

MINUTES

WAR MEMORIAL BOARD OF TRUSTEES

REGULAR MONTHLY MEETING

Thursday, May 12, 2005

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, May 12, 2005, in the Trustees' Board Room, War Memorial Opera House, President Bashford presiding.

ROLL CALL

Present: President Bashford, Vice President Horn, Trustee Bechtle, Trustee Farrow, Trustee Moscone, Trustee Reynolds, Trustee Shultz, Trustee Tsakopoulos-Kounalakis;

Absent: Trustee Balianz, Trustee Haas, and Trustee Jarman.

Staff Present: Elizabeth Murray, Managing Director
Gregory P. Ridenour, Assistant Managing Director/Executive Secretary

APPROVAL OF MINUTES

President Bashford called for approval of the minutes of the March 10, 2005 regular meeting of the Board. On motion of Trustee Shultz, seconded by Trustee Farrow, the minutes were unanimously approved.

PRESIDENT'S REPORT

Trustee Appointments: President Bashford reported that Mayor Gavin Newsom has announced the reappointment of six members of the War Memorial Board of Trustees whose terms ended this past January 2005. Trustees reappointed to a new four-year term include Trustees Bashford, Bechtle, Farrow, Jarman, Moscone and Shultz. President Bashford reported that Mayor Newsom has made one new appointment to the Board of Trustees, to the seat previously occupied by Trustee Balianz who asked not to be reappointed due to health concerns. He stated that the Mayor's new appointee is Paul Pelosi, Sr., whose business background and long association with charitable organizations will most certainly benefit the Board. President Bashford stated that the Mayor has scheduled a swearing-in ceremony for all seven appointees on Tuesday, May 24, 2005, at 5:00 p.m.

Conclusion of San Francisco Ballet Season: President Bashford reported that the San Francisco Ballet concluded its 2005 Repertory Season on Sunday, May 8, with a final sold-out performance of *Romeo and Juliet*. On behalf of the Board, President Bashford extended congratulations to the Ballet on a very successful and enjoyable season.

MANAGING DIRECTOR'S REPORT

Rental Requests: Ms. Murray reported that rental requests as mailed to Trustees are routine, and she requested their approval. On motion of Trustee Farrow, seconded by Trustee Reynolds, the following resolution was unanimously adopted:

RESOLUTION NO. 05-13

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that the following rental requests are hereby approved:

WAR MEMORIAL OPERA HOUSE

The Korea Daily	July 29, 30 & 31, 2005	\$6,000.00 vs. 10%
Jesus, Jesus a musical performed in Korean		\$13,000.00

LOUISE M. DAVIES SYMPHONY HALL

Philharmonia Baroque Orchestra	April 21, 2006	\$2,000.00 vs. 10%
Anniversary Concert		\$4,000.00 maximum
Commonwealth Club of California	May 27, 2005	2,000.00 vs. 10%
Secretary of State Condoleeza Rice		\$4,000.00 maximum
Beaver Productions	August 7, 2005	\$2,000.00 vs. 10%
Michael Buble in Concert		\$5,500.00 maximum
San Francisco Performances	February 17 – 19, 2006	\$6,000.00 vs. 10%
Phillip Glass Film Trilogy		\$12,000.00 maximum

HERBST THEATRE

Humanities West	March 31 & April 1, 2006	\$1,200.00
Symposium		
KAMSA	March 12, 2006	\$600.00
Classical Recital		
Chinese American International School	September 17 & 24, 2005	\$1,200.00
Two chorus concerts		
University of the Pacific School of Dentistry	July 13, 2005	\$600.00
White Coat Ceremony		
San Francisco Opera Guild	September 12, 22, 2005	\$2,400.00
Insight Lectures 2005-06	October 24, 2005 May 30, 2006	
Philharmonia Baroque Orchestra	September 16, 2005	\$3,600.00
2005-06 Season	October 14, 2005 November 11, 2005 December 8, 2005 February 10, 2006 March 10, 2006	

Commonwealth Club Sally Ride	June 16, 2005	\$600.00
The San Francisco Foundation 2005 Community Leadership Awards	September 20, 2005	\$600.00
San Francisco Opera Rehearsal and Performance of Adler Fellow Concert	December 1 & 2, 2005	\$1,200.00
Wharton School Graduation Ceremony	May 7, 2006	\$600.00
Synergy School Rehearsal and Performance of Spring Show	April 5 & 6, 2006	\$1,200.00
City College of San Francisco Festival of Performing Arts	April 20, 2006	\$600.00
Chinese American International School Winter Program Spring Program	December 14 & 15, 2005 March 28 & 29, 2006	\$2,400.00
Symphony Parnassus 2005-06 Season	February 12, 2005 April 23, 2006 June 4, 2006	\$1,800.00
Richmond Ermet AIDS Foundation Help is on the Way	December 4, 2005	\$600.00
Thalia Productions Brazilian singer Beth Carvalho and her band	June 25, 2005	\$1,050.00
The Urban School Winter Concert	December 11, 2005	\$600.00
San Francisco Performances 2005-06 Season	October 8, 16, 20, 22, 25, 2005 November 13, 15, 20, 26-27, 29, 2005 December 7, 9, 10, 17, 2005 January 7, 12, 14, 21, 22, 24, 31, 2006 February 4, 16, 18, 2006 March 5, 21, 25, 2006 April 1, 2, 4, 9, 18-19, 27, 29, 2006 May 6, 21, 25, 2006 June 5, 2006	\$26,000.00
Kung Pao Kosher Comedy Charo in Concert	August 6, 2005	\$1,050.00

Additional Rental Requests: Ms. Murray requested approval of additional rental requests as submitted. On motion of Trustee Shultz, seconded by Vice President Horn, the following resolution was unanimously adopted:

RESOLUTION NO. 05-14

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that the following rental requests are hereby approved:

HERBST THEATRE

New World of Jewish Culture Kvartet, a dramatic play	December 18, 2005	\$600.00
City Arts and Lectures 25 th Annual Literary Events	October 1, 5, 26, 2005 November 1, 21, 28, 2005 December 5, 6, 13, 2005 January 14, 2006	\$6,000.00

War Memorial Fiscal Year 2005-06 Budget Update: Ms. Murray reported that the War Memorial's FY 2005-06 Budget Request, as approved by the Board of Trustees, was submitted to the Mayor's Office on February 22, 2005. In accordance with the City's budget schedule, departments continue to work with the Mayor's Office until June 1, 2005, when the Mayor submits his recommended budget for FY 2005-06 to the Board of Supervisors. Ms. Murray stated that the FY 2005-06 budget request approved by the Trustees included operating and capital expenditures totaling \$11.58 million. This expenditure budget was supported by hotel tax and earned revenues totaling \$11.4 million, and use of \$169,000 from the unappropriated balance in the War Memorial Special Fund to cover the projected revenue shortfall.

Ms. Murray stated that Trustees have today received a budget update summary, showing the War Memorial's FY 2005-06 budget request as submitted to the Mayor's Office, and showing changes which have been made by the Mayor's Budget Office through today. She stated that the net effect of the Mayor's changes is an increase in the bottom-line revenue shortfall for FY 2005-06, from \$169,000 to \$969,898, due to the following:

- The Mayor's proposed budget reduces FY 2005-06 hotel tax revenue to the current-year revenue, a reduction of \$840,700 from hotel tax revenue included in the War Memorial's budget request, and \$1 million below the War Memorial's projected allocation pursuant to the Municipal Code.
- The Mayor's proposed budget reduces Interdepartmental Recovery revenue by \$138,139, eliminating 2005-06 Veterans Building occupancy fees to be paid to the War Memorial by the Law Library and the Mayor's Office on Disability for their use and occupancy of office space in the Veterans Building.
- In view of the Mayor's proposed reduction of 2005-06 hotel tax revenue, the Mayor's Budget Office agreed to delete the War Memorial's 2005-06 assessment of City Overhead and removed City Overhead charges of \$568,986 from our 2005-06 budget. However, subsequent to this change, the Mayor's Office added back overhead charges of \$332,354 for health service subsidy.
- A net increase of \$58,751 in expenditures for "Services of Other Departments," including new and increased overhead assessments to be paid to the Department of Human Resources.

Ms. Murray stated that staff has submitted a revised 2005-06 budget plan to the Mayor's Budget Office, that would reduce the projected deficit from the current \$969,898 to \$424,607, by restoring the Interdepartmental Recovery revenue of \$138,139, and eliminating various overhead charges totaling \$407,152. Under this plan, the War Memorial would use the entire unappropriated balance in the War Memorial Special Fund to cover the remaining shortfall of \$424,607. Ms. Murray stated that she has asked the Mayor's Budget Office to meet with her and President Bashford to address and resolve FY 2005-06 budget issues before the Mayor submits his budget to the Supervisors on June 1, 2005.

SECRETARY'S REPORT

Revenue, Appropriations and Status of Building Projects Reports for March 2005: Mr. Ridenour referred to the Revenue, Appropriations, and Status of Building Projects Reports for March 2005, and requested a resolution to approve housekeeping expenditures as submitted. On motion of Trustee Moscone, seconded by Trustee Reynolds, the following resolution was unanimously adopted:

RESOLUTION NO. 05-15

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM050334 through WM050388 and Interdepartmental Work Order No. WCWM05001 are hereby approved.

Revenue, Appropriations and Status of Building Projects Reports for April 2005: Mr. Ridenour referred to the Revenue, Appropriations, and Status of Building Projects Reports for April 2005, and requested a resolution to approve housekeeping expenditures as submitted. On motion of Trustee Shultz, seconded by Vice President Horn, the following resolution was unanimously adopted:

RESOLUTION NO. 05-16

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM050389 through WM050420 are hereby approved.

REGULAR ITEMS

President Bashford stated that Items #1 and #2 on today's agenda are companion items, and are an outgrowth of the Memorandum of Understanding (MOU) dated 7/18/95 between the City, the War Memorial Board of Trustees, and the Committee to Restore the Opera House. He stated that the 7/18/95 MOU enumerated and recorded the responsibilities of each of the parties in the development and implementation of the 1996-97 Opera House Seismic Upgrade and Improvements Project, which project included seismic retrofit work under the 1990 Earthquake Safety Bond Program Phase II and additional capital improvements funded by each of the War Memorial and the Committee to Restore the Opera House.

Ms. Murray stated that the Committee to Restore the Opera House, known as "CROH," was organized in 1994 as a private, non-profit corporation, for the express purpose of organizing and conducting a campaign to solicit private contributions to fund all costs and expenses related to the purchase, design, construction and/or installation of certain improvements in the Opera House during the Opera House Seismic Upgrade and Improvements Project. The "CROH Improvements," which were in addition to Bond-funded seismic improvements and the improvements funded by the War Memorial, were designed to serve the needs of licensees of the Opera House and included:

- ♦ Construction of new basement expansion, including new warm-up, rehearsal, locker and dressing rooms; restrooms and showers; and music library space;
- ♦ Upgrades to the existing basement including new electric service; renovated dressing rooms and production offices; and new wardrobe, library, and laundry facilities;
- ♦ Auditorium ventilation and lighting;
- ♦ Theatrical systems and equipment, including orchestra pit extension, rigging system, performance lighting and controls; and audio, video and backstage communication systems.

Ms. Murray stated that according to the 7/18/95 MOU, issues relating to the ownership, operation and maintenance of improvements, systems and equipment constructed and/or installed in the Opera House as part of the CROH Improvements shall be the subjects of separate agreements among the War Memorial, CROH, the Opera and the Ballet, as applicable. The MOU further states that unless specifically excepted in such separate agreements, and in accordance with current established practices, all improvements, systems and equipment constructed and/or installed in the Opera House as part of the CROH Improvements shall become the property of the War Memorial.

Ms. Murray reported that the Committee to Restore the Opera House is currently in the process of distributing and liquidating all of its assets in order to obtain a Certificate of Dissolution from the Secretary of State. Accordingly, the two draft agreements on today's agenda address issues relating to the ownership, operation and maintenance of the CROH Improvements.

1. **“War Memorial Transfer Agreement”**: Ms. Murray stated that Trustees have received a copy of the final draft of the “War Memorial Transfer Agreement” between the War Memorial Board of Trustees and the Committee to Restore the Opera House (CROH), documenting the transfer of ownership to the War Memorial of capital improvements and certain theatrical systems and equipment installed in the Opera House as part of the CROH Improvements. She noted that the specific improvements, systems and equipment being transferred by CROH to the War Memorial are listed in Exhibit A to the Agreement.

Following discussion, and on motion of Trustee Moscone, seconded by Vice President Horn, the following resolution was unanimously adopted:

RESOLUTION NO. 05-17

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the “War Memorial Transfer Agreement” with the Committee to Restore the Opera House, thereby accepting the transfer to the War Memorial Board of Trustees of capital improvements and theatrical systems and equipment constructed and installed in the War Memorial Opera House by the Committee to Restore the Opera House during the 1996-97 Opera House Seismic Upgrade and Improvements Project, such agreement to be executed by the Managing Director and effective upon the State's approval of the dissolution of the Committee to Restore the Opera House.

2. **“Opera House Theatrical Systems and Equipment Maintenance Agreement”**: Ms. Murray stated that Trustees have received a copy of the final draft of the “Opera House Theatrical Systems and Equipment Maintenance Agreement” between the War Memorial Board of Trustees, the San Francisco Ballet and the San Francisco Opera, documenting the parties' responsibilities for the maintenance, repair and replacement of certain of the theatrical systems and equipment transferred by the Committee to Restore the Opera House to the War Memorial and certain of the theatrical systems and equipment transferred by the Committee to Restore the Opera House to the Ballet and Opera.

Following discussion, and on motion of Trustee Shultz, seconded by Trustee Reynolds, the following resolution was unanimously adopted:

RESOLUTION NO. 05-18

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the “Opera House Theatrical Systems and Equipment Maintenance Agreement” with the San Francisco Ballet and the San Francisco Opera regarding the

maintenance, repair and replacement of certain theatrical systems and equipment transferred to the War Memorial by the Committee to Restore the Opera House, such agreement to be executed by the Managing Director following execution of the War Memorial Transfer Agreement.

MISCELLANEOUS CORRESPONDENCE

Correspondence from American Legion War Memorial Commission: President Bashford stated that Trustees have received copies of three letters from representatives of the American Legion War Memorial Commission:

- ♦ Letter dated March 15, 2005, from Joe Aquino, Chair of the American Legion War Memorial Commission, proposing to develop a new agreement with the War Memorial Board of Trustees, and requesting past, current and future payments from the Trustees;
- ♦ Letter dated May 5, 2005, from Joe Aquino, Chair of the War Memorial Commission, asking that the Trustees hold in abeyance his letter of March 15, 2005;
- ♦ Trustees have today received a copy of a letter dated May 9, 2005, from Ingrid E. Sarembe, member of the American Legion War Memorial Commission representing American Legion Post 505, stating that the Commission's March 15, 2005 letter to the Trustees is the position as voted on by the War Memorial Commission on April 19, 2005, and that the Commission has not authorized the Chair to withdraw this letter from consideration by the Trustees.

President Bashford stated these letters concern, at least in part, the issue of the renewal of the agreement between the War Memorial Board of Trustees and the American Legion War Memorial Commission. He noted that this matter was previously referred to and considered by the Board's Budget & Finance and Veterans Committees, and the Committees' recommendations were submitted to and acted upon by the full Board of Trustees in April 2004. President Bashford referred this recent correspondence from the American Legion War Memorial Commission to the Budget & Finance and Veterans Committees for their review and, if appropriate, for recommendation to the full Board.

ADJOURNMENT

There being no further business, President Bashford adjourned the meeting at 3:00pm.

Gregory P. Ridenour
Executive Secretary