

**Presidio Trust Board of Directors Meeting**  
**July 16, 2010**  
**Minutes**

**Attending:**

Nancy Bechtle  
Curtis Feeny  
John Reynolds  
Michael Shepherd

Michael Boland  
Steve Carp  
Karen Cook  
Jeff Deis  
Bart Ferrell  
Tia Lombardi  
Mollie Matull  
Craig Middleton  
Mike Rothman

**Attending Via Teleconference:**

William Wilson, III

**Not Attending:**

Robert Burke  
Nancy Conner

Meeting called to order by Chairperson Bechtle at 8:32 a.m.

**Actions taken:**

- Approval of Minutes of April 20, 2010 (Resolution 10-21). By motion duly made and seconded. Vote: 5-0.
- Approval of Presidio Trust Art Collections Acquisition – *Wood Line* by Andy Goldsworthy (Resolution 10-22). By motion duly made and seconded. Vote: 5-0.
- Approval of Construction Project – Pershing Hall Guesthouse (Resolution 10-23). By motion duly made and seconded. Vote: 5-0.
- Approval of Construction Project – Officers’ Club (Resolution 10-24). By motion duly made and seconded. Vote: 5-0.
- Approval of Construction Project – Infantry Terrace Landscaping (Resolution 10-25). By motion duly made and seconded. Vote: 5-0.
- Approval of Construction Project – Main Parade Ground Phase I – Main Parade Greening (Resolution 10-26). By motion duly made and seconded. Vote: 5-0.

- Approval of Operating Budget for Fiscal Year 2011 and Five-Year Construction Plan (Resolution 10-27). By motion duly made and seconded. Vote: 5-0.
- Approval of Identification of Mitigated Preferred Alternative for Final Supplemental Environmental Impact Statement for the Presidio Trust Management Plan Main Post Update (Resolution 10-28). By motion duly made and seconded. Vote: 5-0.

**Discussion items:**

- Ms. Bechtle called the meeting to order and said that she had toured the “Presidio Landmark,” the Forest City rehabilitation of the Public Health Service Hospital, and that the project was beautiful.
- Mr. Middleton reported that:
  - There is a lot of momentum in the Presidio and that it is a time of dynamism and construction fences. He said construction activity will increase dramatically in the coming months, with much of the action taking place in the Main Post and the Tennessee Hollow/El Polin areas, noting that the Presidio has become the most dynamic historic rehabilitation project in the country. Mr. Middleton said that next year’s capital investment in the Presidio will double last year’s.
  - In addition to sustainable rehabilitation, the next phase of the restoration and transformation of the Presidio focuses on visitor amenities.
  - The compliance process for the Main Post area may be reaching conclusion.
  - The Rob Hill Campground has been completed and public use commenced June 1st.
  - An agreement with the National Park Service (NPS) was reached last week that enables the NPS to obligate funds for a portion of the rehabilitation cost of 102 Montgomery Street; the Trust will donate \$200K in project management services.
  - Discussions with the NPS and the Golden Gate National Parks Conservancy on interpretive themes, and the development of staff recommendations as to sites, initial budget and governance for a Presidio Visitor Center are moving forward smoothly.
  - The Trust conceptually has reached an agreement with the City of San Francisco for the provision of fire services to the Presidio, and that the parties anticipate executing a written agreement soon. Mr. Deis and the Board discussed some of the terms of the proposed agreement.
  - Caltrans will be boring tunnels next week in connection with the Doyle Drive rebuild. The Trust is discussing landscape designs with Caltrans.
  - In the midst of serious recession, the Trust has been attentive to holding its costs down, opportunistic in spending on capital projects at a time of advantageous pricing, and successful in outperforming its revenue projections; that funds received by the Trust to offset the economic impact of the Doyle Drive rebuild have enabled a great deal of preservation work to proceed; and that recent appropriations hearings indicate that congressional support is strong and bipartisan, and that the Trust approaches the 2013 financial self-sufficiency date with cautious optimism and an impressive record of achievement.

- Mr. Boland presented the proposed acquisition of *Wood Line* by Andy Goldsworthy. He reviewed the acquisition process outlined by Presidio Trust Art Collections Manual and summarized the review undertaken by the Trust, including the Trust's environmental and historic compliance review, the solicitation and results of public comment, and the Art Review Panel's conclusions. Mr. Boland said that the installation might begin in September, depending upon Mr. Goldsworthy's schedule. Mr. Shepherd asked how the Art Review Panel is constituted. Mr. Boland responded that each panel would be different and comprised of appropriate experts, depending upon the proposed acquisition. Ms. Bechtle said that she approved of this project in part because it utilizes materials taken from the Presidio. Mr. Reynolds said that he wished to review and discuss the Art Policy and the Art Collections Manual.

The Board discussed the proposed donation of an art piece. Mr. Middleton was directed to discuss the donation with the prospective donor and describe the process involved.

- The Board discussed four proposed construction projects involving final pre-construction project cost estimates greater than \$1M – the Pershing Hall Guesthouse, the Officers' Club, Infantry Terrace Landscaping, and the Main Parade Ground Phase I – Main Parade Greening.

Mr. Wilson said that the approach of the Trust's consultant, PKF Consulting, in its marketing analysis of the Pershing Hall Guesthouse at 42 Moraga Avenue was appropriately conservative. In his endorsement of the project Mr. Wilson said that the proposed guesthouse would be unique in San Francisco in its ability to offer tee times at a golf course. He also said that he thought soundproofing to dampen noise transmission between walls and floors was especially important in the building rehabilitation. Mr. Feeny said that since the Trust would not have to borrow funds for the rehabilitation and since the guesthouse would provide an important visitor amenity in the Presidio, the project would not have to achieve the same return as office or retail space. Mr. Reynolds said that he strongly supported the project. Mr. Deis commented that the proposed finishes are high quality, not luxury. In response to a question from Mr. Feeny, Mr. Deis said that the Trust is interviewing possible operators for the guesthouse and will be making a selection soon.

Mr. Middleton reported that a full rehabilitation of the Officers' Club at 50 Moraga Avenue is proposed, including seismic upgrades, upgrades of all mechanical, electrical and plumbing systems, and life safety and ADA improvements. The goal for the building is to accommodate a variety of private and public events, educational programs, exhibitions and food service. Ms. Bechtle said that the building should support visitor amenities and public use, not necessarily generate revenue. The Board discussed the venues in the Presidio available for event rental.

The Board discussed proposed landscape improvements to the Infantry Terrace historic neighborhood.

Mr. Boland explained that the first phase of the proposed greening of the Main Parade Ground involved removing approximately 2/3 of the existing Main Parade parking lot asphalt and the installation of a five- to six-acre lawn with pedestrian paths and associated sidewalk,

circulation improvements and utility upgrades. Mr. Boland said that a minimum of 250 parking spaces will be retained in the Main Parade area as the work proceeds. Mr. Reynolds said that this project is one of the most important things that the Trust could do at this point and that it is especially important to keep the public informed about what is happening in the area.

- Mr. Feeny presented the Finance and Audit Committee report of its June 3, 2010 meeting. Mr. Feeny highlighted that the Committee reviewed the Trust's 2010 construction plan, capital expenditure plans, net operating income, expenses, vacancy rates, construction pricing and other important metrics, and reported that the Trust is performing well measured against all key economic criteria. Mr. Feeny said that the audit update was favorable. Mr. Feeny also reported that the Committee reviewed the proposed fiscal year 2011 budget and updated five-year construction plan, and recommended approval of the budget and plan. Mr. Feeny concluded that the Trust has made tremendous progress towards its 2013 goal of self-sufficiency, and that good controls and measurements are in place. Mr. Middleton and Ms. Bechtle discussed the advisability of a staff position devoted to philanthropic fundraising.

Mr. Rothman presented the proposed fiscal year 2011 budget and five-year construction plan. Mr. Rothman noted that anticipated revenue will increase over 2010, but at a slightly slower rate than earlier projected due to the effects of the Doyle Drive rebuild and the continuing downturn in the real estate market, and that the net operating income in fiscal year 2011 is projected to increase by 29.3% to \$11.7M while the Trust's operating expenses will increase by only 0.9%.

- Mr. Middleton updated the Board on the status of discussions regarding Ft. Scott. At the Board's direction he has continued conversations with key government officials, foundation officers and leaders in the national and community service sectors to understand better how initial support for a service-oriented concept for Ft. Scott could turn into realistic options for the Trust. Mr. Middleton reviewed the substance of some of those conversations, concluding that there is strong conceptual support for a national center for service and leadership. Mr. Middleton said that on a parallel track the Trust staff is continuing to work with consultants, Sagawa/Jospin and Bridgespan/Bain, to refine the program concept. Key questions involve funding sources. The Board directed Mr. Shepherd and Mr. Middleton to explore the feasibility of the developing service-related concept until December 31, 2011. In the meantime, the Trust will not entertain other unsolicited offers for use of the Ft. Scott district.
- Mr. Middleton and Ms. Cook undated the Board on the status of the supplemental environmental impact statement for the Main Post Update to the Presidio Trust Management Plan. The Board reviewed the language of the summary of its revised preferred alternative and adopted the summary.
- Executive Session: 11:13 – 11:29.

Meeting adjourned by Chairperson Bechtle at 11:29 a.m.