

**Presidio Trust Board of Directors Meeting**  
**November 17, 2005**  
**Minutes**

**Attending:**

Robert Burke  
Nancy Conner  
David Grubb  
Joseph Yew, Jr.

**Attending via Teleconference:**

Curtis Feeny (4:03 – 5:47)  
William Wilson, III (4:03 – 5:30)

**Not Attending:**

Lydia Beebe

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

Meeting called to order by Chairperson Grubb at 4:03 p.m.

**Actions taken:**

- Approval of Minutes (Resolution 06-2). By motion duly made and seconded. Vote: 5-0 (Feeny not present for vote).
- Approval of Adoption of Revised Budget for Fiscal Year 2006 (Resolution 06-3). By motion duly made and seconded. Vote: 6-0.
- Approval of Adoption of Debt Collection Regulations (Resolution 06-4). By motion duly made and seconded. Vote: 6-0.

**Discussion items:**

- Nancy Conner presented the Park Projects and Programs Committee report. The Committee last met on November 3, 2005. Ms. Conner said that the Committee will discuss issues in connection with the ballfields and the Tennessee Hollow riparian corridor in tandem, noting that different constituencies are interested in each. Ms. Conner reported that the Committee's consensus opinion is to increase the number of athletics fields in the Presidio and to ensure that the cost of operating and maintaining the fields is covered by appropriate

use fees. Trust staff will present recommendations at the next Committee meeting regarding the preferred number of fields and the mix of field types.

Ms. Conner reported that the Committee reviewed the status of visitor and interpretive services in the Presidio. Ms. Conner said that although the National Park Service is responsible for such services throughout the Presidio pursuant to the Trust Act, the Trust should take a more robust role in interpretive services in the portion of the Presidio under its administrative jurisdiction.

- Adam Engelskirchen presented the Real Estate Committee report. The Committee last met on November 3, 2005. Mr. Engelskirchen summarized the status of discussions with Forest City about the renovation of the Public Health Service Hospital (PHSH) site. Bill Wilson asked about the source of required Trust funding of a portion of the rehabilitation. Craig Middleton responded that in the budget adjustment before the Board we will be funding certain additional design work, and that the Trust would be meeting soon with the Office of Management and Budget about the Trust's borrowing authority. Dave Grubb suggested that the Trust's carry forward of funds from the last fiscal year might be a source of funds, if required. The Board discussed various aspects of the transaction. Mr. Middleton said that the next steps are to complete the environmental documents and to distribute them to the public, and to negotiate a letter of intent with Forest City and then to negotiate the lease.

Mr. Engelskirchen reported that the renovation of 86/87 Graham Street is nearing completion and that letters of intent with prospective tenants have been executed or are being negotiated for approximately 75% of the space in the buildings.

Mr. Engelskirchen said that the Cow Hollow Preschool executed a lease for 65 Funston Avenue.

Mr. Engelskirchen said that the Real Estate Committee addressed the status of the YMCA's lease, which terminates September 30, 2006. The Board discussed the merits of a long-term versus a short-term lease extension as well as required improvements to the facility. Several Board members and Mr. Engelskirchen commented that it is unclear precisely what the YMCA's plan is for the building. Mr. Wilson said that the Board needed to look at whether it would be more advantageous to have the YMCA remain in the existing building or to have a new facility constructed, and that the Trust first should decide what the best use of the space is before anything else is done. Mr. Grubb said that the Trust should decide what is in the Presidio's best interest before committing to anything. Bob Burke noted that the Board is not prepared to make a final decision and that a decision-making process should be developed before anything is finalized. Jeff Deis said that staff would model a couple of scenarios comparing the YMCA using the existing building versus demolition and rebuilding for the YMCA or a high end athletic facility. The results of the model will be presented to the Committee at their next meeting. Curtis Feeny asked that cash on cash return information be included in future real estate reports.

Mr. Engelskirchen reported that the lessee of the golf course is owned by a closed-end investment fund that is nearing the end of its life cycle. The investment fund is attempting to dispose of its interest in the golf course and has offered an early termination of the contract

with the Trust in exchange for a substantial payment from the Trust. Mr. Feeny said that he has a contact that could help analyze the golf course and suggest options to the Trust. The Board agreed that an analysis is the appropriate next step.

Mr. Engelskirchen reported that the space needs of the Disney Foundation have grown beyond 104 Montgomery Street to include an area for a family library and other uses. The Foundation is anticipated to propose the use of additional location(s).

- Mike Rothman presented the Finance and Audit Committee report. The Committee last met on November 10, 2005. Mr. Rothman reported the results for Fiscal Year 2005. Operating inflows in total were \$2.5M, or 5.2%, ahead of the prorated budget, resulting principally from lower than anticipated residential vacancies, unanticipated non-residential lease renewals in the PHSH district, and increased film industry activity. Operating and overhead outflows were \$2.5M, or 5.2%, under budget, resulting principally from fewer than anticipated residential turnovers, lower broker commissions, and a slower increase in insurance premiums. Mr. Rothman said that the Trust's contingency account has \$6.52M available and that the Committee will return to the Board in early 2006 to propose additional projects for the use of the funds.

Joe Yew reported that Louie & Wong have been retained to provide the necessary internal audit function. Mr. Yew also reported that the Trust's external auditors, Grant & Thornton, completed their audit resulting in a clean audit opinion. Mr. Yew said that a review of the Trust's environmental remediation will be performed, going back to 1999, to analyze the work completed and projected additional costs to complete the remediation. Trust staff will report more fully as the review approaches completion.

- The Board and senior staff discussed organizational issues.
- Mr. Middleton identified the Main Post as the most visible district in the Presidio for the next three to five years in terms of historic preservation, philanthropy, ecological sustainability and public use. Mr. Middleton and Trust staff presented an overview and proposed land use strategy for the district. Mr. Middleton said that the Main Post is the densest area of historic buildings in the Presidio and that it showcases the way private/public collaboration can successfully put historic buildings to modern uses to support the long-term financial sustainability of public land. Terri Thomas outlined the principal historic periods and importance of the Main Post buildings and land. Michael Boland reviewed the vision of the Presidio Trust Management Plan, noting its requirements and constraints. He identified key areas for consideration, including visitor and public use, land use, building use, and parking and transportation requirements. The Board discussed alternatives and identified several issues of importance. Mr. Burke said that he and other Board members had many comments and that a separate meeting might be appropriate.
- Lee Saage and Jose Luis Moscovich from the San Francisco County Transportation Authority presented a Doyle Drive project update.

Meeting adjourned by Chairperson Grubb at 7:13 p.m.