

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MONTHLY MEETING

Thursday, March 12, 2009

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, March 12, 2009, in the Trustees' Board Room, War Memorial Opera House, Vice President Shultz presiding.

ROLL CALL

Present: Vice President Shultz, Trustee Bashford, Trustee Davis, Trustee Horn, Trustee Jarman, Trustee Moscone, Trustee Myatt, Trustee Pelosi, and Trustee Tsakopoulos-Kounalakis;
Absent: President Bechtle, Trustee Farrow.
Staff Present: Elizabeth Murray, Managing Director
Jennifer Norris, Assistant Managing Director/Executive Secretary

APPROVAL OF MINUTES

Vice President Shultz called for approval of the minutes of the February 12, 2009 regular meeting of the Board. On motion of Trustee Moscone, seconded by Trustee Horn, the minutes were unanimously approved.

MANAGING DIRECTOR'S REPORT

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

RESOLUTION NO. 09-10

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

Narada Michael Walden Foundation Let the Sunshine In	May 25, 2009	\$2,200.00 vs. 10% \$4,400.00 maximum
SF JAZZ The Roots	May 30, 2009	\$2,200.00 vs. 10% \$4,400.00 maximum
San Francisco Chanticleer National Youth Choral Festival	March 29, 2010	\$2,200.00 vs. 10% \$4,400.00 maximum

HERBST THEATRE

California State Automobile Association Employee Meeting	April 13, 2009	\$525.00
Filipina Women's Network The Vagina Monologues	May 2, 2009	\$750.00

UCSF School of Dentistry Commencement Ceremony & Veterans Lobby Reception	June 14, 2009	\$1,950.00
San Francisco Opera Center Merola Master Classes	June 22, 30, 2009 July 16, 30, 2009 August 11, 2009	\$5,925.00
Schwabacher Concert Adler Concert	July 9, 10, 2009 November 22, 2009	
The Richmond/Ermet AIDS Foundation Help is on the Way XV	August 2, 2009	\$750.00
New Century Chamber Orchestra Concerts	September 12, 2009 November 21, 2009 March 6, 2010 May 8, 2010	\$3,000.00
Philharmonia Baroque Orchestra Concerts	September 10, 2009 October 16, 2009 November 5, 2009 December 11, 2009 February 11, 2010 March 5, 2010 April 8, 2010	\$5,250.00
LIKHA Pilipino Folk Ensemble/Asian Arts Fdn. Asia On Stage	September 25, 26, 2009	\$1,500.00
Lamplighters Champagne Gala	November 15, 2009	\$750.00
San Francisco Chamber Orchestra Concerts	January 3, 2010 March 12, 2010 May 7, 2010	\$2,250.00
Korean American Music Supporters Assoc. Richard O'Neil, West Coast Debut Recital	March 27, 2010	\$750.00

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

RESOLUTION NO. 09-11

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

HERBST THEATRE

City Arts & Lectures Garrison Keillor	June 6, 2009	\$750.00
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SF Jazz

June 7, 2009

\$750.00

SF Jazz High School All-Stars

SECRETARY'S REPORT

Revenue, Appropriations and Housekeeping Expenditures Reports for February 2009: Ms. Norris referred to the Revenue, Appropriations, and Housekeeping Expenditures Reports for February 2009, and requested a resolution to approve housekeeping expenditures as submitted. On motion of Trustee Moscone, seconded by Trustee Horn, the following resolution was unanimously adopted:

RESOLUTION NO. 09-12

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM090264 through WM090280, are hereby approved.

COMMITTEE REPORTS**Veterans Committee:**

Trustee Myatt, Chair of the Veterans Committee, reported that the Veterans Committee met on March 4, 2009, to consider and adopt recommendations on two items:

Proposal of American Legion War Memorial Commission to provide space in the Veterans Building to Swords to Plowshares for an Employment Training Program for Veterans:

Trustee Myatt stated that Committee members received and reviewed correspondence from the American Legion War Memorial Commission and Swords to Plowshares concerning the Commission's proposal to provide space in the Veterans Building for Swords to Plowshares to conduct an employment and job training program for veterans. Committee members also received and reviewed the City Attorney's memo of February 25, 2009, responding to the War Memorial's request for advice on this matter.

Trustee Myatt reported that in their letter, the City Attorney advises that the proposed occupancy by Swords to Plowshares falls outside of the permitted scope of uses by the Posts pursuant to the Trust Agreement; and that the Trust does not expressly allow the Commission to allocate portions of the space which has been allocated for use by the Posts to non-veteran membership charitable organizations without approval from the Trustees. The City Attorney states that the Trustees have final authority under the Trust over charitable or patriotic activities that the Trust does not authorize for the Posts; and the Trustees retain final authority over the terms and conditions of any such occupancy, should the Trustees decide to approve such use.

Trustee Myatt reported that the Committee heard from Michael Blecker, Chief Executive Officer of Swords to Plowshares, about the Swords to Plowshares programs, specifically about the employment and training program they would propose to have in room 212 of the Veterans Building. Mr. Blecker stated that Swords to Plowshares would plan to pay for necessary tenant improvements to the space, such as space dividers and electrical upgrades, and would expect to pay reasonable reimbursement to the War Memorial for use of the space.

Trustee Myatt stated that during the Committee's discussion, it was noted by Trustees that for over two years, the War Memorial has been asking the Commission to provide information on their plans and needs for space in the Veterans Building as we move forward in the planning process for the Veterans Building seismic renovation. And, the Commission has provided no information since their December 2007 letter, in which they said they require the entire building, which assessment of need is in serious conflict with the Posts' space utilization over the past 35 years. It was also noted that the Commission's current request appears to state that the Posts do not need this meeting room space for their authorized activities, and they would propose the Trustees allow Swords to Plowshares to use the space for their program. Trustee Myatt reported that while Committee members expressed support of the Swords to Plowshares organization and programs, it was the consensus of the Committee that it is premature to make a recommendation on the question of allocating Veterans Building space

to Swords to Plowshares due to the absence of clear information from the Commission concerning the Posts' present and future plans and needs for space in the Veterans Building.

Trustee Myatt reported that following discussion, the Committee voted unanimously to recommend to the full Board that the request for use of Veterans Building space by Swords to Plowshares be continued in Committee; and that a working group consisting of Trustee Myatt, Trustee Tsakopoulos-Kounalakis and Managing Director Beth Murray be authorized to work with the American Legion War Memorial Commission on developing and defining their present and future plans and needs for space in the Veterans Building.

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

RESOLUTION NO. 09-13

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Veterans Committee, and approves that:

1. The request for use of Veterans Building space by Swords to Plowshares be continued in the Veterans Committee; and
2. A working group, to consist of Trustee Myatt, Trustee Tsakopoulos-Kounalakis and Managing Director Beth Murray, is authorized to begin immediate and serious discussions with representatives of the American Legion War Memorial Commission on developing and defining their present and future plans and needs for space in the Veterans Building for authorized Post activities.

American Legion War Memorial Commission request to park the American Legion Post #911 van in the War Memorial parking area 24-hours per day:

Trustee Myatt reported that the request from the American Legion War Memorial Commission to park the American Legion Post #911 van in the War Memorial parking area was referred to the Veterans Committee following discussion of various concerns at the last two meetings of the Board.

Trustee Myatt stated that Managing Director Beth Murray reported to the Committee that staff had investigated potential nearby, off-site parking accommodations for the van, and located a potential accommodation at the parking lot on Franklin Street, between McAllister and Golden Gate, where similar "MAP" and Project Open Hand vans park for \$220 per month. She noted that the parking operator stated that they would have to meet with the van's owner/operator and see the van's size before committing to a parking fee or arrangement.

Staff also reported to the Committee that following a near-accident in the parking area on the evening of Friday, February 13, involving a car exiting the parking area onto Franklin Street and a van entering that same driveway, staff contacted MTA's Traffic Engineering Division and requested a safety evaluation of the Post #911 van parked in its present location. The Traffic Engineering evaluation was done on Friday, February 27, and Committee members received and reviewed the letter from City Traffic Engineer Jack Fleck recommending that no vehicle larger than six feet tall park within 100 feet of the War Memorial's driveways leading to Franklin Street in order to maintain adequate visibility.

Trustee Myatt reported that following discussion, the Committee voted unanimously to recommend that the Board of Trustees advise the American Legion War Memorial Commission that the War Memorial is unable to accommodate parking of the American Legion Post #911 van on the War Memorial premises due to the size of the van and safety concerns, and that the van must be removed as soon as possible.

In discussion, it was noted that Ballet performances resume in the Opera House beginning this evening and that the Post #911 should be removed today if possible, but no later than tomorrow, to maintain adequate visibility for patrons and others entering and exiting the War Memorial driveways.

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

RESOLUTION NO. 09-14

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Veterans Committee and hereby advises the American Legion War Memorial Commission that the War Memorial is unable to accommodate parking of the American Legion Post #911 van on the War Memorial premises due to the size of the van and safety concerns, and that the van must be removed by Friday, March 13, 2009.

Budget & Finance/Veterans Committee:**Proposed Renewal of Agreement between War Memorial Board of Trustees and American Legion War Memorial Commission:**

Trustee Tsakopoulos-Kounalakis, Chair of the Budget & Finance Committee, reported that the Budget & Finance and Veterans Committees met in joint session on March 4, 2009 to consider and adopt recommendations on the proposed renewal of the agreement between the War Memorial Board of Trustees and the American Legion War Memorial Commission.

She stated that Committee members received and reviewed various materials, including the American Legion War Memorial Commission's renewal proposal packet which had been submitted to staff only on the Friday afternoon before the Committee meeting. Upon receipt of the Commission's proposal, it became obvious that what the Commission was proposing was outside of the scope of the original agreement between the parties, and outside of the scope of what the Commission was created to do.

Beth Murray provided a report to the Committee on the history of the agreement between the parties, and provided clarification on who and what the Commission is, why there is an agreement between the parties, why the War Memorial pays an annual sum to the Commission and what that sum is for, and why the annual sum has decreased in subsequent renewals of the agreement.

Beth Murray reported that the renewal proposal submitted by the Commission indicates a misunderstanding of the roles and responsibilities of the parties to the agreement. She noted that the Commission's proposal would actually represent a new agreement under which both parties would have significantly different and expanded roles and responsibilities. The Commission's role would expand from administering Posts' uses of Veterans Building space to the addition of new outreach, marketing, promotion community awareness, event planning and other programs; and the Commission's operating budget would increase by 293%. The War Memorial's role would expand from being one of several revenue sources to help cover the Commission's office expenses for administering Posts' uses of Veterans Building space to becoming the sole revenue source for the Commission's space administration as well as the Commission's new programs and activities.

Trustee Tsakopoulos-Kounalakis reported that following discussion, the Committees voted unanimously to recommend to the full Board that the current agreement between the War Memorial Board of Trustees and the American Legion War Memorial Commission be extended for an additional period of up to three months, during which time the Commission meet with War Memorial staff to review the roles and responsibilities of the parties to the agreement and develop and submit budget information on the Commission's income and expenditures related to administering, assigning and scheduling uses of the Veterans Building space allocated for use by the Posts.

Following discussion, and on motion of Trustee Horn, seconded by Trustee Jarman, the following resolution was adopted:

RESOLUTION NO. 09-15

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Budget & Finance and Veterans Committees, and approves that the current agreement between the War Memorial Board of Trustees and the American Legion War Memorial Commission be extended for an additional period of up to

three months, during which time the Commission meet with War Memorial staff to review the roles and responsibilities of the parties to the agreement and develop and submit budget information on the Commission's income and expenditures related to administering, assigning and scheduling uses of the Veterans Building space allocated for use by the Posts.

Veterans Building Project Committee:

Trustee Horn, Chair of the Veterans Building Project Committee, noted that while the Committee did not meet during the last month, he would provide updated information concerning the Veterans Building Seismic and Life Safety Improvements Project. He stated that the City's Ten-Year Capital Plan for Fiscal Year 2010 - 2019, submitted by the Capital Planning Committee to the Mayor and Board of Supervisors on March 1, includes changes to the funding and schedule plans for implementing the Veterans Building Seismic and Life Safety Improvements Project.

Trustee Horn reported that since 2007, and as contained in the City's approved Capital Plans for the last two years, the financing plan for the Veterans Building Project involved two revenue sources: 1) proceeds from the sales of War Memorial "transferrable development rights," and 2) General Fund debt. The Plan provided for two annual investments of \$5 million each from TDR sales starting in FY 2009-10 to begin the design development phase; and the issuance of \$88 million in General Fund debt beginning in FY 2011-12 together with \$16 million additional TDR revenue to fund the construction phase targeted to commence in October 2011.

Trustee Horn stated that due to changes in the market, this year's Capital Plan recognizes that the sale of transferrable development rights is no longer a viable revenue source to begin funding the design development phase. Acknowledging the continued urgent need to move this project forward, the Capital Planning Committee revised various debt financing strategies in order to fully fund the Veterans Building Project with General Fund debt revenue, and to provide an increment of General Fund debt revenue one year earlier than in the prior plan. However, due to the loss of TDR revenue projected for FY 2009-10, the new financing plan moves out the Project schedule by 15 months.

Trustee Horn asked staff to distribute to Trustees an updated Veterans Building Project Schedule and Funding chart, showing both the funding/schedule plan in the previous Capital Plans and the newly revised funding/schedule plan provided in the 2010 Capital Plan. In sum, under the new Capital Plan, the Project's design development phase will commence January 1, 2011 (rather than October 1, 2009); the Project's construction phase—and closure of the building—will commence January 1, 2013 (rather than October 1, 2011). He noted that this change in schedule does not remove or relieve the need for the War Memorial to move forward as quickly as possible with developing and completing pre-design planning. The War Memorial must have all pre-design plans in place no later than this time next year in order to meet the new Project schedule.

Trustee Horn also noted that the Project cost has changed from \$114.3 million in the previous plan to \$130.3 million in the updated Capital Plan, a total increase of \$16 million. He stated this increase includes: 1) project scope addition of \$6.4 million for roof and skylight rehabilitation—not previously included in the project scope; 2) 5.5% contingency of \$6.8 million for inflation volatility and hazardous materials abatement (being added to all City capital projects); and 3) \$2.8 million for cost escalation due to the delay in start of construction.

Trustee Horn stated that this is provided for the Trustees' information only and that no action is required.

ADJOURNMENT

There being no further business, Vice President Shultz adjourned the meeting at 2:55 p.m.

Jennifer E. Norris
Executive Secretary