

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MONTHLY MEETING

Thursday, May 10, 2007

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, May 10, 2007, in the Trustees' Board Room, War Memorial Opera House, President Horn presiding.

ROLL CALL

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

Absent: Trustee Haas and Trustee Pelosi.

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 April 12, 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: President Horn reported that the San Francisco Ballet concluded its 2007 Repertory Season on May 6, 2007, and on behalf of the Board he extend congratulations to the Ballet for a successful season. President Horn noted that the San Francisco Ballet held a press conference on May 9, announcing plans for their 75th Anniversary Season in 2008, which will include 10 world premieres and other special activities. He extended best wishes to the Ballet in celebrating its 75th Anniversary.

Veterans Building Seismic/Life Safety Upgrade Project - Update: President Horn reported that during the last month, he and Vice President Bechtle met with the American Legion War Memorial Commission and the San Francisco Museum of Modern Art, beneficiary occupants of the Veterans Building under the War Memorial Trust. The purpose of these meetings was to report to the Commission and the Museum on the City's recently approved 10-year capital plan, which includes a financing plan for the Veterans Building seismic/life-safety upgrade project and a proposed project schedule beginning with a two-year design and development period starting in 2009, and a two-plus year construction period from late 2011 through early 2014.

President Horn stated that after very useful and productive discussions, the War Memorial requested and invited each of the Commission and the Museum to notify the War Memorial in writing as to their needs for space in the Veterans Building as well as how they envision their use and occupancy of Veterans Building space when it re-opens following project construction. President Horn said that because the City-funded project will provide only for seismic, life safety and code mandated upgrades—with no funding for programmatic or other improvements related to occupancies or occupant activities—the Commission and Museum were also asked to advise the War Memorial how they would propose to fund any programmatic improvements necessary to their occupancy plans. He stated that as the proposed Veterans Building project schedule provides for the two-year design phase to begin in the second half of 2009, it is critical that pre-design planning, including space utilization, layout and programming, be determined during the next 18 to 20 months. Therefore the Commission and Museum were asked to provide their notice and input as to space needs and programming proposals as soon as possible, but certainly within the next 3 to 4 months.

Potential New Facility- Davies Symphony Hall Parking Lot: President Horn stated that in March 2006, the Trustees were advised of a collaborative effort of the San Francisco Symphony, SFJAZZ and the San Francisco Opera, to study the physical, financial and operational feasibility of a potential new facility to be located on what is now the Davies Symphony Hall parking lot at the corner of Grove and Franklin Streets. He noted that since that time, the parties and War Memorial staff representatives have reviewed numerous feasibility issues and have made progress on developing preliminary project goals. President Horn stated that as the next step in this process, the parties have informally agreed to have a series of steering meetings to be attended by two board members and the executive director of each group as well as the War Memorial. President Horn stated that he and Vice President Bechtle will participate in these meetings on behalf of the War Memorial and will report back to Trustees as the process continues. He added that any project proposal that may result from these efforts will require public consideration and approval by the Board of Trustees and the City.

Trustee Paul Reynolds: President Horn acknowledged Trustee Paul Reynolds, whose term on the Board of Trustees concludes at the end of this month. He stated that since being appointed to the Board of Trustees in August 2003, Trustee Reynolds has been a conscientious and dedicated board member and has served with distinction. On behalf of the War Memorial Board of Trustees, President Horn extended thanks and appreciation to Trustee Reynolds for his valued service to the War Memorial during the last four years.

MANAGING DIRECTOR'S REPORT

Rental Requests: Ms. Murray reported that rental requests as mailed to Trustees include a request from the San Francisco Ballet for use of the parking area behind the War Memorial Court and Veterans Building from April 14 through April 24, 2008, to install a tent for its 75th Anniversary Gala dinner on April 22, 2008. The Ballet also requests use of its one catering exemption for 2007-08 for festivities in the tented pavilion. Ms. Murray stated that remaining rental requests are routine and requested their approval. On motion of Trustee Farrow, seconded by Trustee Shultz, the following resolution was unanimously adopted:

RESOLUTION NO. 07-22

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

San Francisco Ballet 75th Anniversary Festival – Parking Lot Tent for Cocktails & Dinner Use of Catering Exemption for 2007-08	April 22, 2008	\$6,500.00
Chinese American Inter-Cultural Exchange Farewell My Concubine	January 9 –12, 2008	\$8,150.00 vs. 10% \$13,850.00 max.

HERBST THEATRE

Other Minds Dennis Russell Davies and Maki Namekawa Duo Pianists	October 11, 2007	\$630.00
Guorui Su 2 nd Annual High School Chinese Singing Contest of San Francisco	May 26, 2007	\$630.00
Theatreworks USA 2007-08 Season	November 5, 2007 February 20, 2008 March 17, 2008 April 28, 30, 2008	\$4,250.00

Bill Graham Presents LIVE NATION John Mellencamp	June 20, 2007	\$1,100.00
America's Fallen Heroes Benefit Premiere Screen of "Alexander Hero of Heroes"	May 29, 2007	\$630.00
Art Institute of California at San Francisco Summer New Student Orientation	July 6, 2007	\$500.00
Art Institute of California at San Francisco Winter Graduation Ceremony	December 14, 2007	\$500.00
Burak Cenkiler Turkish Song and Ballet Performance	August 11, 2007	\$1,950.00
Rrazz Productions, Inc. Debbie Reynolds	December 7, 2007	\$1,100.00

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

RESOLUTION NO. 07-23

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

Heritage Festivals The Festival of Gold and Encore Concert, part of an Invitational Choral Festival	April 20, 2008	\$4,200.00
Heritage Festivals The Festival of Gold Encore Concert, part of an Invitational Band & Orchestra Festival	April 28, 2008	\$4,200.00

HERBST THEATRE

Breast Cancer Fund Lunafest	October 4, 2007	\$630.00
James Heagy Memorial Service for Janey Heagy	May 22, 2007	\$500.00

SECRETARY'S REPORT

Revenue, Appropriations and Status of Building Projects Reports for April 2007: Mr. Ridenour referred to the Revenue, Appropriations, and Status of Building Projects Reports for April 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. 07-24

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM070479 through WM070511 are hereby approved.

REGULAR ITEMS

San Francisco Opera - Request for display in Opera House Main Lobby: President Horn stated that Trustees have received a copy of the request from the San Francisco Opera to install a special exhibition, highlighting the history of Opera broadcasts, in the Opera House main lobby during the 2007 Summer Opera Season from June 1 through July 2, 2007. The exhibition will be mounted by the Performing Arts Library & Museum and will be similar in layout to the Opera's 2006 Fall Season lobby display. Following discussion, and on motion of Trustee Farrow, seconded by Vice President Bechtle, the following resolution was unanimously adopted:

RESOLUTION NO. 07-25

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 special exhibition in the Opera House main lobby during the 2007 Summer Opera Season, highlighting the history of San Francisco Opera broadcasts.

Resolution authorizing sale of War Memorial Transferable Development Rights (TDR): President Horn referenced reports and discussions during the last several meetings of the Board regarding plans to finance and implement the Veterans Building seismic/life safety upgrade as provided in the City's recently approved 10-year capital plan. He recapped that the capital plan proposes two funding sources for the Veterans Building project, the issuance of \$88 million in hotel tax (General Fund) debt beginning in FY 2011-12 funding most of the construction costs, and proceeds from sales of transferable development rights ("TDR") from the War Memorial complex, estimated to yield approximately \$30 million, to fund costs for initial planning and for the design/development phase scheduled to begin in 2009.

President Horn noted that Trustees previously heard from the City's Director of Property, Amy Brown, about transferable development rights, which are unused development rights associated with historic properties such as the War Memorial, which rights can be sold for other development projects. He stated that in order to use transferable development rights as a funding mechanism for the Veterans Building project, the War Memorial Board of Trustees must authorize the City's Director of Property to sell TDR from the War Memorial Complex and must approve the procedures for such sales.

President Horn stated that in advance of today's meeting, Trustees received a summary explanation of Transferable Development Rights and how TDR apply to and effect the War Memorial; Trustees also received a draft of a proposed resolution authorizing the Director of Property of the City and County of San Francisco to sell TDR from the War the Memorial complex in order to expedite the receipt of funds for the City's restoration and rehabilitation of the War Memorial Veterans Building. President Horn introduced the City's Director of Property, Amy Brown, to provide additional information and respond to any questions from Trustees.

Ms. Brown stated that subsequent to the War Memorial Board of Trustees' adoption of a resolution authorizing the sale of TDR from the War Memorial complex, an implementation ordinance must be approved by the Board of Supervisors before the TDR sales process can begin. She said that such legislation has been drafted, and she is currently awaiting receipt of a Planning Department report before submitting the legislation to the Supervisors. Ms. Brown stated that she expects the proposed ordinance to be introduced for Board of Supervisors' consideration during the next few months.

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

RESOLUTION NO. 07-26

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco, a charitable trust department under Article V of the San Francisco Charter with exclusive charge over its assets, that it hereby authorizes the Director of Property of the City and County of San Francisco to apply on behalf of the War Memorial to the City Zoning Administrator for a Statement of Eligibility in accordance

with the procedure described in Section 128 of the Planning Code, and to negotiate and enter into contracts for the sale of Transferable Development Rights ("TDR") from the War Memorial Complex, located at 301 and 401 Van Ness Avenue and identified as Block 0786A, Lot 1, which contains two buildings known as the War Memorial Opera House and the War Memorial Veterans Building, in order to expedite the receipt of funds for the City's restoration and rehabilitation of the War Memorial Complex.

The Director of Property shall execute this authority in accordance with the following procedures:

- 1) The Director of Property shall notify the Managing Director of the War Memorial of any offers to purchase or other inquires regarding TDR from the War Memorial Complex.
- 2) The Director of Property shall negotiate contracts for the sale of TDR from the War Memorial Complex in accordance with procedures approved by ordinance of the San Francisco Board of Supervisors.
- 3) The Director of Property shall obtain approval from the Managing Director of the War Memorial before awarding contracts for the sale of TDR from the War Memorial Complex.
- 4) The Director of Property shall deduct from the gross proceeds received from the sale of TDR from the War Memorial Complex (a) administrative costs incurred by the Department of Real Estate and the Planning Department in connection with their determination of the fair market value of the TDR, (b) fees and costs in connection with the Statement of Eligibility, and (c) the costs and expenses of the Department of Real Estate, the Planning Department, and the City Attorney's Office in connection with the sale of TDR from the War Memorial Complex.
- 5) Net proceeds from the sale of TDR from the War Memorial Complex shall be deposited in a segregated, interest bearing account established by the City's Controller's Office specifically for the War Memorial Complex. Such account shall be designated as a special fund category eight, in accordance with Section 10.100-1 of the San Francisco Administrative Code, except that all accrued interest shall be credited to the account regardless of the fund balance, and none of the net sales proceeds shall be transferred to the City's General Fund. Net sales proceeds from the sale of TDR from the War Memorial Complex shall remain a trust asset of the charitable trust department, the War Memorial and Performing Arts Center.

PUBLIC COMMENT

Paul Cox, member of the American Legion War Memorial Commission, stated that he had submitted a letter to Greg Corrales, Chair of the American Legion War Memorial Commission, regarding potential costs of the seismic upgrade project at the Veterans Building, and inquired as to whether the Board of Trustees had received a copy of his letter. Ms. Murray stated that the War Memorial had not received a copy of his letter to Mr. Corrales, and that she would request a copy from the Commission office for distribution to Trustees.

ADJOURNMENT

There being no further business, President Horn adjourned the meeting at 2:35 p.m.

Gregory P. Ridenour
Executive Secretary