

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
SPECIAL MEETING

Thursday, February 15, 2007

The Board of Trustees of the War Memorial of San Francisco met in special session at 2:00 p.m. on Thursday, February 15, 2007, in the Trustees' Board Room, War Memorial Opera House, President Horn presiding.

ROLL CALL

Present: President Horn, Vice President Bechtle, Trustee Farrow, Trustee Moscone, Trustee Pelosi, Trustee Shultz, and Trustee Tsakopoulos-Kounalakis;

Absent: Trustee Bashford, Trustee Haas, Trustee Jarman, Trustee Reynolds.

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

APPROVAL OF MINUTES

President Horn called for approval of the minutes of the January 11, 2007 regular meeting of the Board. On motion of Trustee Farrow, seconded by Trustee Moscone, the minutes were unanimously approved.

PRESIDENT'S REPORT

San Francisco Ballet Repertory Season: President Horn reported that the San Francisco Ballet will open its 2007 Repertory Season on January 24, with a special performance and opening night festivities. On behalf of the Board, President Horn extended best wishes to the Ballet for a successful repertory season.

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

RESOLUTION NO. 07-06

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

United Hellenic American Societies Mario Frangoulis Benefit Concert	June 2, 2007	\$2,100.00 vs. 10% \$4,200.00 max.
Live Nation Comedian Lewis Black "Red, White & Screwed"	August 1, 2007	\$2,100.00 vs. 10% \$6,000.00 max.
San Francisco Choral Society Brahms Requiem and Pride & Prejudice World Premiere	August 2 – 4, 2007	\$6,050.00 vs. 10% \$10,250.00 max.

HERBST THEATRE

AIGA San Francisco Design Lecture Series	April 26, 2007 May 10, 24, 2007	\$1,890.00
Sacred Heart Cathedral Prep Rehearsal and Performance of Spring Concert	May 7, 8, 2008	\$1,260.00
The Consulate General of Greece in SF Alexandros Kapelis Recital: The Greek Myth and the Piano	March 20, 2007	\$630.00
Gay Asian Pacific Alliance RUNWAY 2007	July 28, 2007	\$630.00
Wilsonwest Barclay's Global Investors Firmwide Meeting Post-meeting cocktail party in Veterans Building lobby (catered by Patina)	February 26, 27, 2007	\$3,050.00
Filipina Women's Network Vagina Monologues	March 24, 2007	\$630.00
Philharmonia Baroque Orchestra 2007-08 Season	September 27, 2007 October 12, 2007 November 2, 2007 December 14, 2007 February 7, 2008 March 13, 2008 April 3, 2008	\$4,410.00
ARCO Productions Julien Clerc	April 12, 2007	\$1,100.00
Lullalee Productions Moms' Choice Awards	October 9, 10, 2007	\$1,260.00
Notable, Inc. Naples...That's Amore	November 17, 2007	\$1,100.00
San Francisco Opera Guild 2007-08 Insight Lecture Series	October 1, 2007 November 7, 2007 June 1, 11, 2008	\$2,520.00
The Urban School Winter Program	December 16, 2007	\$630.00
Unity Church of San Francisco Easter Service	April 8, 2007	\$500.00
Congregation Sha'ar Zahav High Holiday Services	September 12, 13, 21, 22, 2007	\$2,520.00

University of the Pacific White Coat Ceremony	July 11, 2007	\$500.00
Bay Area Telugu Association Zakhir Hussain in Concert	June 30, 2007	\$630.00
Kinsey Sicks Summer Show	July 21, 2007	\$1,100.00
Earplay New Classical Chamber Music	May 28, 2008	\$630.00
KPIX-TV The Jefferson Awards	January 15, 2008	\$630.00
Armenian Genocide Commemorative Armenian Genocide 92 nd Anniversary Commemoration	April 24, 2007	\$630.00
Museum of Craft and Folk Art The San Francisco Ukulele Festival Presents: Jake Shimabukuro	September 7, 2007	\$630.00
Chinese American International School Rehearsal and Presentation of Winter Program	December 11, 12, 2007	\$1,260.00
San Francisco Ballet 75 th Anniversary Culmination Events including daytime Symposium, Video Simulcast of Opera House premieres and Cocktail Reception in Veterans Building Lobby.	April 22, 2008	\$2,230.00

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

RESOLUTION NO. 07-07

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

Live Nation Heavenly Voices	August 10, 2007	\$2,100.00 vs. 10% \$6,000.00 max.
Another Planet Entertainment Tony Bennett	September 12, 2007	\$2,100.00 vs. 10% \$6,000.00 max.
Justin S. Cummins Chorale, Inc. 36 th Annual Academy of Gospel Music Awards	May 27, 2007	\$2,100.00 vs. 10% \$4,200.00 max.
SF Jazz Savion Glover & McCoy Tyner	March 14, 2008	\$2,100.00 vs. 10% \$4,200.00 max.

HERBST THEATRE

World Channel, Inc. Hong Kong Children's Symphony Orchestra	August 17, 2007	\$1,100.00
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SECRETARY'S REPORT

Revenue, Appropriations and Status of Building Projects Reports for January 2007: Mr. Ridenour referred to the Revenue, Appropriations, and Status of Building Projects Reports for January 2007, and requested a resolution to approve housekeeping expenditures as submitted. On motion of Trustee Shultz, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 07-08

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM070359 through WM070402 are hereby approved.

COMMITTEE REPORTS

Budget and Finance Committee:

Fiscal Year 2007-2008 Departmental Budget: Trustee Tsakopoulos-Kounalakis reported that the Budget and Finance Committee met earlier in the day to consider and adopt recommendations on the War Memorial's Fiscal Year 2007-08 Departmental Budget as prepared and submitted by staff.

Trustee Tsakopoulos-Kounalakis stated that all Trustees have received a copy of staff's proposed FY 2007-08 Departmental Budget, including a high-level budget summary and a detailed line item description of estimated revenues and expenditures. She stated that Managing Director Beth Murray presented staff's proposed FY 2007-08 operating and capital budgets to the Committee, highlighting significant changes from the current year budget. Trustee Tsakopoulos-Kounalakis reported that following discussion, the Budget and Finance Committee voted unanimously to recommend to the full Board that the War Memorial Fiscal Year 2007-08 Departmental Budget as submitted by staff be approved.

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

RESOLUTION NO. 07-09

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 War Memorial Departmental Budget for FY 2007-08, as proposed by staff.

REGULAR ITEMS

Veterans Building Seismic/Life Safety Upgrade- Capital Project Planning Update: President Horn stated he has great hope that today's capital planning update will open a new and productive chapter in the Board's long struggle to implement a full seismic and life safety retrofit of the War Memorial Veterans Building.

Recap of Veterans Building Seismic/Life Safety Upgrade Planning: President Horn stated that Trustees began planning the Veterans Building Seismic/Life Safety Upgrade 17 years ago, after voters approved the 1990 Earthquake Safety Program – Phase 2 (“ESP2”) General Obligation Bond, which included \$41 million for the Veterans Building seismic and life safety retrofit. When the Board was notified in 1995 that Veterans Building ESP2 bond funds were being reallocated to the City Hall seismic project, the War Memorial immediately began working with the Department of Public Works on an “ESP3” bond proposal, targeted for a 1999 voter ballot, including \$59 million for the Veterans Building retrofit. When the Board learned in 1998, that the ESP3 bond proposal was being shelved and would not go before voters, the War Memorial determined to prepare and submit its own Veterans Building bond proposal.

As part of the development of the Veterans Building bond proposal, Trustees requested and received a detailed opinion from the City Attorney on the War Memorial's authorities and requirements for determining plans for future uses of the Veterans Building; the Trustees reached out to Veterans Building occupants and stakeholders

for their input, assistance and support; and the Trustees engaged an architect to help develop plans for Veterans Building space programming and utilization. President Horn stated that it was a great disappointment when the Veterans Building Seismic Bond Proposal – Proposition C on the November 2002 ballot – received a 55 % majority vote, but not the necessary two-thirds affirmative vote for passage. The Trustees immediately began investigating alternate plans, including commissioning a Life Safety Study to assess Veterans Building seismic and other deficiencies and their associated risks, and providing alternatives for implementing life safety upgrades in phases. In October 2005, after public hearings on the Life Safety Study and in-depth evaluation of the pros and cons of phased retrofit construction, the Trustees adopted a resolution strongly and urgently recommending that the City develop and approve a plan to implement a full seismic and life safety retrofit of the Veterans Building as expeditiously as possible.

Concurrently in 2005, new legislation was adopted establishing a City Capital Planning Committee, charged with reviewing and recommending all proposed capital expenditures for City-owned facilities, and requiring the Committee to annually develop a 10-year capital expenditure plan to be submitted to and acted upon by the Mayor and the Board of Supervisors. War Memorial staff and Trustees worked aggressively with the Capital Planning Committee last year in their development of the first 10-year capital plan beginning with FY 2006-07. Trustees were again greatly disappointed and concerned when the final 10-year capital plan deferred funding the Veterans Building retrofit to the second half of the 10-year cycle, thus deferring any potential start of construction to sometime between 2014-2016 at the very earliest.

Current Veterans Building Seismic/Life Safety Upgrade Planning: President Horn reported that in preparation for the FY 2007-08 budget process, the Capital Planning Committee began meeting in August 2006, to update and develop the annual capital plan for the 10-year period beginning with FY 2007-08. He stated that War Memorial staff has again worked aggressively with the committee, which has resulted in a revised and creative financing proposal that would move forward Veterans Building retrofit construction to begin in approximately October 2011, with the two-year design development period commencing in 2009. President Horn stated that in advance of today's meeting, Trustees received a copy of the Capital Planning Committee's overview of its draft capital plan for FY2008-FY2017 as it relates to the Veterans Building retrofit project, as well as a draft time-line of Veterans Building project funding and construction prepared by War Memorial staff based on the Capital Planning Committee's draft recommendations.

President Horn introduced Brian Strong, Capital Planning Program Director attending today's meeting on behalf of Assistant City Administrator Ben Rosenfield, and Amy Brown, City Director of Property, to outline and answer questions about the Capital Planning Committee's draft recommendations for the Veterans Building.

Mr. Strong stated that one of the Capital Planning Committee's biggest challenges was to address Veterans Building seismic needs more quickly, and that working in conjunction with the City's Real Estate and Planning Departments, the Committee was able to develop a plan that would provide for an earlier construction period. He said that given a construction period beginning in FY 2011-12, the cost of the Veterans Building project is estimated at \$114 million. The draft plan proposes two annual investments of almost \$5 million starting in FY 2009-10 to begin the planning and design process; and the issuance of \$88 million in General Fund debt beginning in FY 2011-12 to fund most of the construction costs. Mr. Strong stated that the sale of transferable development rights ("TDRs") from the War Memorial Complex, which are projected to yield approximately \$27-30 million, have been proposed as a funding source for the initial planning/design investments and for a portion of construction costs. Mr. Strong stated that the Capital Planning Committee's draft 10-year plan will be submitted to the Board of Supervisors by March 1, 2007, and that the Supervisors then have two months to take action on the Plan.

Amy Brown, City Director of Property, addressed the Board about transferable development rights, a process which allows unused development rights associated with an historical property such as the Veterans Building to be sold to private developers of a separate property, subject to the proceeds from the sale of TDRs being used to rehabilitate or restore the building from which the TDR originated. Ms. Brown explained Planning Code provisions, requirements and procedures applicable to the certification and sale of TDR, and noted that while the War Memorial Complex meets the criteria for the sale of TDR, in order to use this funding mechanism, the Board of Supervisors must approve a process by which the sale of TDR from a City-owned property is

implemented. She stated that the Real Estate Department plans to introduce such procedural legislation at the Board of Supervisors simultaneous with the Capital Planning Committee's submission of the draft capital plan.

Ms. Murray stated that she has discussed the proposed sale of TDR from the War Memorial Complex with the City Attorney's Office. She noted that pursuant to the City Charter, the War Memorial is a charitable trust department and the War Memorial Board of Trustees has exclusive charge of the War Memorial property and assets. Therefore, while other procedural approvals may be necessary, only the War Memorial Board of Trustees can authorize the sale of TDR from the War Memorial Complex, and any proceeds from the sale of TDR from the War Memorial Complex can be used only for restoration, rehabilitation or preservation of the War Memorial buildings.

President Horn stated that no action on the proposed financing mechanism or transferable development rights is required by the Board at this time, but will be at some point in the future. President Horn stated it would be appropriate for the Board to adopt a resolution concerning the Capital Planning Committee recommendations for the Veterans Building as outlined in the Committee's draft plan.

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

RESOLUTION NO. 07-10

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it fully supports the Capital Planning Committee's recommendations for the Veterans Building Seismic and Life Safety Retrofit as outlined in the Committee's draft "FY2008 – FY2017 Capital Plan," and strongly urges that the Capital Planning Committee's Veterans Building recommendations be adopted by the Board of Supervisors and the Mayor.

President Horn extended thanks to the Capital Planning Committee for their efforts with regard to the Veterans Building, and specifically extended thanks to Ed Lee, City Administrator and Chair of the Capital Planning Committee, Board of Supervisors President Aaron Peskin, Ben Rosenfield, Assistant City Administrator, Gary Hoy, City Architect, and Amy Brown, Director of Property.

President Horn stated that the Veterans Building Seismic/Life Safety Upgrade project remains in the Building Committee for continued planning and development. Noting that the proposed project schedule would provide for the two-year design development phase to begin in approximately October 2009, President Horn stated it is critical for the War Memorial to begin pre-design planning now, including space programming and utilization, and plans for funding and implementing other improvements during the construction period as was done during the Opera House seismic retrofit. He noted that the War Memorial's FY 2007-08 proposed budget approved earlier in today's meeting, includes capital funds of \$100,000 for architectural services to assist in Veterans Building pre-design planning. President Horn added that he and Vice President Bechtle plan to participate in a series of meetings with Veterans Building stakeholders in order to obtain maximum input and information as we move forward with this project.

San Francisco Opera Video Image Systems - Proposed Video Display Placements in the Opera House:

President Horn stated that at last month's meeting, the Board approved the request of the San Francisco Opera to proceed with the installation of video imaging systems and equipment in the Opera House subject to the Opera's working with War Memorial staff to establish appropriate installation, ownership, maintenance, operations and other contractual agreements, and subject to the Opera's advising the Trustees of the specific locations for installation of video display units in the North Box Bar and Lower Lounge Bar areas. President Horn stated that prior to today's meeting, Trustees had an opportunity to view full-sized mock-ups of the video display units in their proposed locations. Following discussion, and on motion of Trustee Shultz, seconded by Vice President Bechtle, the following resolution was unanimously adopted:

RESOLUTION NO. 07-11

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the proposed locations of video display units to be installed in the War Memorial Opera House as part of the San Francisco Opera's video image systems project, which project was approved by the Board at the regular monthly meeting of January 11, 2007.

San Francisco Youth Orchestra - 25th Anniversary Season Display in Davies Symphony Hall: President Horn stated that Trustees have received a copy of the request from the San Francisco Symphony to install an exhibit in the First Tier lobby of Davies Symphony Hall, with additional signage in other locations, in celebration of the Symphony Youth Orchestra's 25th Anniversary Season, from April 2 through May 21, 2007. He stated that the proposed exhibition format is similar to the Davies Symphony Hall 25th Anniversary exhibition and will be coordinated by the Performing Arts Library & Museum. Following discussion, and on motion of Trustee Pelosi, seconded by Trustee Tsakopoulos-Kounalakis, the following resolution was unanimously adopted:

RESOLUTION NO. 07-12

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the request of the San Francisco Symphony to install an exhibit in the First Tier lobby of Davies Symphony Hall from April 2 through May 21, 2007, in celebration of the Symphony Youth Orchestra's 25th Anniversary Season.

ADJOURNMENT

There being no further business, President Horn adjourned the meeting at 3:10 p.m.

Gregory P. Ridenour
Executive Secretary