

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
BUDGET AND FINANCE COMMITTEE MEETING

Thursday, September 9, 2015

The Budget and Finance Committee of the Board of Trustees of the War Memorial of San Francisco met at 1:00 p.m. on Wednesday, September 9, 2015, in the Trustees' Board Room, War Memorial Opera House, Committee Chair Lui, presiding.

ROLL CALL

Present: Chair Lui, Trustee Bechtle, Trustee Davis, Trustee Myatt, Vice President Horn, *Ex officio*

Absent: Trustee Moscone, President Bashford, *Ex officio*,

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

Proposed Renewal of Agreement with American Legion War Memorial Commission:

Trustee Lui, Chair of the Budget and Finance Committee, stated that in advance of today's meeting, Committee members received several documents, including the proposed renewal agreement between the War Memorial Board of Trustees and the American Legion War Memorial Commission, the history of sums paid by the Trustees to the Commission since the original 1977 agreement, and the Commission's Office Budgets for the balance of calendar year 2015 and for calendar year 2016.

Chair Lui stated that the renewal agreement under consideration stems from the 1977 transfer of management and control of what is now the Herbst Theatre and the Green Room from the Commission to the Trustees, and the Commission's relinquishing basement rooms #1 and #2 to the Museum of Modern Art, in exchange for a more assured source of income to help cover the Commission's office expenses related to administering Veterans Building space allocated for veterans' use. Chair Lui stated that each of the original 1977 agreement and 15 subsequent renewal agreements specified an annual sum to be paid by the Trustees to the Commission from Herbst Theatre rental revenues based on the Commission's needs and requirements at the time.

Chair Lui noted that the last renewal agreement covered the 18-month period from January 1, 2012 to June 30, 2013. The agreement was not renewed for the 26-month Veterans Building construction period from July 1, 2013 to August 31, 2015, as there were no Herbst Theatre rental revenues during that period from which to pay the Commission.

War Memorial Managing Director Beth Murray reviewed the documents provided to the Budget and Finance Committee and stated the following:

- The proposed renewal agreement is the same as the previous renewal except for the dates of the agreement term and the amounts to be paid by the Trustees to the Commission. Consistent with prior renewal agreements, the agreement includes several other provisions:
 - That the Commission will provide the War Memorial a monthly income and expenditure statement;
 - That the Commission will provide advance written notice to the War Memorial before entering into any contract that requires expenditures by the Commission that are supported by sums paid to the Commission by the Trustees; and
 - That at the sole discretion of the Trustees, the Commission shall be granted the use of the Veterans Building Green Room without rental charge.
- The term of the proposed renewal agreement is for 16 months from September 1, 2015 to December 31, 2016, the balance of calendar year 2015 and all of calendar 2016.

- The American Legion War Memorial Commission 2015 and 2016 Office Budgets show the following:
 - Based on the Veterans Building square footage allocated to the San Francisco American Legion Posts, and based upon the per square foot cost to operate the Veterans Building, the War Memorial is providing in-kind support to the San Francisco American Legion Posts of \$28,328 per month or \$339,941 per year.
 - The War Memorial Commission's projected office expenses for the remaining four months of calendar year 2015 total \$2,981 per month. This amount is offset by a monthly contribution of \$200 from the American Legion Department of California Auxiliary. Thus, the Commission is requesting a monthly sum to be paid by the Trustees of \$2,781 for the remaining four months of calendar year 2015.
 - The Commission's projected office expenses for calendar year 2016 total \$2,967 per month. This amount is offset by a monthly contribution of \$250 from the American Legion Department of California Auxiliary. Thus, the Commission is requesting a sum to be paid by the Trustees of \$2,718 per month or a total of \$32,616 for calendar year 2016.
 - Ms. Murray noted one uncertainty in the Commission's projected budget, that being the cost of liability insurance. The Commission's budget shows an estimated cost of \$2,400 per year for liability insurance. The Commission is currently obtaining cost estimates for such insurance and should have that cost in the next two weeks. If the cost of insurance should be materially different from the cost estimate of \$2,400 per year, that may increase or decrease the necessary monthly payment from the Trustees to the Commission. Staff would like to have the authority to adjust the amount to be paid to the Commission by the Trustees under the renewal agreement accordingly.
- Ms. Murray stated that staff is recommending approval of the proposed 16-month renewal agreement between the War Memorial Board of Trustees and the American Legion War Memorial Commission with monthly payments from the Trustees to the Commission of \$2,781 for the balance of 2015, and \$2,718 for calendar year 2016, such amounts to be adjusted by staff if necessary based on the cost of the Commission's liability insurance.

Paul Cox, Chair of the American Legion War Memorial Commission, addressed the Trustees and stated there is no guarantee that the American Legion Department of California Auxiliary will increase their monthly contribution to the Commission from \$200 to \$250 in 2016. He therefore asked the War Memorial Board of Trustees to provide an additional \$50 per month to the 2016 payment to be made to the Commission, increasing the 2016 monthly payment from \$2,718 to \$2,768.

Following discussion, and on motion of Trustee Bechtel, seconded by Trustee Myatt, the following recommendation was unanimously adopted:

RECOMMENDED, To the Board of Trustees of the War Memorial of San Francisco that it approve the proposed 16-month renewal agreement between the War Memorial Board of Trustees and the American Legion War Memorial Commission from September 1, 2015 to December 31, 2016, with monthly payments from the Trustees to the Commission of \$2,781 for the remaining four months of 2015, and \$2,768 for calendar year 2016, such amounts to be adjusted by staff if necessary based on the cost of the Commission's liability insurance.

ADJOURNMENT

There being no further business, Chair Lui adjourned the meeting at 1:15 p.m.

Jennifer E. Norris
Executive Secretary