

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MEETING

Thursday, November 14, 2013

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

ROLL CALL

Present: President Myatt, Trustee Davis, Trustee Horn, Trustee Moscone, Trustee Pelosi, Trustee Shultz
Absent: Vice President Bashford, Trustee Bechtle, Trustee Lui, Trustee Stafford, 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 October 10, 2013 regular meeting of the Board. On motion of Trustee Shultz, seconded by Trustee Moscone, the minutes were unanimously approved.

PRESIDENT'S REPORT

San Francisco Veterans Memorial – Groundbreaking Date: President Myatt stated that at the September meeting, Vice President Bashford announced that the groundbreaking ceremony for the San Francisco Veterans Memorial was tentatively scheduled for January 6, 2014. President Myatt reported that after further review of the project schedule, the groundbreaking ceremony has been moved to February 5, 2014 at 10:00 a.m.

American Legion War Memorial Commission – Re-election of Chair Lum: President Myatt reported that he has been advised the American Legion War Memorial Commission has re-elected Nelson Lum as its Chair for the next year. On behalf of the Board, President Myatt congratulated Nelson Lum on his re-election.

MANAGING DIRECTOR'S REPORT

Rental Requests: Ms. Murray stated that rental requests mailed to Trustees include two routine requests for Davies Symphony Hall, and she requested their approval. On motion of Trustee Horn, seconded by Trustee Shultz, the following resolution was unanimously adopted:

RESOLUTION NO. 13-32

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

UCSF School of Nursing Graduation Ceremony	June 9, 2014	\$3,350.00
San Francisco Korean Master Chorale 25 th Anniversary Concert	August 24, 2014	\$2,500.00 vs. 10% \$4,750.00 maximum

Director's Report:

SFPUC Solar System installation at Davies Symphony Hall: Ms. Murray reported that the San Francisco Public Utilities Commission is close to completing the installation of solar panels on the roof of Davies Symphony Hall. She noted that in mid-October, the PUC's contractor used a crane to lift the panels and frames onto the Davies Hall roof, and installation of all panels and associated equipment is expected to be completed at the end of this month.

Opera House Box Seats: Ms. Murray stated that earlier this week, one-half of the new Opera House box seats were delivered and installed. She said the remaining seats will be delivered and installed next week.

Fiscal Year 2012-2013 Final Report of Revenue and Expenditures: Ms. Murray stated that Trustees have received a copy of the Final Report of War Memorial Revenue and Expenditures for Fiscal Year 2012-13. She commented on several noteworthy areas as follows:

- **Earned Revenue:** FY 2012-13 earned revenue totaled \$2,324,982, exceeding budgeted earned revenue by \$275,694. The increase in earned revenue was primarily due to the excellent work of Stephanie Smith in booking more outside rentals in Davies Symphony Hall than in any previous year.
- **Hotel Tax Revenue:** FY 2012-13 Hotel Tax revenue totaled \$9,158,500, a 5.6% increase over last year's allocation, but \$5,467,379 below the San Francisco Municipal Code allocation of \$14,625,879. Ms. Murray noted that FY 2012-13 was the last year the War Memorial or any City department will receive a hotel tax allocation as the Municipal Code was amended earlier this year to remove all hotel tax allocations and provide for hotel tax revenue to accrue to the City's General Fund.
- **Fund Balance:** The FY 2012-13 budget included use of \$749,521 from the War Memorial Fund Balance.
- **Operating Expenditures:** FY 2012-13 operating expenditures totaled \$11,024,670, below budgeted expenditures by \$390,101, with expenditure savings achieved in materials & supplies, building maintenance services and fringe benefits.
- **Facilities Maintenance Expenditures:** FY 2012-13 facilities maintenance expenditures totaled \$452,768, covering a variety of facilities maintenance projects including replacement of three large lobby windows at Davies Symphony Hall, replacement of Davies Symphony Hall sump pumps, and repair of the 7th stage lighting bridge at the Opera House.
- **Capital Projects:** Capital Projects carry-forward expenditures include \$4,243,200 for projects to be implemented as part of the Veterans Building Seismic Upgrade & Improvements Project during the 2013-15 Veterans Building construction period.
- **War Memorial Fund Balance:** As a special fund department, any funds remaining at the end of the fiscal year revert to the War Memorial Fund Balance. FY 2012-13 addition to fund balance, including revenues exceeding budget, expenditures under budget, and adjustments for carry-forwards, totaled \$776,092, leaving a Fund Balance total of \$2,217,115 at June 30, 2013. The FY 2013-14 approved budgeted includes use of \$864,747 from the Fund Balance, leaving a current Fund Balance of \$1,352,368.

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

RESOLUTION NO. 13-33

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the War Memorial Final Report of Revenue and Expenditures for Fiscal Year 2012-2013.

SECRETARY'S REPORT

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

RESOLUTION NO. 13-34

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM140079 through WM140090 are hereby approved.

Harassment Prevention Training: Ms. Norris reminded Trustees that Harassment Prevention Training must be completed by December 31, 2013, and that Trustees should submit to her their Certificates of Completion.

COMMITTEE REPORTS

Veterans Building Project Committee:

Veterans Building Seismic Upgrade & Improvements Project:

Trustee Horn, Chair of the Veterans Building Project Committee, gave an update on the progress of the Veterans Building construction project. He stated that salvage, protection and hazardous materials removal are well underway, these operations taking approximately one month per floor. Trustee Horn said that with the removal of various false ceilings and temporary walls, the beauty of the original building is being revealed. He added that to date, the project is proceeding on schedule.

Trustee Horn reported that yesterday, President Myatt and American Legion War Memorial Commission leadership, as well as Jason Cunningham from the Mayor's Budget Office, toured the Veterans Building. President Myatt reported being very impressed with the care being taken to protect the historic fabric of the building.

Trustee Horn concluded his report by stating that the Veterans Building Project is facing budget challenges and asked Ms. Murray for more information on the budgetary concerns.

Ms. Murray reported that the Veterans Building Project budget is currently facing a budget shortfall of approximately \$14.5 million. She stated the reasons for this budget shortfall are two-fold: 1) the rising construction market in San Francisco has resulted in trade package bids exceeding the budget estimate by \$5.8 million; and 2) restoring the budgeted construction contingency to 18% of construction cost, an increase of \$8.7 million.

Ms. Murray stated that she and DPW representatives have been meeting with the City's Capital Planning Committee and the Mayor's Office on a proposal to generate and utilize revenues from War Memorial Transferrable Development Rights ("TDR") to cover this budget shortfall. Draft legislation that would authorize the sale of War Memorial TDR is being prepared for introduction at the Board of Supervisors. Ms. Murray noted that in May 2007, the War Memorial Board of Trustees adopted a resolution authorizing the City's Director of Property to sell TDR from the War Memorial Complex to generate funds for the Veterans Building Project construction. This plan was not ultimately enacted in 2007 due to the subsequent economic recession and absence of market for the sale of TDR. Based on current market conditions, it is estimated that the War Memorial's approximate 1.1 million TDR could generate up to \$25-30 million.

Ms. Murray stated that in accordance with the Planning Code, TDR revenue generated from a historic property may be used only for the rehabilitation of that historic property. Thus, the use of War Memorial TDR revenue for the Veterans Building construction project – as well as other rehabilitation projects such as replacement of the Opera House mansard roof – are appropriate uses of TDR revenue. Ms. Murray said that she and Trustee Horn will, in the coming weeks, visit members of the Board of Supervisors regarding this draft legislation.

Building Committee:

San Francisco Symphony request to offer naming opportunities in funding feasibility study: Trustee Pelosi, Chair of the Building Committee, reported that the Committee met earlier today to consider the request of the San Francisco Symphony to offer naming opportunities as part of the Symphony's funding feasibility study for potential expansion of Davies Symphony Hall and development of the Davies Symphony Hall parking lot.

Trustee Pelosi reminded Trustees that at the October 2012 regular meeting, the Trustees approved the request of the San Francisco Symphony to conduct a funding feasibility study with respect to the development of Davies Symphony Hall. He clarified that the Symphony is currently seeking approval to include in their fundraising feasibility study prospectus a sample set of potential naming opportunities related to their proposed construction project. Trustee Pelosi stated that the Committee heard from Symphony representatives regarding their proposed project which includes 1) modernizing Davies Symphony Hall; 2) creating an experimental music space in Zellerbach Rehearsal Hall; and 3) constructing new spaces such as a Grove Street pavilion and a 750-seat music studio/theatre. He noted that the Symphony is not presenting project plans at this time, rather they are presenting renderings to reflect the type of audience and community experience they hope their project will achieve. They will use these renderings to test the feasibility of their proposed project with potential donors, and it is anticipated that some potential donors may ask if there will be naming opportunities associated with the proposed new or improved spaces. Trustee Pelosi stated that the Symphony expects their funding feasibility study to take 2-3 months, and following the study, the Symphony would potentially begin designing the project for subsequent review and consideration by the Board of Trustees.

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

RESOLUTION NO. 13-35

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 include a sample set of potential naming opportunities in their funding feasibility study prospectus related to the Symphony's potential plan to develop and expand Davies Symphony Hall.

REGULAR ITEMS**Resolution approving donation of surplus chairs to the San Francisco Performing Arts Center**

Foundation: President Myatt stated that Trustees received a draft of a proposed resolution approving and authorizing the donation of obsolete, used and surplus chairs from the Opera House box level seating section to the San Francisco Performing Arts Center Foundation, to be used by the Foundation for fundraising purposes to benefit the San Francisco War Memorial and Performing Arts Center. Following discussion, and on motion of Trustee Shultz, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 13-36

WHEREAS, The War Memorial is a charitable trust department under Article V of the San Francisco Charter with exclusive charge over its assets; and

WHEREAS, The War Memorial has purchased new chairs for the Opera House Box Level seating section to replace the existing 24-year old chairs; and

WHEREAS, The existing Opera House Box Level chairs are obsolete, in poor condition and are surplus to the needs of the War Memorial; and

WHEREAS, The War Memorial wishes to avoid unnecessary additions to the waste stream by maximizing the re-use of surplus commodities; now therefore, be it

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves and authorizes the donation of obsolete, used and surplus chairs from the Opera House box level seating section to the San Francisco Performing Arts Center Foundation, to be used by the Foundation for fundraising purposes to benefit the San Francisco War Memorial and Performing Arts Center.

PUBLIC COMMENT

There was no public comment on items not on today's agenda.

ADJOURNMENT

There being no further business to come before the Board, President Myatt adjourned the meeting at 3:00 p.m.

Jennifer E. Norris
Executive Secretary