations. All alternatives featured an expansion of programs that serve the community. One alternative was to deploy capital to building rehabilitation projects first, resulting in a faster restoration of buildings, but a somewhat slower expansion of programs. A second alternative was to allocate more funds to programs sooner, resulting in a slower renovation of historic assets. The third alternative was to partner with master developers to rehabilitate buildings, resulting in a faster restoration, but a loss of both control and long-term revenue. Mr. Mehran recommended the first alternative. Ms. Collins suggested that the Board review each alternative for every major decision the Board would make. Mr. Reynolds said that the Board should consider which alternative posed the least risk in the event of an economic downturn. The Board discussed the options and the best way to invest in the future of the Presidio. The Board directed staff to model the first alternative regarding the timing and deployment of capital. Mr. Mehran said that the cost and expected revenue generation for each project should be plotted.
- The Board discussed the rehabilitation of 105 Montgomery Street as lodging and directed staff to proceed with the project.
- Ms. Miner and Ms. Schilling presented the Governance and Human Resources Committee's recommendations for the evaluation of the Executive Director. They proposed a process and matrix for such evaluation, including performance metrics. The Board discussed simplifying the process and the importance of clear and measurable goals.
- Mr. Boland updated the Board on three principal aspects of the Tunnel Tops project – the philanthropic campaign, the design and budget, and the right-of-way with Caltrans. Ms. Benioff reported that she has been working with Mark Buell of the Golden Gate National

Parks Conservancy and CCS, a consulting firm specializing in fundraising campaigns, to develop a comprehensive philanthropic plan for the Tunnel Tops. Mr. Boland said that James Corner Field Operations completed 100% schematic designs for the project and that design revisions for certain elements were underway. The Trust has been evaluating the cost of each design element. Mr. Boland also reported that the Trust was continuing to work with Caltrans on the quality and condition of the site that Caltrans will turn over to the Trust at the conclusion of Caltrans' construction.

- Ms. Andersen reviewed potential next steps following the Trust's favorable ruling by the United States Court of Appeals for the Ninth Circuit. The Board directed staff to proceed with a rulemaking to address the issue of new construction in an area that is "physically proximate."
- Executive Session: 10:35 a.m. – 11:05 a.m.

Meeting adjourned by Chairperson Collins at 11:05 a.m.