

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MONTHLY MEETING

Thursday, May 11, 2006

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, May 11, 2006, in the Trustees' Board Room, War Memorial Opera House, President Bashford presiding.

ROLL CALL

Present: President Bashford, Trustee Bechtle, Trustee Farrow, Trustee Jarman, Trustee Reynolds, and Trustee Tsakopoulos-Kounalakis;

Absent: Vice President Horn, Trustee Haas, Trustee Moscone, Trustee Pelosi, and Trustee Shultz.

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

APPROVAL OF MINUTES

President Bashford called for approval of the minutes of the April 13, 2006 regular meeting of the Board. On motion of Trustee Bechtle, seconded by Trustee Reynolds, the minutes were unanimously approved.

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 Farrow, seconded by Trustee Reynolds, the following resolution was unanimously adopted:

RESOLUTION NO. 06-15

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

LOUISE M. DAVIES SYMPHONY HALL

San Francisco Performances	January 16, 2007	\$2,000.00 vs. 10%
2006-07 Season	March 26, 2007	\$4,200.00 maximum

HERBST THEATRE

Notable, Inc. Naples...That's Amore!	November 4, 2006	\$1,100.00
Daisy Tsang Chinese Star In Concert 2007	March 4, 2007	\$1,100.00
Shu Kai Chu and Alex Witherill Nuccia Fucilli Recital	March 21, 2007	\$1,100.00

Rrazz Productions Betty Buckley	September 30, 2006	\$1,100.00
SF Jazz Fall Festival 2006	October 21, 25–29, 2006 November 5, 9–12, 2006	\$6,930.00
Star Dance Annual Dance Showcase	June 21–23, 2007	\$1,890.00
TMC Entertainment “Dynastaes” Legends of Sichuan	June 29–July 2, 2006	\$4,400.00
Make It So Productions Wesla Whitfield “Livin on Love”	August 27, 2006	\$1,100.00
Lamplighters Music Theatre 2006 Champagne Gala	November 18, 2006	\$1,260.00
Japanese Cultural & Community Ctr., No. Ca. Love Letters with James Sigeta & Nancy Kwan	July 6–8, 2006	\$1,890.00
San Francisco Performances 2006-07 Season	September 24, 25, 2006 October 8, 19, 22, 28, 2006 November 1, 2, 16, 28, 2006 December 1, 2, 9, 17, 2006 January 6, 13, 27, 28, 2007 February 1, 3, 6, 22, 24, 2007 March 1, 3, 15, 22, 25, 2007 April 14, 29, 2007 May 3, 5, 2007	\$24,570.00

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

RESOLUTION NO. 06-16

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

HERBST THEATRE

Theatreworks USA 2006-07 Season	November 14, 2006 March 14, 2007 May 7, 9, 2007	\$2,000.00
------------------------------------	---	------------

FY 2006-07 Departmental Budget Update: Ms. Murray reported that the War Memorial’s FY 2006-07 Budget Request, as approved by the Board of Trustees, was submitted to the Mayor’s Office on February 21, 2006. In accordance with the City budget schedule, departments will continue working with the Mayor’s Office until June 1, 2006, when the Mayor submits his recommended FY 2006-07 budget to the Board of Supervisors. Ms. Murray stated that the FY 2006-07 Budget Request approved by the Trustees provided for

operating and capital expenditures totaling \$10.85 million, supported by hotel tax and earned revenues of \$10.86 million, with a small net surplus of \$12,000.

Ms. Murray stated that Trustees have today received a budget update summary, showing changes made to date by the Mayor's Office to the War Memorial's FY 2006-07 proposed budget. The net result of the Mayor's preliminary changes is a change to the bottom line, from a budget surplus of \$12,000, to a budget deficit of \$823,447. She noted this is almost entirely due to the Mayor's adding a total of \$821,481 in new General Fund overhead charges to the 2006-07 expenditure budget, including City Overhead of \$426,995, Retiree Health Service Subsidy of \$333,792, and Department of Human Resources overhead charges of \$60,694.

Ms. Murray stated that as a Special Fund department, the War Memorial has in past years been assessed General Fund overhead charges. However, in view of the Mayor's freeze on hotel tax allocations and diversion of War Memorial hotel tax revenues to the General Fund for the past two years, these General Fund overhead assessments were removed from the War Memorial's expenditure budget. Ms. Murray stated that while the Mayor's 2006-07 budget provides for an increase in hotel tax allocations, by adding 7.3% estimated hotel tax revenue growth to the FY 2005-06 reduced allocation, it does not restore the War Memorial's hotel tax allocation pursuant to the Municipal Code. For FY 2006-07, the War Memorial's hotel tax allocation per the Municipal Code is estimated at \$10.85 million; the Mayor's budget provides a War Memorial hotel tax allocation of \$8.97 million, with the difference of \$1.88 million diverted to the General Fund.

Ms. Murray stated she has advised the Mayor's Budget Office that it is not feasible for the War Memorial to pay General Fund overhead charges, as well as absorbing all mandated 2006-07 cost increases, when \$1.88 million in War Memorial Special Fund revenue is being diverted to the General Fund. She said that budget discussions with the Mayor's Office on this and other issues are on-going, and she will keep the Trustees apprised on the status of the FY 2006-07 budget.

FY 2006-07 Capital Planning Committee Update: In follow-up to discussion at the April meeting regarding capital planning for Veterans Building seismic and life safety upgrades, Ms. Murray reported that President Bashford, Vice President Horn and she attended the April 18 meeting of the City's Capital Planning Committee. She stated that President Bashford and Vice President Horn were very persuasive in stressing the need for implementing Veterans Building upgrades in one project and as soon as possible; and she presented a sample funding schedule for the Veterans Building project that would allow for the two-year design phase to begin next year, with actual project construction beginning in late 2009.

Ms. Murray stated that as required by the City's capital planning legislation, the Capital Planning Committee submitted its Ten-Year Capital Plan Report and Recommendations to the Board of Supervisors on May 1, 2006; the report will be considered by the Supervisors' Budget & Finance Committee on May 17, 2006. Ms. Murray distributed to Trustees copies of the excerpted "Arts & Convention Programs" section of the Capital Plan Report. The report states that the War Memorial and Capital Planning Committee agree that the Veterans Building should be done in one phase as soon as practical. However, the funding schedule for the Veterans Building proposes two investments of \$2.5 million in each of FY 09-10 and FY 10-11 to begin design work; and the issuance of \$109 million in hotel tax (General Fund) debt in the second half (i.e. years 6-10 of the plan) of the ten-year capital plan cycle. Ms. Murray stated that based on this proposed funding schedule, and assuming the \$109 million investment is made in plan year 6, the very earliest that project construction could begin would be mid-2013. Ms. Murray noted that the recommendations in this plan, if approved by the Mayor and Board of Supervisors, do not represent a commitment to fund the capital projects identified in years 2-10 of the plan; rather they reflect the current plan which will be revised annually as part of the annual budget process.

Following lengthy discussion, President Bashford referred this matter to the Board's Building Committee and requested that the Building Committee meet during the next month to consider and adopt recommendations to the full Board.

SECRETARY'S REPORT

Revenue, Appropriations and Status of Building Projects Reports for April 2006: Mr. Ridenour referred to the Revenue, Appropriations, and Status of Building Projects Reports for April 2006, and requested a resolution to approve housekeeping expenditures as submitted. On motion of Trustee Farrow, seconded by Trustee Reynolds, the following resolution was unanimously adopted:

RESOLUTION NO. 06-17

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM06500150 through WM06500186 and Interdepartmental Work Order No. WPWM06BR1091 are hereby approved.

REGULAR ITEMS

San Francisco Opera - Request for Opera House display during Opera Summer Season: President Bashford stated that Trustees have received a copy of the request from the San Francisco Opera to install a display of butterflies and moths in the Opera House Dress Circle north promenade lobby during the Opera's 2006 Summer Season from May 27 through July 2, 2006. The display, which ties in with the Opera's summer performances of *Madama Butterfly*, would consist of 5-10 acrylic boxes of butterflies and moths on loan from the California Academy of Sciences, and would include explanatory posters and handouts. The display would also include the installation of two butterfly mobiles in the window alcoves on each of the north and south stair landings between the Orchestra and Mezzanine levels.

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

RESOLUTION NO. 06-18

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the request of the San Francisco Opera to install a butterfly display in the Opera House during the 2006 Opera Summer Season.

San Francisco Opera – Proposed modifications to “supertitle” system for Opera 2006 Summer Season: David Gockley, General Director of the San Francisco Opera, addressed the Trustees about proposed modifications to the Opera's “supertitle” system in the Opera House auditorium for the Opera 2006 Summer Season, including:

- Restoring a center “supertitle” screen, but located in front of the main curtain; maintaining the two side “supertitle” screens to insure sightlines to all seating areas.
- Utilizing “supertitle” screens during the hour before performance and during intermissions to announce and promote upcoming Opera performances, news and events.
- During the minute or so immediately before the start of performance, use the “supertitle” screens to acknowledge top-tiered donors affiliated with the Opera production being performed.

Mr. Gockley acknowledged the War Memorial's policies regarding commercial displays and concerns about the use of “supertitle” screens to display anything that might be deemed commercial. He stated that some major donors are corporations and therefore would be named on the donor acknowledgement list displayed immediately before a performance. Mr. Gockley stated the Opera does not intend to use the “supertitle” system for any advertising or to display any corporate or commercial logos, text or images relating to a donor that would fall under the War Memorial's commercial display policy.

Ms. Murray clarified that the War Memorial's commercial display policy provides that any display of commercial names, products or materials, apart from the acknowledgment of corporate/other donors on two standard concert sponsorship signs in the main lobby, is subject to War Memorial approval and subject to a commercial display fee of \$1,500 per day or per performance. She stated that this policy has applied to a variety of instances such as display of corporate names/logos on banners, display of commercial products, and distribution of commercial products.

In discussion, Mr. Gockley advised that the Opera is investigating alternative "supertitle" opportunities for possible future use, including "seatback titles." He stated the Opera is hoping to develop mock-ups of auditorium seats with seatback titles for future discussion with and possible consideration by the War Memorial.

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

RESOLUTION NO. 06-19

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the proposal of the San Francisco Opera to modify its "supertitle" system in the Opera House during the 2006 Opera Summer Season to include the addition of a center "supertitle" screen in front of the main curtain; use of "supertitle" screens during performance pre-play and intermissions to announce and promote Opera activities; and to display—immediately before the start of performance—the names of major donors for that performance; and further resolved, that the Board of Trustees finds such modifications to and use of the Opera's "supertitle" system do not constitute commercial display activities under the War Memorial's commercial display policy.

ADJOURNMENT

There being no further business, President Bashford adjourned the meeting at 3:25 p.m.

Gregory P. Ridenour
Executive Secretary