

Presidio Trust Board of Directors Meeting
August 3, 2006
Minutes

Attending:

Lydia Beebe
Robert Burke
Nancy Conner
David Grubb
William Wilson, III
Joseph Yew, Jr.

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

Attending Via Teleconference:

Curtis Feeny (9:16 – 12:08)

Meeting called to order by Chairperson Grubb at 9:16 a.m.

Actions taken:

- Approval of Minutes (Resolution 06-14). By motion duly made and seconded. Vote: 7-0.
- Adoption of Revised Budget for Fiscal Year 2006 (Resolution 06-15). By motion duly made and seconded. Vote: 7-0.
- Adoption of Record of Decision for Buildings 1809-1815 (Wyman Avenue Residences) Final Supplemental Environmental Impact Statement for the Public Health Service Hospital (Resolution 06-16). By motion duly made and seconded. Vote: 6-0 (Feeny not present for vote).
- Waiver of Potential Conflict of Interest (Resolution 06-17). By motion duly made and seconded. Vote: 5-0 (Burke and Feeny not present for vote; Yew participated in the vote via teleconference).

Discussion items:

- Craig Middleton delivered the Executive Director’s report:
 - Mr. Middleton provided an update regarding staff’s determination that the environmental remediation funds are insufficient to complete the program as currently contemplated. The Trust has retained the consulting firm of Booz Allen Hamilton to confirm remediation cost figures and to develop strategies for closing the gap. Mr. Middleton responded that staff would come back to the Board with a recommendation for moving forward. Curtis Feeny offered to put Karen Cook and Jeff Deis in touch with two attorneys who assisted Stanford University in negotiating remediation settlements.
 - Michael Boland and Mr. Middleton discussed trail work that is underway along a former landfill site (Fill Site 6A) and the grove of redwood trees that are being planted there. The redwood grove will be the subject of a future dedication in the fall.
- Mr. Middleton introduced the topic of the Trust’s continuing quest to obtain access to additional capital. The Trust’s ability to utilize its own capital for redevelopment will allow the Trust to realize a higher return on Presidio properties, will give the Trust greater control over long term management of Presidio properties and will expand the pool of potential non-residential tenants. Mr. Middleton stated that he, Bill Wilson and Dave Grubb met in Washington D.C. with Representative Pearce and Senator Feinstein to discuss borrowing options; they found them to be generally supportive of the concept. He also stated that staff will be discussing the question of Treasury borrowing with the Office of Management and Budget (OMB) in the fall.

Mike Rothman confirmed that indeed the Trust has been pursuing several alternative strategies for obtaining capital including private borrowing authority, additional Treasury borrowing and leveraged lease arrangements. Nancy Conner asked how much capital the Trust needs and about its capacity to undertake projects. Lydia Beebe recommended that the Trust determine what the number is. Mr. Rothman responded that staff will undertake a capacity study. Bob Burke observed that staff should continue to pursue both Treasury and private borrowing and should evaluate the possibility of tax-exempt financing. Joe Yew said that staff should focus on fixed-rate rather than variable-rate programs because the Trust does not have the staff capacity to develop and monitor variable-rate programs. Mr. Rothman agreed that fixed rates are better for long-term planning.

Mr. Middleton stated that staff will put together a list of specific proposed capital projects and a proforma for each. He said that this would be needed for discussion with OMB as well. Mr. Middleton asked the Board to confirm its agreement with the staff’s recommendation that the Trust continue to pursue a multi-pronged approach to obtaining access to capital and that oversight and direct Board and staff coordination on this matter be delegated to the Board’s Finance and Audit Committee. The Board concurred with these recommendations.

- Mr. Middleton provided an overview of the budget adjustment and noted that the projects outlined are projects for which funds can be obligated in this fiscal year.

- Mr. Middleton introduced the Public Health Service Hospital (PHSH) agenda item saying that Forest City would make a presentation to the Board. Forest City representatives, Greg Vilkin and Susan Smartt, and Cathy Simon from SMWM, Forest City's project architect, then joined the meeting.
- Mr. Vilkin provided an overview of Forest City's work on the project and his assessment of the decision options before the Board. Ms. Simon then presented a conceptual design of Forest City's proposed project. Ms. Simon and Mr. Vilkin observed that Forest City has not been given the opportunity to present its project concept and design directly to the public.

After Forest City's presentation, all guests departed. The Board agreed to defer making a decision on all of the PHSH buildings other than the Wyman Avenue Houses. The Board directed staff to coordinate broad public out reach efforts with Forest City including opportunities for Forest City to engage the interested public directly about proposed plans and designs and other aspects of the proposed project. The Board stated that ultimately staff should recommend to the Board a project that is economically feasible and that takes into account the concerns raised by the public.

- Mr. Deis informed the Board (Mr. Burke having left the meeting) that Mr. Burke's residential lease will expire in approximately 12 months and that he desires to renew it. Mr. Deis then presented the proposed lease renewal terms for a multi-year lease, observing that the Trust has negotiated only a few multi-year residential leases. Mr. Wilson stated that the Board's main focus is that the Trust offer Mr. Burke the same terms that it would offer to another tenant. Mr. Deis said that the terms presented are market terms that the Trust currently would offer to another tenant for a comparable property.

Meeting adjourned by Chairperson Grubb at 12:44 p.m.