

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
SPECIAL MEETING

Thursday, February 20, 2014

The Board of Trustees of the War Memorial of San Francisco met in special session at 2:00 p.m. on Thursday, February 20, 2014, in the Trustees' Board Room, War Memorial Opera House, Vice President Bashford presiding.

ROLL CALL

Present: Vice President Bashford, Trustee Bechtle, Trustee Davis, Trustee Horn, Trustee Lui, Trustee Moscone, Trustee Shultz, and Trustee Wilsey

Absent: President Myatt, Trustee Pelosi, and Trustee Stafford

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

APPROVAL OF MINUTES

Vice President Bashford called for approval of the minutes of the January 9, 2014 regular meeting of the Board. On motion of Trustee Shultz, seconded by Trustee Bechtle, the minutes were unanimously approved.

PRESIDENT'S REPORT

Vice President Bashford reported that he was chairing today's meeting in place of President Myatt who is honoring Gold Star parents at the Marines Memorial today.

MANAGING DIRECTOR'S REPORT

Rental Requests: Ms. Murray reported there is one rental request from Live Nation Worldwide to present three shows of Aziz Ansari, comedian, in Davies Symphony Hall in April 2014. She noted that since the initial request, Live Nation has requested to add a fourth show. Ms. Murray requested approval of the rental request with the adjusted number of performances and adjusted rental fee. On motion of Trustee Lui, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 14-05

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that the following rental request is hereby approved:

LOUISE M. DAVIES SYMPHONY HALL

Live Nation Worldwide	April 2 & 3, 2014	\$10,000.00 vs. 10%
Aziz Ansari (four shows)		\$27,000.00 maximum

SECRETARY'S REPORT

Revenue, Appropriations and Housekeeping Expenditures Reports for January 2014: Ms. Norris referred to the Revenue, Appropriations, and Housekeeping Expenditures Reports for January 2014, and requested

approval of January housekeeping expenditures as submitted. On motion of Trustee Shultz, seconded by Trustee Moscone, the following resolution was unanimously adopted:

RESOLUTION NO. 14-06

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM 140120 through WM 140139 are hereby approved.

Annual Statements of Economic Interest: Ms. Norris reminded Trustees that all members of City boards and commissions must file Annual Statements of Economic Interests and Sunshine Ordinance/Ethics Declarations with the Ethics Commissions no later than April 1, 2014. She stated that public officials are required to receive annual training on open meetings, conflict of interest and ethics laws, and noted the City Attorney's Office has scheduled Sunshine Ordinance & Ethics Training on Tuesday, February 25, from 6:00 p.m. to 8:00 p.m., at Nourse Theatre. Ms. Norris noted that while Ethics Training Certificates and Sunshine Ordinance Declarations continue to be filed in paper form, Trustees must now file their Form 700 Statement of Economic Interests for the State of California online.

COMMITTEE REPORTS

Veterans Building Project Committee:

Memorandum of Understanding between War Memorial and San Francisco Opera: Trustee Horn, Chair of the Veterans Building Project Committee, reported the Committee met on February 13, 2014, to consider and adopt recommendations on the Memorandum of Understanding between the War Memorial and San Francisco Opera concerning the San Francisco Opera's development and lease of Veterans Building space.

Trustee Horn recapped that over a three-year period from 2007 to 2010, the War Memorial Board of Trustees, through its Veterans Building Project Committee, held a series of hearings to review, develop and consider proposals and plans for Veterans Building space programming and utilization following the building's seismic retrofit. Following these hearings, the Committee's recommendations were presented to and approved by the full War Memorial Board of Trustees.

Trustee Horn stated that on July 10, 2010, the Trustees adopted Resolution No. 10-25, approving in concept the San Francisco Opera's proposal to develop and utilize Veterans Building space in the basement and on the 4th floor; and authorizing the Opera and War Memorial to develop terms and conditions of a potential Memorandum of Understanding between the Opera and War Memorial regarding the Opera's development and lease of Veterans Building space.

Trustee Horn reminded Trustees that the approved Opera proposal provides for the Opera to expend approximately \$18 million in private funds to build-out spaces in the Veterans Building including basement costume shop space, 4th floor Opera office space, and approximately 12,100 square feet of space on the 4th floor for two new rehearsal/event spaces, which spaces will be rented by the Opera for 6 months of the year, and will be available for rental or use by other organizations during the other 6 months of the year.

Trustee Horn stated that during the Committee meeting, Managing Director Beth Murray reviewed the terms and conditions contained in the draft Letter of Intent between the Opera and War Memorial. Following discussion, the Committee voted unanimously to recommend approval of the draft Letter of Intent between the San Francisco Opera Association and the War Memorial Board of Trustees concerning the Opera's development and lease of Veterans Building space.

Trustee Horn moved the approval of the report and recommendation of the Veterans Building Project Committee. Trustee Shultz seconded the motion.

During public comment, Nelson Lum, Chair of the American Legion War Memorial Commission, objected to the Trustees entering into the Letter of Intent, stating that the Opera is not a beneficiary of the War Memorial Trust under which the Trustees must manage the Veterans Building. Mr. Lum requested Trustees defer action

on this matter until American Legion War Memorial Commission lawyers can meet with the Trustees' lawyers and representatives to discuss these matters.

Following public comment, the following resolution was unanimously adopted:

RESOLUTION NO. 14-07

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby adopts the report and recommendation of its Veterans Building Project Committee and approves the Letter of Intent between the San Francisco Opera Association and the War Memorial Board of Trustees concerning the Opera's development and lease of Veterans Building space.

Veterans Building Seismic Upgrade and Improvements Project: Trustee Horn stated that on January 14, there was a second partnering session attended by representatives of the Veterans Building general contractor, subcontractors, design team and owner. He said that these partnering sessions, which are planned to take place every six months during the course of the project, provide an opportunity for participants to understand how their specific work fits into the global project and help flush out problems or other issues that bear on the timely and successful completion of the project.

Trustee Horn reported on two Veterans Building construction site tours since the last meeting of the Board. He stated that demolition has now been completed in the basement and the first two new shotcrete walls have gone up. Demolition and hazardous materials abatement continues throughout the rest of the building and as demolition is completed on the upper floors, shotcrete walls will go up throughout the building. He stated that the general contractor has focused a great deal of attention on protecting the Brangwyn murals in the Herbst Theatre from any impact of the installation of shotcrete walls on the backside of the mural walls. Trustee Horn stated that hazardous materials abatement is now complete in the boiler room and the two enormous water tanks have been removed as they are no longer necessary. The boilers will be fully retrofitted one by one so as not to disrupt service to the Opera House.

Trustee Horn reported that on the most recent tour, they were taken up to the attic via the exterior hoist on the Franklin Street side of the building. This provided a great view of the parking lot excavation for the new PG&E vault. Trustee Horn stated that touring the attic space shows the complexity of the building including the deteriorated skylight system that will be replaced.

Ms. Murray reported that on January 28, 2014, the Board of Supervisors adopted the resolution authorizing the City's Director of Property to sell up to 1.1 million square feet of Transferable Development Rights ("TDR") from the War Memorial Complex. She stated it is planned that revenue generated from the sale of War Memorial TDR will be used to offset the current Veterans Building Seismic Upgrade Project deficit projected at \$14.5 million. Prior to the Director of Property initiating TDR sales, the Planning Department must complete their certification of the eligibility and amount of War Memorial TDR, which certification process should be done by the end of February. Ms. Murray stated that because it is expected that TDR sales will be done over a number of years, staff is working with DPW and the Mayor's budget office to develop a cash flow plan that will allow the project to continue prior to TDR revenue being received.

Budget and Finance Committee:

Trustee Davis, Chair of the Budget and Finance Committee, reported that the Committee met prior to this meeting to consider and adopt recommendations on two items:

Proposed Rental Rates for Fiscal Year 2014-15: Trustee Davis reported that the Committee considered staff's proposed rental rate increases in various fee categories, which average approximately 5.4%, and which are expected to generate \$77,000 in additional net earned revenue for Fiscal Year 2014-15. She stated that following review, the Committee voted unanimously to recommend approval of the proposed rental rates for Fiscal Year 2014-15 as presented by staff.

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

RESOLUTION NO. 14-08

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 Fiscal Year 2014-15 rental rates as proposed by staff.

War Memorial Department Budgets for Fiscal Years 2014-2015 and 2015-16: Trustee Davis stated that the Budget and Finance Committee reviewed staff's proposed departmental budgets for Fiscal Years 2014-15 and 2015-16. She reported that following discussion, the Committee voted unanimously to recommend to the full Board that the War Memorial Departmental Budget Requests for Fiscal Years 2014-15 and 2015-16 as proposed by staff be approved.

On a motion of Trustee Lui, seconded by Trustee Horn, the following resolution was unanimously adopted:

RESOLUTION NO. 14-09

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 Fiscal Year 2014-15 and Fiscal Year 2015-16 Departmental Budgets as presented by staff.

REGULAR ITEMS

San Francisco Opera - Request to install banners on the Opera House loggia for the 2014 San Francisco Opera Summer Season: Vice President Bashford stated that Trustees received the letter from the San Francisco Opera requesting permission to install exterior banners on the Opera House loggia for the 2014 Opera Summer Season, from May 12 through July 14, 2014. He stated that the Opera has provided photo renderings of the proposed banners which will be the same size as the current Ballet banners. Following discussion, and on motion of Trustee Bechtle, seconded by Trustee Shultz, the following resolution was unanimously adopted:

RESOLUTION NO. 14-10

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the San Francisco Opera's request to install banners on the Opera House loggia for the 2014 San Francisco Opera Summer Season from May 12 through July 14, 2014.

San Francisco Symphony - Request to install a Meyer Constellation acoustic architecture system in Zellerbach Rehearsal Hall Room A: Vice President Bashford stated that Trustees received the letter from the San Francisco Symphony requesting authorization to install a Meyer Constellation sound system in Zellerbach Rehearsal Hall Room A. Ms. Murray stated that the Constellation System is a very specialized system consisting of a series of microphones and small speakers that are installed throughout the venue enabling the acoustic properties of the space to be modified to fit different activities. She said the Symphony will expend approximately \$700,00 for the Constellation System and that the System will be owned and maintained by the Symphony and will be available for rental use by other users of Zellerbach Room A. Ms. Murray stated that the Symphony has, with the approval of the Trustees, implemented several other improvements in Zellerbach Rehearsal Hall Room A to make it possible to present public programs in the space. She said that staff is recommending approval of this request which will make Zellerbach Rehearsal Hall Room A much more suitable and versatile for various activities.

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

RESOLUTION NO. 14-11

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the San Francisco Symphony's request to install a Meyer Constellation sound system in Zellerbach Rehearsal Hall Room A.

San Francisco Symphony - Request to install Symphony Season subscription graphics in Davies Symphony Hall for the period February 26, 2014 to May 30, 2014: Vice President Bashford stated that Trustees have received the letter and photo renderings package from the San Francisco Symphony requesting to install subscription graphics in Davies Symphony Hall for the period February 26 to May 30, 2014.

Ms. Murray stated that this year's Symphony proposal for 2014/15 season subscription graphics includes:

- Super-graffic over the Grove Street Terrace entrance to the Davies Symphony Hall depicting Symphony Music Director Michael Tilson Thomas;
- Horizontal door banners on all Grove Street and Van Ness Avenue entrance doors;
- Column wraps around Orchestra Level columns;
- Table tents on lobby café tables.

Ms. Murray stated that staff has reviewed the proposal and recommends that any approval include the proviso that the Symphony will be responsible for any damage to light fixtures from the installation of wraps on the orchestra level columns.

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

RESOLUTION NO. 14-12

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the San Francisco Symphony's request to install subscription graphics in Davies Symphony Hall for the period February 26, 2014 to May 30, 2014, provided that the Symphony is responsible for any damage that may be caused from graphics' installation or deinstallation.

Disclosure of advice to the Board of Trustees from the City Attorney on the proposed Opera lease of space in the War Memorial Veterans Building: Ms. Murray stated that to assist the Board in considering issues related to the proposed Letter of Intent between the Opera and the War Memorial concerning the Opera's development and lease of Veterans Building space, staff requested and received an advice memorandum from the City Attorney entitled "Proposed Opera Lease of Space in the War Memorial Veterans Building." As is the case with all advice memoranda issued by the City Attorney, this memorandum was issued to the Trustees as a privileged and confidential communication. Ms. Murray stated that to assure transparency in the War Memorial's consideration of this issue, staff is recommending the Trustees take action to waive confidentiality and release this advice memorandum to members of the public.

On a motion of Trustee Lui, seconded by Trustee Shultz, the following resolution was unanimously adopted:

RESOLUTION NO. 14-13

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby waives the confidentiality of the advice memorandum issued by the City Attorney regarding "Proposed Opera Lease of space in the War Memorial Veterans Building," and approves releasing the advice memorandum to members of the public.

MISCELLANEOUS CORRESPONDENCE

Letter from DLA Piper LLP representing American Legion War Memorial Commission: Vice President Bashford stated that Trustees received the letter from DLA Piper LLP, representing the American Legion War Memorial Commission, with respect to the rights of the San Francisco Posts of the American Legion as

beneficiaries under the War Memorial Trust Agreement. Vice President Bashford reported that upon receipt of this letter, it was referred to the Trustees' legal counsel, the Office of the City Attorney.

During public comment, Nelson Lum, chair of the American Legion War Memorial Commission, stated that the Commission is in the process of responding to the letter that was sent by President Myatt to set up a meeting time for the City Attorney and the legal representative of the American Legion War Memorial Commission.

PUBLIC COMMENT

Michael Petralis, Gays without Borders, requested that on Monday, March 3, the War Memorial fly the Rainbow flag as a response to the presentation of the St. Petersburg Philharmonic taking place that evening in Davies Symphony Hall.

Nelson Lum, Chair of the American Legion War Memorial Commission, expressed appreciation to General Myatt and Trustee Lui for their assistance in helping Major Kurt Lee to be a Honorary Marshall in the Chinese New Year Parade.

GOOD AND WELFARE

Vice President Bashford congratulated Trustee Stafford and his wife on the birth of their daughter.

ADJOURNMENT

There being no further business, Vice President Bashford adjourned the meeting at 2:45 pm.

Jennifer E. Norris
Executive Secretary