

**Presidio Trust Board of Directors Meeting**  
**September 28, 2004**  
**Minutes**

**Attending:**

Mary Murphy  
Toby Rosenblatt  
William Wilson, III  
Joseph Yew, Jr.

Michael Boland (10:55-11:36)  
Steve Carp  
Karen Cook  
Lori Eason  
Hillary Gitelman  
Fran Gross  
Tia Lombardi  
Mollie Matull  
Craig Middleton  
Paul Osmundson  
Stephen Potts  
Rob Wallace

**Not Attending:**

Lydia Beebe  
Don Fisher  
David Grubb

Meeting called to order by Chairperson Rosenblatt at 8:50 a.m.

**Actions taken:**

- Approval of Minutes of July 29, 2004 (Resolution 04-23). Motion: Murphy. Second: Wilson. Vote: 4-0.
- Approval of Approval Process for Budget Adjustments (Resolution 04-24). Motion: Murphy. Second: Yew. Vote: 4-0.
- Approval of Adoption of Budget for Fiscal Year 2005 (Resolution 04-25). Motion: Yew. Second: Murphy. Vote: 4-0.
- Approval of Presidio Green Initiative with the Golden Gate National Parks Conservancy (Resolution 04-26). Motion: Murphy. Second: Yew. Vote: 4-0.

**Discussion items:**

- Craig Middleton reported that:
  - October, 2004 marks the tenth anniversary of the departure of the Army from the Presidio and the assumption of civilian control.

- Several activities are planned for the month of October, including an exhibit of Mayan textiles, scheduled to begin on October 2; a “Post to Park” ceremony on October 16 commemorating the tenth anniversary of the Army’s departure from the Presidio; and the “Trails Forever” dinner on October 15 to raise funds for the creation and improvement of trails throughout the Golden Gate National Recreation Area including the Presidio.
- The Fiscal Year 2006 budget request for \$20.6M and the justification were recently submitted to the White House. In addition, the Trust has requested authority to borrow \$20M from the Treasury, which would result in total borrowing of \$70M. Lori Eason has been discussing refinancing the Trust’s existing \$50M debt with staff from the Department of the Treasury’s Bureau of Public Debt. Ms. Eason’s goals include obtaining a reduction in the interest rate currently charged to the Trust on borrowed funds and modifications to the repayment schedule.
- The Trust’s draft Government Performance Results Act (GPRA) report was submitted to the Office of Management and Budget (OMB) on September 13, as required. OMB will provide comments to the Trust and the Trust may then modify the report as appropriate. The final GPRA report will become a public document.
- The new fiscal year commences October 1, 2004.
- The bulk of the carryforward of funds into the next fiscal year is comprised of two significant sums:
  - Approximately \$3.8M for the rehabilitation of 86/87 Graham Street. Contractors’ bids for the work were higher than anticipated. The work will be re-bid. Bill Wilson said that the Trust should obtain value engineering proposals from contractors so they can propose ideas to save money in the rehabilitation. Mr. Wilson said that bidders should particularly look at the plumbing and electrical systems in the buildings.
  - Approximately \$5.5M for the water reclamation plant. Contractors’ bids for the work were higher than anticipated. The Trust is redesigning the project and the scope of the project is being scaled back. The work will be re-bid.
- The Board discussed the proposed Approval Process for Budget Adjustments. Toby Rosenblatt explained that the Trust would track budget adjustments under the procedure for one year and reconsider whether the dollar limits were appropriate or whether adjustments were necessary.
- Ms. Eason presented the proposed budget for Fiscal Year 2005. Mary Murphy again expressed her concern at the costs paid to the National Park Service (NPS) in connection with the environmental remediation program, especially when compared to the cost of the Department of Toxic Substances Control, the agency responsible for oversight of the remediation. Karen Cook reminded the Board that the remediation funds from the Army included the clean-up of the entire Presidio, both the portion under the jurisdiction of the NPS and the portion under the Trust’s administrative jurisdiction. The NPS agreement expires at the end of the Fiscal Year 2006.

Mr. Wilson asked about the status of re-bidding the Trust’s residential property management contract. He asked how bids will be evaluated and commented that a management company should not be selected on the basis of cost alone. Mr. Wilson asked for a detailed breakdown of the costs associated with the JSCo contract and an itemization of JSCo’s overhead.

Paul Osmundson said the contract for management of the non-residential property also is being re-bid. Mr. Wilson asked how Woodmont or any other management company would be compensated for its management of the Letterman Digital Arts project. Mr. Osmundson replied that while the property management responsibilities should be minimal, there would be some responsibilities and that the management fee would not be based upon annual rent or upon the square footage of the project.

Board members expressed concern about the amount of time required for the Trust's contract bidding processes.

Ms. Murphy questioned the distinction between "Programmed but Unobligated Project Funds" and "Carry Forward" funds. Ms. Eason explained that while all are carry forward funds, "Programmed but Unobligated Project Funds" are those funds that have been allocated to specific projects that for one reason or another have not commenced. "Carry Forward" funds are those funds where the Trust may have cancelled a project or saved money or otherwise spent less than the amounts originally set aside. Mr. Middleton said that in the future the Trust will have projects ready to be implemented in the event funds become available during the year that have not otherwise been committed.

Mr. Wilson asked about the operating costs of the Golden Gate Club. The minutes of the July 22, 2004 Finance and Audit Committee meeting reflected that in response to a question from Lydia Beebe regarding the number of staff required to operate the Golden Gate Club Trust staff had reported that the operation may require up to nine new hires. Mr. Wilson said that such expense in relation to the projected revenue seemed excessive. Tia Lombardi explained that potential nine new hires were not solely for the operation of the Golden Gate Club, but were also for other special events programs. Mr. Wilson and Ms. Murphy requested that Ms. Lombardi provide a list of full-time employees devoted to special events; Mr. Wilson requested that staff provide a detailed profit and loss statement for the operation of the Golden Gate Club and special events; and Ms. Murphy requested a breakdown of personnel costs and a breakdown of outflow versus income for revenue generating events. Ms. Eason explained that now that the Trust is moving to cost accounting, staff time devoted to special events such as billing clerks and other accounting personnel will be included in the cost of the events.

- Hillary Gitelman requested Board approval for approximately \$390K in additional funding for the Transit Center to be located at 215 Lincoln Boulevard. Ms. Gitelman reminded the Board that two special transportation appropriation grants funded the majority of the work, including the demolition of the previous structure, the preparation of the site for the new structure, and building and landscape designs. Mr. Wilson asked if there would be operating or overhead costs in connection with the operation of the Transit Center. Mr. Middleton said that there will be minor operating costs for the Transit Center because in addition to it being a hub for transit in the Presidio, a small coffee bar/snack area and a meeting room that could be rented will be housed in the building. The meeting room will also be capable of functioning as an emergency operations and communications center in the event of a major emergency in the area. Mr. Wilson noted that it is an expensive building to build. He asked if the cost of tenant improvements and fixtures, furniture and equipment had been included in the proposed budget. Mr. Middleton said that those costs were not in the budget. The Board discussed the possibility of reconfiguring the design of the building interior to accommodate more space for the snack area. Mr. Wilson said that a new layout should be prepared and that

an operator should look at the proposed layout to determine what space would be required to operate a successful venture. Mr. Wilson also said that an estimate of tenant improvement and FF&E costs should be prepared and that the budget should reflect those costs. The Board authorized the expenditure of a portion of the \$240K Phase IV budget for the redesign of the interior of the building.

- Joe Yew reported that at its July 22, 2004 meeting, the Finance and Audit Committee met with the Trust's auditors, Grant Thornton, and that the audit for the current fiscal year had begun.
- Mr. Middleton reported that at its August 10, 2004 meeting, the Projects Committee had discussed ball fields and the Tennessee Hollow project. A discussion of specifics about each, although on the agenda for today's Board meeting, will be deferred until a future meeting.
- Mr. Osmundson reported that the Real Estate Committee discussed the following:
  - The Trust sent proposed terms three weeks ago to the Exploratorium for space at West Crissy Field. The Trust is waiting for a response. The Board agreed that Ms. Murphy will call the Exploratorium's representative to advise him that if the Trust does not receive a response from the Exploratorium within one month, the Trust will negotiate a deal with another entity.
  - The Committee recommended that the Trust enter into a 120-day exclusive negotiating period with the Disney organization for the use of 104 Montgomery Street. Mr. Osmundson reported that Disney has proposed a 16,000 square addition to 104 Montgomery Street. The Board authorized Mr. Osmundson to begin a 120-day exclusive negotiating period.
  - The Committee recommended that the Trust not entertain the proposed use of one of the Montgomery Street buildings as a school for kindergarten through 8<sup>th</sup> grade. The Board agreed.
  - The Committee discussed the business terms of the proposed use of 211 Lincoln Boulevard. The prospective tenant has performed its due diligence. Mr. Wilson said that the improvements that the tenant wanted the Trust to fund were high in relation to the rent the Trust would be paid. The Board agreed that the building is in a premier location and that a first class finish is appropriate, but that the rent would need to be commensurate with the class A space that the building would become if the investment proposed by the tenant were to be made by the Trust. A Real Estate Committee member will speak to the prospective tenant about the improvement costs in relationship to the rent.
  - The Trust has received a counter proposal from George Gund in connection with his proposed development of the Presidio Theater at 99 Moraga Avenue. The Trust and Mr. Gund are negotiating business terms.
  - The Trust has provided Activspace with a draft lease for its use of 1183-1184 Lundeen Street and 1185-1186 Mason Street.
- Mr. Middleton reported the Trust has been working with the Golden Gate National Parks Conservancy (GGNPC) to establish a joint philanthropic initiative that will benefit both organizations and provide funding for projects in the Presidio and the Golden Gate National Recreation Area. The joint program will utilize the fundraising prowess of the GGNPC, result in a synergy of talents from both organizations, create clear communication with the

philanthropic community, and enable the organizations to move forward with planned projects quickly. Mr. Middleton said that an agreement is being finalized that creates a joint executive committee and methodology for management, provides a strategic plan for implementing the initiative, provides for general parity in staffing and financial support, and contains a 90-day termination provision.

- Executive Session: 11:36-12:05.

**Outstanding Items:**

- Staff is to provide the Board with a detailed breakdown of the costs for the John Stewart Company's contract.
- Staff is to provide the Board with a list of full-time employees devoted to special events, a detailed profit and loss statement for the operation of the Golden Gate Club and special events, and a breakdown of personnel costs and a breakdown of outflow versus income for revenue generating events.
- Staff is to obtain the opinions of professional food operators and to provide the Board with a proposed redesign of the Transit Center.

Meeting adjourned by Chairperson Rosenblatt at 12:05 p.m.