

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MEETING

Thursday, February 14, 2013

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, February 14, 2013, in the Trustees' Board Room, War Memorial Opera House, President Myatt presiding.

ROLL CALL

Present: President Myatt, Vice President Bashford, Trustee Bechtle, Trustee Davis, Trustee Horn, Trustee Lui, Trustee Moscone, Trustee Pelosi, Trustee Shultz, Trustee Stafford and Trustee Wilsey;

Absent: None

Staff Present: Elizabeth Murray, Managing Director
Jennifer Norris, Assistant Managing Director

APPROVAL OF MINUTES

President Myatt called for approval of the minutes of the January 10, 2013 regular meeting of the Board. On motion of Trustee Horn, seconded by Trustee Bechtle, the minutes were unanimously approved.

PRESIDENT'S REPORT

Trustee Appointments: President Myatt welcomed new Trustee, Goretto Lo Lui, who was sworn-in by Mayor Lee as a member of the War Memorial Board of Trustees on January 31. He stated that Trustee Lui is well informed on the arts in San Francisco, serving on the boards of the Asian Art Museum and the San Francisco Symphony. President Myatt stated that the Trustees look forward to working with Trustee Lui during the next four years.

President Myatt reported that Mayor Lee also re-appointed six Trustees to new four-year terms: Trustees Bashford, Bechtle, Moscone, Pelosi, Shultz and Wilsey, four of whom were also sworn-in by Mayor Lee on January 31. He stated that Mayor Lee will be scheduling a swearing-in ceremony for Trustees Shultz and Wilsey in the next few weeks.

Resolution commending Claude Jarman, Jr., War Memorial Trustee, for 33 years of service: President Myatt stated that Claude Jarman was leaving the War Memorial Board after 33 years of service to the War Memorial, first as the department's Managing Director in 1974-1976 and then as a member of the Board of Trustees. He stated it is his great pleasure to ask for a motion to approve a resolution thanking and commending Claude Jarman. On motion of Trustee Shultz, seconded by Trustee Horn, the following resolution was unanimously adopted:

RESOLUTION NO. 13-06

Whereas, Claude M. Jarman, Jr. has served the San Francisco War Memorial and Performing Arts Center with distinction for 33 years; and

Whereas, Claude Jarman served as Managing Director of the War Memorial and Performing Arts Center from 1974 – 1976; and

- Whereas, Claude Jarman served as a member of the War Memorial Board of Trustees for a total of 31 years, from 1978 to 1991 and from 1995 to 2013, being appointed by Mayor George Moscone, Mayor Dianne Feinstein, Mayor Frank Jordan, Mayor Willie L. Brown, Jr., and Mayor Gavin Newsom; and
- Whereas, Claude Jarman served as President of the War Memorial Board of Trustees for seven years and served as Vice President of the War Memorial Board of Trustees for seven years; and
- Whereas, Claude Jarman has overseen the development, improvement and growth of the San Francisco War Memorial and Performing Arts Center, including the addition of Louise M. Davies Symphony Hall in 1980, the addition of Zellerbach Rehearsal Hall in 1982, the transfer of the War Memorial to a special fund department in 1982, and the 1995-96 Opera House Seismic Upgrade and Improvements Project; and
- Whereas, Claude Jarman has been dedicated and committed to maintaining the War Memorial and Performing Arts Center complex for patrons, public and employees who enjoy the use of these facilities; now Therefore Be It
- RESOLVED, By the Board of Trustees of the War Memorial of San Francisco to hereby thank and commend **Claude M. Jarman, Jr.** for his exemplary dedication, skill and leadership in enhancing and strengthening the San Francisco War Memorial and Performing Arts Center, and extend to him heartfelt best wishes.

MANAGING DIRECTOR'S REPORT

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

RESOLUTION NO. 13-07

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

Jill Bourque Presents Not Your Normal New Year's Eve	December 31, 2013	\$2,500.00 vs. 10% \$6,750.00 maximum
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LOUISE M. DAVIES SYMPHONY HALL

San Francisco Symphony Maestro Circle Dinner in Lobby 1 st of 2 catering exemptions for 2012-13	March 5, 2013	\$675.00
Another Planet Entertainment Dead Can Dance	April 15, 2013	\$2,500.00 vs. 10% \$6,750.00 maximum

HERBST THEATRE

Commonwealth Club of California President Jimmy Carter	February 24, 2013	\$825.00
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San Francisco Opera Overture Workshop	April 23, 2013	\$825.00
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Additional Rental Requests: Ms. Murray reported that additional rental requests are routine, and she requested their approval. On motion of Trustee Bechtle, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 13-08

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

HERBST THEATRE

Renkus –Heinz, Inc. Speaker Demonstration	March 12, 2013	\$1,400.00
Laura Lombardi Sensei Keiko Fukuda Memorial Service	March 22, 2013	\$825.00
San Francisco Cultural Art Association The Spring of San Francisco	March 31, 2013	\$825.00

SECRETARY'S REPORT

Revenue, Appropriations and Housekeeping Expenditures Reports for January 2013: Ms. Norris referred to the Revenue, Appropriations, and Housekeeping Expenditures Reports for January 2013, and requested approval of housekeeping expenditures as submitted. On motion of Trustee Bechtle, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 13-09

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM13148 through WM13165 and Interdepartmental Work Order No. RE13008 are hereby approved.

Annual Statements of Economic Interest: Ms. Norris reminded Trustees that all members of City boards and commissions must file Annual Statements of Economic Interests and Sunshine Ordinance/Ethics Declarations with the Ethics Commissions no later than April 2, 2013. She stated that public officials are required to receive annual training on open meetings, conflict of interest and ethics laws, and noted that the City Attorney's Office has been scheduled to give Sunshine Ordinance training for Trustees immediately following the March regular meeting.

COMMITTEE REPORTS

Budget and Finance Committee: Trustee Davis, Chair of the Budget and Finance Committee, reported that the Budget and Finance Committee met on Wednesday, February 13, 2013, to consider and adopt recommendations on two items:

Proposed Revised Recording and Broadcast Fee Structure: Trustee Davis stated that the Committee considered staff's proposal to change how fees are charged for audio and video content which originates from the War Memorial performance venues. Beth Murray explained that recording and broadcast fees are charged to licensees on occasions when they create a commercial product such as a television show, movie or audio recording from their performance. In the past, licensees have been charged per recording day rather than per

product. Due to the fact that licensees now routinely record all performances, whether or not they result in a commercial product, staff is recommending that going forward licensees be charged per commercial product. Ms. Murray stated that staff consulted with the Opera, Ballet and Symphony prior to making this recommendation with the goal of having pricing that is consistent with comparable facilities as well as fair so as to encourage rather than inhibit the creation of recorded products.

Trustee Davis reported that following discussion, the Committee voted unanimously to recommend to the full Board approval of the revised Recording and Broadcast Fee Structure to be effective immediately. Following discussion, and on motion of Trustee Davis, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 13-10

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Budget and Finance Committee, and approves the revised Recording and Broadcast Fee Structure as proposed by staff.

War Memorial Departmental Budget for Fiscal Year 2013-14 and FY 2014-15: Trustee Davis reported that the Budget and Finance Committee reviewed staff's proposed departmental budget for Fiscal Years 2013-14 and 2014-15, including projected revenues and proposed operating and capital expenditures. She noted this is the second year the City will adopt a two-year budget. The budget approved by the War Memorial for the second year, FY 2014-15, will be re-evaluated and updated in next year's budget process.

Trustee Davis stated that Beth Murray reported to the Committee on items having significant revenue or expenditure variance from the current year budget, including the following highlights:

Revenue Items:

- Hotel Tax Revenue: Staff's proposed budget requests a 5% increase in Hotel Tax revenue in each of FY 2013-14 and 2014-15. Even with these increases, the War Memorial's Hotel Tax allocation remains well below the War Memorial allocation pursuant to the Municipal Code by approximately \$4 million each year.
- Earned Revenue: Earned revenue is projected to decrease by \$360,000 or 17.5% in FY 2013-14 and then increase slightly by \$32,000 or 1.9% in FY 2014-15. This revenue reduction is due to the closure of Herbst Theatre and Green Room from July 1, 2013 to June 30, 2015 for the Veterans Building seismic upgrade project.
- Interdepartmental Recovery: Interdepartmental Recovery, revenue received from other City departments for Veterans Building occupancy fees, will be eliminated with the closure of the Veterans Building, a loss of \$231,411 in annual revenue.

Expenditure Items:

- Operating Expenditures: Total operating expenditures for FY 2013-14 are projected at \$10,817,445, a decrease of \$815,914 or 7% from current year operating expenditures. Almost all of this decrease is due to the temporary reduction in work force and building services related to the July 1, 2013 closure of the Veterans Building.
- Capital Expenditures: The War Memorial's capital budget includes annual facilities maintenance expenditures and any capital improvement projects. The FY 2013-14 proposed budget includes Facilities Maintenance expenditures of \$437,000 and capital improvement expenditures of \$540,000 to complete re-carpeting of Davies Symphony Hall and repair the Opera House roof and parapet. For FY 2014-15, Facilities Maintenance is reduced to \$412,000 based on reduced expenditures from the Veterans Building closure, and capital project funding of \$350,000 for continued phased replacement of Davies Symphony Hall elevators.

Total revenues less expenditures leaves shortfalls in each of FY 2013-14 and 2014-15, which shortfalls will be covered by using funds from the War Memorial Unappropriated Special Fund. The proposed budget anticipates

using fund balance of \$489,343 in FY 2013-14 and \$233,2561 in FY 2014-15, leaving a projected fund balance of \$719,424 at June 30, 2015.

Trustee Davis reported that during Committee discussion, President Myatt spoke directly to the Mayor's representative about the importance of restoring Hotel Tax allocations to City arts agencies as soon as possible, noting that reduced allocations to the War Memorial for the past 8 years has required the War Memorial to defer important maintenance and upgrade projects which are now beginning to have costly consequences.

Trustee Davis reported that following discussion, the Committee voted unanimously to recommend to the full Board that the War Memorial Departmental Budget Request for Fiscal Years 2013-14 and 2014-15 as proposed by staff be approved.

In discussion, Trustee Bashford requested that staff submit to the Board a prioritized list of pending capital projects for the War Memorial buildings and grounds.

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

RESOLUTION NO. 13-11

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Budget and Finance Committee and approves the Fiscal Year 2013-14 and Fiscal Year 2014-15 Departmental Budget as presented by staff.

REGULAR ITEMS

San Francisco Ballet – Request to install permanent banner hanging hardware on Opera House Loggia:

President Myatt reported that the San Francisco Ballet has initiated a request through staff to install permanent banner hanging hardware on the Opera House loggia. The Ballet is presently working with vendors to design a proposed system for review by War Memorial staff and consideration by the Board of Trustees. President Myatt referred this request to the Board's Building Committee and asked the Committee to meet following staff's review of the Ballet's forthcoming proposal and provide recommendations to the full Board.

Herbst Foundation Grant: President Myatt stated that Trustees have received a copy of the February 4, 2013 letter from The Herbst Foundation advising that the Board of Directors of the Herbst Foundation has approved a grant of \$2 million to be used for improvements to the Herbst Theatre subject to the following conditions: 1) funding will be made annually in equal payments of \$400,000 over 5 years, the first payment to be paid no later than August 2015; and 2) current name recognition of the theatre will be maintained as The Herbst Theatre.

Trustee Shultz applauded the Herbst Foundation for this generous grant which will allow the War Memorial to implement important upgrades to the Herbst Theatre as part of the Veterans Building Seismic Upgrade and Improvements Project. Ms. Murray thanked Trustees Shultz and Horn for their assistance with the Herbst Foundation grant proposal and stated that this \$2 million grant would be part of the \$6.3 million in departmental funds provided by the War Memorial for additional improvements to the Veterans Building during the upcoming seismic renovation project.

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

RESOLUTION NO. 13-12

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby accepts the grant from The Herbst Foundation, Inc. in the amount of \$2 million to be used for improvements to the Herbst Theatre, subject to the following terms and conditions:

- 1) Funding will be made annually in equal payments of \$400,000 over 5 years. The first payment to be paid no later than August 2015.

- 2) Current name recognition will be maintained as The Herbst Theatre.

FURTHER

RESOLVED, That the Board of Trustees thanks The Herbst Foundation, Inc. for its generous grant which will allow the War Memorial to implement improvements to the Herbst Theatre as part of the Veterans Building Seismic Upgrade and Improvements Project.

PUBLIC COMMENT

Nelson Lum, Chair of the American Legion War Memorial Commission, requested letters of commendation for Jamie Lopez and Roger Dong in relationship to their quick action to prevent a person from committing suicide in the Veterans Building main lobby several months ago.

Jordan Tower, a Marine Corps Iraq War veteran and the Vice President of the Veterans Affairs Committee, stated that his committee has an interest in seeing the County Veterans Service Office take up residence in the Veterans Building.

ADJOURNMENT

There being no further business, Vice President Myatt adjourned the meeting at 2:30 p.m.

Jennifer E. Norris
Executive Secretary