

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MEETING
Thursday, March 14, 2013

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, March 14, 2013, in the Trustees' Board Room, War Memorial Opera House, President Myatt presiding.

ROLL CALL

Present: President Myatt, Vice President Bashford, Trustee Davis, Trustee Horn, Trustee Lui, Trustee Moscone, Trustee Pelosi, Trustee Shultz and Trustee Stafford;

Absent: Trustee Bechtle and Trustee Wilsey;

Staff Present: Elizabeth Murray, Managing Director
Jennifer Norris, Assistant Managing Director

APPROVAL OF MINUTES

President Myatt called for approval of the minutes of the February 14, 2013 regular meeting of the Board. On motion of Trustee Shultz, seconded by Trustee Moscone, the minutes were unanimously approved.

PRESIDENT'S REPORT

Trustee Appointments: President Myatt reported that Trustees Shultz and Wilsey were sworn in yesterday, March 13, 2013, by Mayor Lee to new four year terms as members of the War Memorial Board of Trustees.

MANAGING DIRECTOR'S REPORT

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

RESOLUTION NO. 13-13

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 Opera 2013 Summer Season	May 13-July 7, 2013	\$72,550.00
Goldenvoice Ian Anderson	July 8, 2013	\$2,500.00 vs. 10% \$6,750.00 maximum

LOUISE M. DAVIES SYMPHONY HALL

San Francisco Symphony SF Symphony 2012-2013 Season (Partial)	June 1- August 4, 2013	\$66,675.00 vs 10% \$73,425.00 maximum
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SECRETARY'S REPORT

Revenue, Appropriations and Housekeeping Expenditures Reports for February 2013: Ms. Norris referred to the Revenue, Appropriations, and Housekeeping Expenditures Reports for February 2013, and requested approval of housekeeping expenditures as submitted. On motion of Trustee Lui, seconded by Trustee Davis, the following resolution was unanimously adopted:

RESOLUTION NO. 13-14

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM13166 through WM13184 are hereby approved.

Sunshine Training: Ms. Norris reminded Trustees that at the conclusion of today's meeting Deputy City Attorney Adine Varah will conduct Sunshine Ordinance Training which is required annually for all members of City boards and commissions.

REGULAR ITEMS

San Francisco Symphony – Request to implement modifications to Zellerbach Rehearsal Hall Room A:

President Myatt noted that at the October 2012 meeting, the Board adopted a resolution approving the request of the San Francisco Symphony to conduct a feasibility study and cost analyses with respect to the development of the Davies Symphony Hall parking lot, the renovation of Davies Symphony Hall and Zellerbach Rehearsal Hall, and the development of recommendations for near-term improvements to Davies Symphony Hall and Zellerbach Rehearsal Hall.

President Myatt stated that in advance of today's meeting, Trustees received a letter from John Kieser, General Manager of the Symphony, requesting authorization and approval for the Symphony to implement modifications to Zellerbach Rehearsal Hall to create a flexible performance space where the Symphony can experiment with different types of programs aimed at expanding their audience. The proposed modifications primarily encompass ADA upgrades and HVAC, electrical and life safety improvements.

President Myatt referred this request to the Board's Building Committee, and he asked the Committee to meet during the next month and return to the Board with recommendations at the April meeting.

Veterans Building Seismic Upgrade & Improvement Project – Status Report: President Myatt stated that he was pleased to welcome Tara Lamont, the Department of Public Works' Project Manager for the Veterans Building Seismic Upgrade & Improvements Project, who together with Managing Director Beth Murray would provide a project status report to the Trustees.

Ms. Lamont stated that today is a milestone day for the Veterans Building Project, as the first bid packages were issued last week and the first pre-bid meetings for mechanical, electrical and plumbing packages were held earlier today. Bids for these trade packages are due April 5, 2013, with other trade packages scheduled for bidding from April to August. She reminded Trustees that the Project General Contractor/Construction Manager, Pankow, was already on board and she has been pleased with their work in prequalifying subcontractors for the various specialties. Ms. Lamont stated that the start of construction remains scheduled for July 1, 2013, and the construction period is scheduled for two years, through June 2015.

Ms. Lamont reviewed the Veterans Building Project budget with the Trustees. She stated that the City's portion of the project is budgeted at \$132.5 million, including \$104.4 million for hard costs for construction; \$25.7 million for soft costs for project management, design and permit expenses; \$1.2 million for commercial paper program interest; and \$1.2 million for relocation costs for the War Memorial and the American Legion Posts. Ms. Lamont stated that up to now the City has funded pre-construction costs through the City's commercial paper program, but going forward the bulk of the project will be paid for with COPs (Certificates of Participation). Beyond the City's funds, the War Memorial will be contributing \$6.3 million to the project to pay for upgrades to veterans' offices and meeting rooms, War Memorial offices and Herbst Theatre back-of-

house improvements, as well as for fixtures, furnishings and equipment for those renovated spaces. Ms. Lamont stated that the Arts Commission will contribute \$1 million for costs related to the Arts Commission gallery on the 1st floor, offices on the 3rd floor, and basement storage space.

Ms. Lamont stated that the \$132.5 million Veterans Building Project budget was not based on detailed study and investigatory testing of the building, but rather was based on an original 1996 budget with modifications made in 2004 and then escalated to represent today's dollars. She stated that a high level of pre-construction testing has revealed a potential \$10 million addition to the project budget due to unanticipated costs for a new electrical vault, hazardous materials abatement and full roof skylight replacement. Ms. Lamont noted there is further budget concern that subcontractor bids may come in high as the current construction boom drives up prices.

Ms. Lamont stated that to address this budget issue, the design team has lowered the construction contingency to \$9 million (10% of projected construction costs), however, it is normal for a project of this size and type to have a 20% contingency. The design team has also conducted value engineering to eliminate non-essential project scope items and to identify a number of scope items as alternates which items will only be added to the project if the budget allows. Ms. Lamont said that DPW and War Memorial have consulted and will continue discussion with the Mayor's Office and the City's Capital Planning Committee regarding a potential budget shortfall and possible budget strategies.

Ms. Murray reported on the status of vacating the Veterans Building of occupants and contents prior to the July 2, 2013 start of project construction. She reported that tenant move-outs, including the San Francisco Museum of Modern Art, Department of the Environment, Mayor's Office on Disability, Law Library, Museum of Performance & Design, Swords to Plowshares, and Center for Wellness & Achievement are well underway, with two move-outs completed and the balance of move-outs scheduled to be completed by May 31, 2013. She said that the Herbst Theatre and Green Room will have final performances on April 30, 2013, and then close effective May 1, 2013 for disassembling and move-out.

Ms. Murray stated that the American Legion Posts are scheduled to move to their temporary location at 205 13th Street during the week of May 13, 2013. She said that the American Legion War Memorial Commission selected this location for the American Legion Posts and the Commission will be entering into a lease for the space. In accordance with the Trustees' resolution approving the War Memorial's reimbursing the Commission for approved relocation costs, the War Memorial and Commission will be entering into an agreement setting forth the terms and conditions of the City's payment of relocation costs for the San Francisco American Legion Posts.

Ms. Murray stated that the War Memorial offices are scheduled to move to temporary offices at 25 Van Ness Avenue the week of June 17, 2013. She noted that certain War Memorial staff positions including the Buildings & Grounds Superintendent and Security Supervisors will be relocating to an office trailer outside of the Veterans Building for the construction period.

President Myatt recognized Michael Simpson, CFO of the San Francisco Opera, to comment on the Opera's role in the Veterans Building Project. Mr. Simpson reported that following the completion of construction drawings at the end of March 2013, they will go into a dormant period. The Opera then expects to apply for permits in November 2013 and begin construction of basement and 4th floor tenant improvements in February 2014. Mr. Simpson stated that the Opera's tenant improvements budget is just over \$18 million of which the Opera has raised to date just under \$11 million and expects to soon have their project fully funded.

GOOD AND WELFARE

Vice President Bashford gave a brief update on the status of the Veterans Memorial Project. He stated that the committee has raised their goal of \$2.5 million, which includes \$2 million for hard and soft costs and \$500,000 for a maintenance endowment. Trustee Bashford reported that the project has encountered budget overruns and it now appears the project without the endowment will cost the full \$2.5 million. He stated that the committee has therefore reopened fundraising with a goal of raising an additional \$500,000 by September 2013 so the completed Veterans Memorial can be properly maintained without drawing on War Memorial department funds.

PUBLIC COMMENT

John Caldera asked for more information on the LEED goals for the Veterans Building Seismic Upgrade & Improvements Project.

ADJOURNMENT

There being no further business, President Myatt adjourned the meeting at 2:40 p.m.

Jennifer E. Norris
Executive Secretary