

**Presidio Trust Board of Directors Meeting  
November 13, 2018  
Minutes**

**Board Members:**

Lynne Benioff  
Paula Collins  
Bill Grayson  
Marie Hurabiell  
John Keker  
Mark Pincus  
Todd Willens

**Participating Staff Members:**

Josh Bagley  
Michael Boland  
Carla Carvalho-DeGraff  
Jean S. Fraser  
Sal Genito  
Fran Gonek  
Patrick Hannan  
Nancy J. Koch  
Mollie Matull  
Eric Payne

**Guests:**

KPMG – Jorge Asef-Sargent, Audit Partner and Timm Rufo, Audit Manager  
Grant Thornton – Nathan Dreyfus, Partner and Orus Dearman, Managing Director

Chairperson Keker called the meeting to order at 10:00 a.m.

**Actions taken:**

- Approved via Consent Agenda:
  - Minutes from 27 September 2018 Board Meeting – closed and public sessions
  - Minutes from 18 October 2018 Board Meeting – public session
  - Fiscal Year 2018 Performance and Accountability Report
  - Amend Audit Committee charter to include oversight of Finance matters
  - Youth Campus lease with the Golden Gate National Parks Conservancy
  
- Approved: FY 2019 operating budget and 5 year capital plan

**Discussion items:**

Executive Session

The Board met in executive session with the Trust’s financial and internal auditors for their annual report and discussion. Thereafter, the Directors met alone to complete the CEO’s annual evaluation and address other business matters.

At 11:31am, with staff present, the Board proceeded with the remaining agenda items.

#### Governance Committee Report

Ms. Benioff reported on behalf of the Governance Committee. She explained the Committee's support for expanding the scope of the Audit Committee's oversight responsibilities to include the Trust's financial matters.

#### Audit Committee Report

Mr. Grayson reported that the internal and financial audits for 2018 were clean and commended staff for a job well done. The Audit Committee reviewed the Fiscal Year 2018 Performance and Accountability Report and recommended its approval by the Board as reflected on the consent calendar. Mr. Grayson noted that the Committee also had reviewed the Fiscal Year 2018 financial results and the proposed revised Fiscal Year 2019 budget.

#### Consent Items

Upon motion duly made and seconded, the Board unanimously approved the items noted above on the Consent agenda.

#### CEO Report

Ms. Fraser updated the Board on work directed toward advancing our three strategic goals as well as on other matters.

#### Review Fiscal Year 2018 financial results and approve revised Fiscal Year 2019 budget

Director of Financial Planning and Analysis, Eric Payne, reported on the FY18 financial results and presented the revised FY19 budget for approval. Mr. Payne observed that FY18 was a good year primarily due to the strength of the Trust's real estate portfolio. As anticipated, approximately \$30 million not spent in 2018 will be rolled forward into the FY19 budget, requiring a revision. That sum is comprised of both capital projects (~\$23 million) plus operating and maintenance expenses (~\$7 million). The Audit Committee reviewed, and confirmed its support, for the proposed revised Fiscal Year 2019 budget. Upon motion duly made and seconded, the Board unanimously approved the revised Fiscal Year 2019 budget reflected in Exhibit A.

#### Attorney/Client Privileged Briefing: Doyle Drive update

The Board received a privileged briefing from, and under the supervision of, Trust General Counsel Koch concerning implementation of the Doyle Drive settlement agreement.

Directors Benioff and Pincus excused themselves from the remainder of the meeting.

#### Revised Fort Scott development proposal review and approval schedule

Josh Bagley, Interim Chief Business Officer, presented an amendment to the previously approved Fort Scott development proposal review and approval schedule. The revised schedule extends the overall timeline, giving more time to proposers to prepare their proposals, staff to

review the proposals, and the public to submit comments. The Board discussed the revised schedule and asked questions. Upon motion duly made and seconded, the Board unanimously approved the amended Fort Scott development proposal review and approval schedule, as reflected in Exhibit B.

The meeting was adjourned by Chairperson Keker at 1:19 p.m.

## Exhibit A

### Approve revised Fiscal Year 2019 budget

The Presidio Trust  
 Operating Statement - FY 2019 Budget - November Revision (Table 1)  
 Presented November 13, 2018

	(1)	(2)	(3)		(4)	(5)
	FY 2019 Budget Approved Sept 18	FY 2019 Revised Budget With Carryforward	Variance			
			\$	%	Notes	
<b>(Dollars in Thousands)</b>						
<b>Operating Income and Expenses by Category</b>						
<b>Real Estate</b>						
1 Residential Revenue	62,246	62,246				
2 Non-Residential Revenue	31,138	31,138				
3 Service District Charges	8,427	8,427				
4 Total Real Estate Revenue	101,811	101,811				
5 Real Estate Leasing & Tenant Service Expense	(18,738)	(18,093)	645	-3%	Expense reallocation due to reorganization of some functions.	
6 Real Estate Maintenance Expense	(8,289)	(8,514)	(245)	4%	Savings from FY18 carried forward into FY19.	
7 <b>Net Real Estate Income</b>	<b>76,804</b>	<b>77,204</b>	<b>400</b>	<b>1%</b>		
8 Hospitality Revenue	29,752	29,752				
9 Hospitality Operating Expense	(25,405)	(25,455)	(50)	0%	Expense reallocation due to reorganization of some functions.	
10 Hospitality Maintenance Expense	(300)	(1,404)	(1,104)	368%	Savings from FY18 carried forward into FY19.	
11 <b>Net Hospitality Income</b>	<b>4,047</b>	<b>2,893</b>	<b>(1,154)</b>	<b>-29%</b>		
12 <b>Net Business Income</b>	<b>80,851</b>	<b>80,097</b>	<b>(754)</b>	<b>-1%</b>		
<b>Land &amp; Building Stewardship</b>						
13 Land & Building Stewardship Revenue from Utilities	7,796	7,796				
14 Land & Building Stewardship Operating Expense	(31,931)	(33,087)	(1,156)	4%	Savings from FY18 carried forward into FY19 and reallocation of expenses due to reorganization.	
15 Land & Building Stewardship Maintenance Expense	(4,181)	(6,259)	(2,078)	50%	Savings from FY18 carried forward into FY19.	
16 <b>Net Land &amp; Building Stewardship Income</b>	<b>(28,316)</b>	<b>(31,550)</b>	<b>(3,234)</b>	<b>11%</b>		
<b>Park Development &amp; Visitor Engagement</b>						
17 Park Revenue (e.g. Parking, Permits)	5,097	5,097				
18 Park Operating Expense	(15,552)	(15,655)	(102)	1%	Savings from FY18 carried forward into FY19.	
19 Park Maintenance Expense	(687)	(1,448)	(762)	111%	Savings from FY18 carried forward into FY19.	
20 <b>Net Park Development &amp; Visitor Engagement Income</b>	<b>(11,142)</b>	<b>(12,006)</b>	<b>(864)</b>	<b>8%</b>		
<b>Administrative Costs and Savings from Prior Fiscal Year</b>						
21 Administrative Costs (e.g. Finance, Human Resources, Legal)	(22,805)	(23,321)	(516)	2%	Savings from FY18 carried forward into FY19.	
22 Information Technology Maintenance	(500)	(1,014)	(514)	103%	Savings from FY18 carried forward into FY19.	
23 Agency Contingency	(5,200)	(5,200)				
24 Maintenance and Other Risks Pool	(5,190)	(6,362)	(1,192)	23%	Savings from FY18 carried forward into FY19.	
25 Savings from Prior Fiscal Year	-	7,074	7,074		Savings from FY18 carried forward into FY19.	
26 <b>Net Administrative Costs and Savings from Prior Fiscal Year</b>	<b>(33,695)</b>	<b>(28,843)</b>	<b>4,852</b>	<b>-14%</b>		
27 <b>Net Income from Operations</b>	<b>7,698</b>	<b>7,698</b>				
<b>Other Income and Expenses</b>						
28 Park Reconstruction due to Doyle Drive	54,000	54,000				
29 Debt Service (Net) Expense	(2,394)	(2,394)				
30 Remediation Reimbursement	900	900				
31 Recoveries of Prior Years' Obligations	350	350				
32 <b>Net Other Income and Expenses</b>	<b>52,856</b>	<b>52,856</b>				
33 <b>Net Income</b>	<b>60,554</b>	<b>60,554</b>				
34 Carryforward of Funds for Capital Projects	14,978	37,866	22,888	153%	Savings from FY18 carried forward into FY19.	
35 <b>Funds Available for Capital Projects</b>	<b>75,532</b>	<b>98,419</b>				
<b>Capital Projects</b>						
36 Capital Projects	(41,034)	(63,922)	(22,888)	56%		
37 <b>Capital Projects</b>	<b>(41,034)</b>	<b>(63,922)</b>				
38 <b>Net Results</b>	<b>34,497</b>	<b>34,497</b>				
39 Funds Required to Complete Approved Projects in Fiscal Year 2020	(20,093)	(33,404)	(13,311)	66%	We made a calculation error in the Sept budget. This is the correct amount of money we need in FY20 to cover capital expenses in that year.	
40 <b>Adjusted Net Results</b>	<b>14,405</b>	<b>1,093</b>				

The Presidio Trust  
 Five Year Capital Plan Through FY 2023 - November Revision (Table 2)  
 Presented November 13, 2018

(Dollars in Thousands)

	Project Type	Strategic Objective	Project	FY 2018 and Before		FY 2019 and After					Variance Total Project Budget Approved vs. Spending through FY18 + FY19-21 Project Budget	Variance Explanation	
				(1)	(2)	(3) =	(4) +	(5) +	(6) +	(7) +			(8)
				Total Project Budget Approved	Spending through FY18	FY19-23 Project Budget	FY19	FY20	FY21	FY22	FY23		
1		1	<b>Strategic Goal #1: Be Visited and Loved by All</b>										
2	Total	1.1 - Diversity & 1.2 - Serve youth	Tunnel Tops, including Youth Campus	110,482	28,604	83,788	71,218	8,250	3,458	842			
2A	Sponsored		<i>Funds raised by the Golden Gate National Parks Conservancy</i>	90,000	20,895	69,105	61,264	5,600	1,741	500			
2B	Capital		<i>Presidio Trust funds</i>	20,462	5,799	14,663	9,955	2,650	1,717	342			
3	Capital	1.1 - Diversity	Improvements to visitor sites	4,824	2,275	1,375	1,247	106	22			1,175	Reduced number of projects to fit our capacity to complete them.
4	Sponsored	1	Park Projects (SFO, memorial sites, etc.)	13,098	13,062	581	581					55	Savings from projects coming in under budget.
5	Capital	1	Visitor Center	3,103	2,896	-						207	Savings from project coming in under budget.
6	Capital	1	Public access improvements	1,824	1,290	311	311					324	Reduced number of projects to fit our capacity to complete them.
7	Capital	1.1	Presidio Theatre	1,234	826	409	409						
8		1	<b>Subtotal - Strategic Goal #1: Be Visited and Loved by All</b>	<b>135,246</b>	<b>47,043</b>	<b>86,443</b>	<b>73,766</b>	<b>8,356</b>	<b>3,480</b>	<b>842</b>	<b>-</b>		
9		2	<b>Strategic Goal #2: Be a Model of Environmental Stewardship</b>										
10	Total	2.1 - Biodiversity	Restoration of Quartermaster Reach Marsh and connection to Crissy Field Marsh	22,440	3,721	18,728	17,478	1,173	77				
10A	Capital		<i>Funds transferred from Caltrans</i>	18,453	2,346	16,107	14,857	1,173	77				
10B	Sponsored		<i>Presidio Trust funds</i>	3,986	1,375	2,621	2,621						
11	Capital	2	Fort Scott development for master lease; preparation and issuance of 2-part RFP	1,000	353	647	647						
12	Capital	2.1 - Biodiversity	Mountain Lake water overflow control project	2,395	478	1,917	1,917						
13	Sponsored	2.3 - Carbon	Transportation and Facilities Projects	402	370	8	8					24	Savings from projects coming in under budget.
14		2	<b>Subtotal - Strategic Goal #2: Be a Model of Environmental Stewardship</b>	<b>26,247</b>	<b>4,922</b>	<b>21,301</b>	<b>20,051</b>	<b>1,173</b>	<b>77</b>	<b>-</b>	<b>-</b>		
15		3	<b>Strategic Goal #3: Be a Model of Operational Excellence in Public Service</b>										
16	Capital	3.1 - Revenue	Rehabilitation of Building 102	19,224		19,224	2,247	16,976					
17	Capital	3.1	Gorgas warehouses rehabilitation for leasing	15,103	13,773	1,330	1,330						

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				(1)	(2)	(3) =	(4) +	(5) +	(6) +	(7) +			(8)
				Total Project Budget Approved	Spending through FY18	FY19-23 Project Budget	FY19	FY20	FY21	FY22	FY23		
18	Capital	3.1	Restaurants capital contribution	4,150		4,150	4,150						
19	Capital	3.1	Tenant improvements for non-residential space	2,553	127	20	20					2,406	Reduced number of projects to fit our capacity to complete them.
20	Capital	3.1	Girard building preservation and improvements to streetscape and buildings in the new entrance area	2,474	2,056	418	418						
21	Capital	3.1	Rehabilitation of Building 105 as the Lodge at the Presidio	25,925	25,692	-						233	Savings from project coming in under budget.
22	Capital	3.2 - Deferred Maintenance	Electrical substation 568 switchgear replacement	2,310	357	1,953	1,953						
23	Capital	3.2	Capital equipment replacement	7,200	2,514	-						4,686	Moved to maintenance on Table 1 in FY19.
24	Capital	3.2	Trust facility rehabilitation and maintenance projects > \$25K	1,486	1,250	109	109					127	Reduced number of projects to fit our capacity to complete them.
25	Sponsored	3.2	Utilities Projects	780	674	86	86						
26	Capital	3.3 - Safety	Roads, trails and parking lots construction and maintenance projects > \$25K	2,367	892	529	529					646	Reduced number of projects to fit our capacity to complete them.
27	Sponsored	3.3	Federal Highway Administration (FHWA) funding for transportation program (e.g., pavement, traffic calming, ADA accessibility, etc.)	6,675	395	6,280	4,080	2,200					
28	Capital	3.3	Remediation site - Lendrum Court	8,299	7,519	497	497					283	Project expected to come in under budget.
29	Capital	3.3	Other remediation sites > \$25K	1,366	633	644	644					89	Savings from project coming in under budget.
30	Sponsored	3	Other Projects (Presidio Institute, miscellaneous donations, etc.)	3,737	3,355	97	97					285	Savings from projects coming in under budget.
31	Capital	3	Information technology telecom	2,080	1,067	-						1,013	Remaining funds not needed.
32		3	<b>Subtotal - Strategic Goal #3: Be a Model of Operational Excellence in Public Service</b>	<b>105,717</b>	<b>60,303</b>	<b>35,346</b>	<b>16,170</b>	<b>19,176</b>	<b>-</b>	<b>-</b>	<b>-</b>		
33			<b>Foundational to All Our Work/Risk Mitigation</b>										
34	Total		Park Reconstruction due to Doyle Drive	60,553	16,680	45,360	22,864	12,499	8,499	1,249	249		
34A	Capital		<i>Presidio Trust funds</i>	44,884	1,213	45,170	22,873	12,499	8,499	1,249	249		
34B	Sponsored		<i>Funds transferred from Caltrans</i>	15,669	15,467	190	190					12	Savings from project coming in under budget.
35			<b>Subtotal - Foundational to All Our Work/Risk Mitigation</b>	<b>60,553</b>	<b>16,680</b>	<b>45,360</b>	<b>22,864</b>	<b>12,499</b>	<b>8,499</b>	<b>1,249</b>	<b>249</b>		
36			<b>Total</b>	<b>327,763</b>	<b>128,947</b>	<b>188,450</b>	<b>132,850</b>	<b>41,204</b>	<b>12,056</b>	<b>2,091</b>	<b>249</b>		
37			<b>Total - Trust Funded</b>	<b>192,825</b>	<b>73,354</b>	<b>109,481</b>	<b>63,922</b>	<b>33,404</b>	<b>10,315</b>	<b>1,591</b>	<b>249</b>		
38			<b>Total - Sponsored</b>	<b>134,938</b>	<b>55,593</b>	<b>78,968</b>	<b>68,927</b>	<b>7,800</b>	<b>1,741</b>	<b>500</b>	<b>-</b>		

## Exhibit B

### Revised Fort Scott development proposal review and approval schedule

Proposed Revised Schedule - Proposal Due Date through Board Decision

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
January	30	31	1	2	3	4	5
			NEW YEAR'S DAY				
	6	7	8	9	10	11	12
	13	14	15	16	17	18	19
	20	21	22	23	24	25	26
		MLK DAY			BOARD MEETING		
	27	28	29	30	31	1	2
February	3	4	5	6	7	8	9
	10	11	12	13	14	15	16
			PROPOSALS ARE DUE		PROPOSALS POSTED TO WEBSITE, DISTRIBUTED TO BOARD		
	17	18	19	20	21	22	23
		PRESIDENT'S DAY					
	24	25	26	27	28	1	2
		BOARD/STAFF MTG TO DISCUSS PROPOSALS, PREPARE QUESTIONS	BOARD/STAFF MTG TO DISCUSS PROPOSALS, PREPARE QUESTIONS	BOARD/STAFF MTG TO DISCUSS PROPOSALS, PREPARE QUESTIONS			
March	3	4	5	6	7	8	9
		TRUST POSTS QUESTIONS FOR PROPOSERS					
	10	11	12	13	14	15	16
					ANSWERS TO QUESTIONS ARE DUE		
	17	18	19	20	21	22	23
		BOARD/STAFF MTG TO REVIEW ANSWERS, PREP FOR PRESENTATIONS	BOARD/STAFF MTG TO REVIEW ANSWERS, PREP FOR PRESENTATIONS	BOARD/STAFF MTG TO REVIEW ANSWERS, PREP FOR PRESENTATIONS			
	24	25	26	27	28	29	30
					PUBLIC BOARD MTG, TEAM PRESENTATIONS		
April	31	1	2	3	4	5	6
					DRAFT STAFF RECOMMENDATION	BOARD/STAFF MTG TO REVIEW DRAFT RECOMMENDATION	
	7	8	9	10	11	12	13
	14	15	16	17	18	19	20
			PUBLIC COMMENT PERIOD CLOSSES	FINAL STAFF RECOMMENDATION, BOARD PACKET DISTRIBUTED			
	21	22	23	24	25	26	27
				PUBLIC BOARD MTG, PUBLIC COMMENT, BOARD DECISION			
	28	29	30	1	2	3	4