

MINUTES

WAR MEMORIAL BOARD OF TRUSTEES

REGULAR MONTHLY MEETING

Thursday, December 13, 2001

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, December 13, 2001, in the Trustees' Board Room, War Memorial Opera House, President Horn presiding.

ROLL CALL

Present: President Horn, Vice President Jarman, Trustee Bashford, Trustee Bechtle, Trustee Haas, Trustee Moscone;

Absent: Trustee Balianz, Trustee Farrow, Trustee Leones, Trustee Roth, Trustee Shultz.

APPROVAL OF MINUTES

President Horn called for approval of the minutes of the November 8, 2001 regular meeting of the Board. On motion of Trustee Moscone, seconded by Trustee Bechtle, the minutes were unanimously approved.

PRESIDENT'S REPORT

Conclusion of Opera Fall Season: President Horn noted that the San Francisco Opera concluded its 2001 Fall Season on December 9, and will return to the Opera House in January to present nine additional performances. On behalf of the Board he extended congratulations to the Opera for a tremendously successful and enjoyable season.

Opening of Ballet *Nutcracker* Season: President Horn stated that the San Francisco Ballet opened its 2001 *Nutcracker* Season on December 11, and will present 35 performances through December 30. On behalf of the Board, he extended best wishes to the Ballet for a successful *Nutcracker* Season.

War Memorial Budget for FY 2002-03: President Horn informed Trustees that City department budget requests for the next fiscal year must be submitted to the Controller's Office by February 20, 2002, and that to meet this deadline, the Board needs to consider and approve the War Memorial's budget request at the February meeting. President Horn referred this matter to the Board's Budget and Finance Committee, and asked that the Committee meet during the next two months and provide recommendations to the full Board at the February meeting.

MANAGING DIRECTOR'S REPORT

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

RESOLUTION NO. 01-46

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

HERBST THEATRE

International Studies Academy Rehearsal and Annual Presentation of Student Dance Showcase	June 5, 2002	\$525.00
US OMEN Simon Shaheen in Concert	December 14, 2001	\$525.00
Gay Asian Pacific Alliance RUNWAY 2002	July 13, 2002	\$525.00
National Theatre of the Performing Arts Alejandra Dondines Dancers Inventors and Inventions	April 12, 2002 May 8, 2002	\$800.00
City Arts & Lectures Richard Rodriguez	April 10, 2002	\$525.00
California Academy of Sciences 2002 Series	March 26, 2002 April 24, 2002 May 9, 22, 29 2002 June 5, 2002	\$3,150.00
City Arts & Lectures Culture & Society	February 4, 2002 April 29, 2002 June 3 & 10, 2002	\$2,100.00

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

RESOLUTION NO. 01-47

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

LOUISE M. DAVIES SYMPHONY HALL

Steve Litman Presents Bill Cosby	February 15, 2002	\$3,000.00 vs. 10% \$7,000.00 maximum
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HERBST THEATRE

San Francisco Gu-Zheng Music Society Concert	October 5, 2002	\$525.00
San Francisco Opera Guild Insight Lectures 2002-03	September 23, 2002 October 29, 2002 November 13, 2002 June 4, 2002	\$1,600.00

Ms. Murray introduced Colleen Burke-Hill, Performing Arts Center Aide, who will serve as the associate in the booking department and the food and beverage concession and catering liaison. The Board welcomed Ms. Burke-Hill.

SECRETARY'S REPORT

Revenue, Appropriations and Building Projects Report for November 2001: Mr. Ridenour referred to the revenue, appropriations, and status of building projects reports for November 2001, and requested a resolution to approve November 2001 housekeeping expenditures as submitted. On motion of Trustee Haas, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 01-48

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Orders Nos. POWM125 through POWM146 are hereby approved.

REGULAR ITEMS:

Mayor's Budget Proposal - War Memorial Hotel Tax Fund Revenue for FY 2001-02: As a preface to this item, President Horn updated his report to Trustees at the November meeting regarding the Veterans Building renovation project and War Memorial funding.

President Horn recapped that there has been considerable activity at the staff level during the past year on developing plans for a Veterans Building renovation project. He stated that he and Ms. Murray have met with the American Legion War Memorial Commission as well as other current and potential future occupants of the War Memorial facilities to discuss current and future needs for space in the complex, and their potential participation in a Veterans Building renovation project. President Horn stated that since the November meeting, he had the opportunity to review conceptual Veterans Building plans with Mayor Brown. Mayor Brown encouraged the War Memorial to move forward with the planning process, and he asked his capital project and bond staffs to work with War Memorial staff on gathering the necessary information for the development of a bond program proposal targeted for the November 2002 election. President Horn said that staff expects to have sufficient financial information available in mid-January, at which time the Board's work, through its Ad Hoc Committee on Veterans Building Planning, can proceed in earnest.

President Horn also recapped that in his recent State of the Address, Mayor Brown discussed the City's projected \$100 million shortfall in the current-year budget, specifically mentioning that Veterans Building project funds of \$7-8 million would be re-allocated to help cover the shortfall. In subsequent discussions, the Mayor's Budget Office outlined a proposal to re-allocate the entire War Memorial Revenue Fund balance of approximately \$5.9 million to other hotel tax fund recipients to offset projected shortfalls in

current-year hotel tax fund allocations, providing for repayment to the War Memorial out of future increases in hotel tax revenues. President Horn noted that this Revenue Fund balance represents funds accrued by the War Memorial over the last five years to be used in conjunction with bond funds for the Veterans Building renovation. He reported that he and Ms. Murray met with the Mayor's Budget Office and raised concerns about the funding proposal, specifically as to potential impacts or delays in planning for or implementing the Veterans Building project. The Mayor's Budget Office advised that the Mayor's policy decision to re-allocate War Memorial funds would be implemented by an ordinance amending the Administrative Code, and that the ordinance would be drafted to address both the City's and War Memorial's present and future budget needs. President Horn stated that Trustees have received a copy of the draft ordinance prepared by the Mayor's Budget Office, and he introduced Mr. Steve Kawa, the Mayor's Deputy Chief of Staff, to address the Trustees on this matter.

Mr. Kawa stated that this budget proposal will help the City address the immediate budget crisis, and that the implementing ordinance has been drafted so as not to delay or otherwise impact the War Memorial's proceeding with plans for the Veterans Building renovation project. He stated that because of the sharp reduction in hotel occupancy since September 11, the City is projecting a \$30 million decrease in FY 2001-02 hotel tax revenues. Mr. Kawa stated that because the War Memorial department has an unappropriated revenue fund balance of approximately \$5.7 million, the Mayor's Office plans to temporarily re-allocate \$5.7 million of the War Memorial's FY 2001-02 share of hotel tax revenues to other hotel tax recipients. He explained that the draft ordinance provides that:

- The War Memorial's share of hotel tax revenues for FY 2001-02 would be reduced by the amount of the War Memorial's Revenue Fund balance of approximately \$5.7 million, requiring that the War Memorial use its Revenue Fund balance for its current year budget.
- This \$5.7 million of hotel tax revenues would be re-distributed to other city departments which receive hotel tax fund allocations to offset projected shortfalls in their FY 2001-02 budgets.
- Beginning with FY 2002-03, half of any growth in hotel tax allocations to those other recipients, over and above their revised FY 2001-02 allocation, would be automatically transferred to the War Memorial in addition to the War Memorial's regular allocation until the total amount has been returned to the War Memorial.

Mr. Kawa acknowledged that the War Memorial Revenue Fund balance represents funds which were accrued over several years to help fund the Veterans Building renovation project. He stated that the Mayor's Office supports the Veterans Building renovation project, and will work with the War Memorial on evaluating financing options and to insure that necessary funds will be available to the Trustees during the planning phase so as not to delay the project. Mr. Kawa stated that the plan for repayment to the War Memorial is based on future increases in hotel tax revenues, noting that such increases are also essential to the War Memorial's creating a revenue stream to finance a lease-revenue bond program for the Veterans Building project. He noted that while the Mayor's Office cannot confirm when and by how much hotel tax revenues will increase, they feel confident that the fund will rebound and increase during the next few years. Mr. Kawa stated that to further support the War Memorial's ability to finance the Veterans Building project, the Mayor's Office will submit a companion ordinance with this legislation to provide that the War Memorial Special Fund shall accumulate interest.

President Horn clarified that the budget plan outlined by the Mr. Kawa is a policy decision of the Mayor and does not require action of the War Memorial Board of Trustees. He stated that the Board may have suggestions or parameters concerning the language or implementation of the ordinance, and asked Ms. Murray for a staff analysis report. Ms. Murray stated that the budget plan as outlined by the Mayor's Office does not impact the War Memorial's current-year budget or operations. She noted however, that staff is

currently working with the Department of Public Works-Bureau of Architecture on developing the design and scope of the Veterans Building project, and it is possible that this process could require additional monies for planning services and/or consultant fees over and above funds already appropriated for these purposes. Ms. Murray stated that based on evaluation of the implementing steps of the Mayor's budget plan, staff would offer three recommendations: 1) that the amount to appear in the ordinance be confirmed by the parties as \$5,767,663, representing the balance of the War Memorial Revenue Fund as of November 30, 2001; 2) that the Mayor's Office confirm it will submit a companion ordinance together with the hotel tax fund ordinance to provide that the War Memorial Special Fund shall accumulate interest; and 3) that the Mayor's Office also confirm its commitment to assist the War Memorial in ensuring the availability of the appropriate funds for necessary project architects, engineers and consultants during the next year in order to keep the Veterans Building project on schedule. Upon inquiry by President Horn, Mr. Kawa confirmed the commitment of the Mayor's Office on each of the recommendations outlined by Ms. Murray.

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

RESOLUTION 01-49

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby responds to the Mayor's budget plan concerning the War Memorial's share of hotel tax revenues for FY 2001-02 by memorializing the following understandings:

- 1) The amount that will appear in the ordinance will be \$5,767,663, representing the balance of the War Memorial Revenue Fund as of November 30, 2001.
- 2) Concurrent with its submission of the hotel tax fund ordinance to the Board of Supervisors, the Mayor's Office will submit a companion ordinance providing for the accumulation of interest on the War Memorial Special Fund.
- 3) The Mayor's Office will assist the War Memorial in securing any necessary funds for consulting or design services necessary to keep the Veterans Building project on schedule, which fees would otherwise have been funded by the War Memorial Revenue Fund.

Election of Officers for 2002: President Horn opened the floor to nominations for the offices of President and Vice President of the Board of Trustees of the War Memorial of San Francisco for 2002. Trustee Moscone nominated Thomas E. Horn for a second term for the office of President, and Claude M. Jarman, Jr. for a second term for the office of Vice President, of the Board of Trustees for 2002. This motion was seconded by Trustee Haas and unanimously adopted as follows:

RESOLUTION NO. 01-50

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that nominations for the offices of President and Vice President of the Board of Trustees for 2002 are hereby closed; and further,

RESOLVED, That this Board unanimously elects Thomas E. Horn as its President and Claude M. Jarman, Jr. as its Vice President for calendar year 2002.

ADJOURNMENT

There being no further business, President Horn adjourned the meeting at 3:05 p.m.

Gregory P. Ridenour
Executive Secretary