

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR MONTHLY MEETING

Thursday, December 9, 2010

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:00 p.m. on Thursday, December 9, 2010, in the Trustees' Board Room, War Memorial Opera House, President Bechtle presiding.

ROLL CALL

Present: President Bechtle, Vice President Shultz, Trustee Bashford, Trustee Davis, Trustee Horn, Trustee Jarman, Trustee Myatt, Trustee Stafford, Trustee Wilsey;

Absent: Trustee Moscone, Trustee Pelosi.

Staff Present: Elizabeth Murray, Managing Director
Jennifer Norris, Assistant Managing Director/Executive Secretary

APPROVAL OF MINUTES

President Bechtle called for approval of the minutes of the October 14, 2010 regular meeting of the Board. On motion of Trustee Myatt, seconded by Vice President Shultz, the minutes were unanimously approved.

President Bechtle called for approval of the minutes of the October 14, 2010 meeting of the Budget and Finance Committee of the Board. On motion of Vice President Shultz, seconded by Trustee Horn, the minutes were unanimously approved.

PRESIDENT'S REPORT

Trustee Reappointments: President Bechtle reported that Mayor Newsom has reappointed five members of the Board of Trustees for four-year terms, Trustees Davis, Horn, Jarman, Myatt and Stafford. She stated that the continuing contributions of reappointed Trustees will be greatly valued during the next few years as the Board undertakes the Veterans Building Seismic Upgrade Project and faces continuing budget and operational challenges. On behalf of the Board, President Bechtle extended congratulations to reappointed Trustees.

Opera and Ballet Seasons: President Bechtle stated that the San Francisco Opera concluded the fall portion of its 2010-11 season on December 5, 2010, and she extended congratulations to the Opera on a superb season. President Bechtle stated that the San Francisco Ballet will open its 2010 *Nutcracker* Season in the Opera House this evening, December 9, and will present 31 performances through December 27, 2010. On behalf of the Board, President Bechtle extended best wishes to the Ballet for a successful *Nutcracker* Season.

San Francisco Veterans Memorial – Selection of Finalists: President Bechtle reported that the San Francisco Veterans Memorial Project Committee held a Press Event on November 10, 2010, to announce the three finalist artist teams selected to prepare design proposals for the San Francisco Veterans Memorial. The Press Event, held in the Memorial Court, was attended by over 150 people, and the three artist teams had an opportunity to meet the press and the public. President Bechtle stated that a slide presentation on the three finalist artist teams will be presented to the Trustees at the January 2011 meeting.

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 Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 10-44

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 Ballet 2011 Repertory Season	January 18 – May 8, 2011	\$135,700.00
Knobbe Martens LLP Lobby Reception	May 14, 2011	\$6,500.00
National Public Radio “Wait, Wait...Don’t Tell Me!”	July 14, 2011	\$2,500.00 vs. 10% \$4,500.00 maximum
Youth Speaks International Poetry Slam Festival	July 23, 2011	\$2,500.00 vs. 10% \$4,500.00 maximum

LOUISE M. DAVIES SYMPHONY HALL

San Francisco Symphony Centennial Campaign Celebration Reception in Lobby And Dinner in Zellerbach Rehearsal Hall	December 6, 2010	\$1,085.00 + catering % (Catering exemption #1)
San Francisco Symphony 2010-2011 Season (Partial)	February 1 – May 31, 2011	\$139,950.00 vs. 10% \$155,950.00 maximum
San Francisco Symphony Maestro Circle Event & Reception in Lobby	March 1, 2011	\$1,300.00 + catering % (Catering exemption #2)
Miller Thompson LLP Lobby Reception	May 17, 2011	\$6,500.00
Youth Speaks Poetry Slam Grand Finals	May 20, 2011	\$2,500.00 vs. 10% \$4,500.00 maximum
SFJAZZ 2011 Spring Season	April 22, 23, 2011 May 19, 27, 28, 2011 June 10, 2011	\$15,000.00 vs 10% \$27,000.00 maximum
Cathay Bank Foundation Rueibin Chen Piano Recital	August 6, 2011	\$2,500.00 vs. 10% \$4,500.00 maximum

HERBST THEATRE

State Compensation Insurance Fund Employee Meeting	December 7, 2010	\$550.00
---	------------------	----------

World Affairs Council James D. Wolfensohn	January 11, 2011	\$800.00
Youth Speaks 14 th Annual Bring in the Noise for Dr. Martin Luther King, Jr.	January 17, 2011	\$1,225.00
SFJAZZ 2011 Spring Season	March 5, 11, 13, 20, 2011 April 2, 15, 17, 2011 May 6, 21, 2011 June 3, 5, 17, 18, 19, 25, 2011	\$13,100.00
Four Seasons Arts, Inc. Thomas Buckner	March 6, 2011	\$800.00
Vassar College Sesquicentennial Celebration	March 10, 2011	\$800.00
Women's Media Center Women's Media Center Benefit with Gloria Steinem and Friends	March 31, 2011	\$800.00
International Studies Academy Graduation Ceremony	March 25, 2011	\$550.00
City Arts & Lectures Spelling Bee for Cheaters	February 17, 2011	\$800.00
Theatre Bay Area Annual Conference	May 23, 2011	\$550.00
Earplay Concert	June 1, 2011	\$800.00
Instituto Familiar de la Raza Miss & Mr. Safe Latino 2011	June 23, 2011	\$800.00
SF Opera Guild Summer Conservatory Performance	July 8, 2011	\$800.00
Seiha USA Concert of Traditional Japanese Music	July 9, 10, 2011	\$2,350.00
Merola Opera Program The Barber of Seville	July 25 – August 8, 2011	\$10,400.00

Final Report of Revenue and Expenditures for FY 2009-10: Ms. Murray stated that Trustees received a copy of the Final Report of War Memorial Revenue and Expenditures for FY 2009-10. She commented on several noteworthy areas as follows:

- **Earned Revenue:** FY 2009-10 actual earned revenue from facility and equipment rental fees, and food, beverage and program concessions, totaled \$2.185 million, exceeding budgeted earned revenue by \$290,000. Increased revenues were largely due to significant increases in outside rentals of the Opera House and Davies Symphony Hall from aggressive booking by Booking Administrator Stephanie Smith.

- **Hotel Tax Revenue:** Hotel Tax Revenue for FY 2009-10 was capped at the flat amount approved by the Mayor and Board of Supervisors, which amount was \$1.887 million below the amount of the War Memorial's FY 2009-10 hotel tax allocation per the Municipal Code.
- **Operating Expenditures:** Total actual operating expenditures for FY 2009-10 were below budgeted expenditures by \$1.1 million. Almost half of this under-expenditure, or \$505,000 in savings, was due to staff's successful challenge of the Controller's "City Overhead" charge to the War Memorial, which reduced the FY 2009-10 Overhead charge from \$886,000 to \$381,000. Other significant under-expenditures were in Permanent Salaries – due to several longer than expected position vacancies, and in Services of Other Departments – due to GSA's re-calculation of custodial charges.
- **War Memorial Fund Balance:** The War Memorial's Unappropriated Fund Balance at the end of FY 2008-09 was \$2.4 million. The FY 2009-10 budget included use of \$1.4 from the Fund Balance to balance the budget, leaving an adjusted starting Fund Balance of \$1.033 million. FY 2009-10 revenues exceeding budget of \$290,000 and expenditures below budget of \$1.1 million resulted in \$1.4 million in savings, thus restoring the Fund Balance to \$2.471 million at the end of FY 2009-10. The War Memorial's FY 2010-11 budget required use of \$1.059 from the Fund Balance to balance the FY budget, leaving a current Fund Balance of \$1.411 million.

Ms. Murray noted that as a special fund department, the War Memorial must fully fund all annual operating and capital expenditures within its special revenue fund capacity. It is therefore incumbent upon the War Memorial to accrue funds in its Fund Balance for subsequent years' capital projects – which projects cannot be funded within one year's revenue capacity.

In discussion, President Bechtle inquired about the status and impact of the transfer of War Memorial custodial positions to the Real Estate Division of the General Services Agency that was implemented in the FY 2009-10 budget. Ms. Murray stated that the transfer has created a number of operational inefficiencies and problems such as Real Estate custodians no longer doing tasks that were performed by War Memorial custodians for many years, not having flexibility to schedule certain custodial tasks to best meet our needs and event schedules, and on-going confusion and disagreements concerning responsibility for certain services, equipment and supplies. Ms. Murray stated that the cost to the War Memorial for custodial services provided by Real Estate is less because it is based on Real Estate's plan to contract out custodial services. However, because the Board of Supervisors disapproved Real Estate's plan to contract out custodial services both in the FY 2009-10 and FY 2010-11 budgets, the General Fund has had to cover the difference in cost. Thus, the transfer of War Memorial custodial positions has provided no real savings to the City. President Bechtle and Vice President Shultz instructed staff to make sure the Mayor's office is aware that the War Memorial has not received the same level of custodial service under Real Estate and would like to see custodial employees transferred back to the War Memorial.

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

RESOLUTION NO. 10-45

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 2009-10.

SECRETARY'S REPORT

Revenue, Appropriations and Status of Building Projects Reports for October 2010: Ms. Norris referred to the Revenue, Appropriations, and Status of Building Projects Reports for October 2010, and requested a resolution to approve housekeeping expenditures as submitted. On motion of Trustee Myatt, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 10-46

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM11091 through WM11125 and Interdepartmental Work Order No. WM11007 are hereby approved.

Revenue, Appropriations and Status of Building Projects Reports for November 2010: Ms. Norris referred to the Revenue, Appropriations, and Status of Building Projects Reports for November 2010, and requested a resolution to approve housekeeping expenditures as submitted. On motion of Trustee Wilsey, seconded by Trustee Myatt, the following resolution was unanimously adopted:

RESOLUTION NO. 10-47

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. WM11126 through WM11150 are hereby approved.

REGULAR ITEMS

Proposed Civic Center Community Benefit District – Casting of Ballots: President Bechtle stated that at the October 14 meeting of the Board, the Trustees approved the War Memorial's casting of petitions in the affirmative for formation of the proposed Civic Center Community Benefit District on behalf of the City and County of San Francisco for the parcels of real property under the exclusive jurisdiction of the War Memorial Board of Trustees.

President Bechtle referred to materials mailed to Trustees in advance of today's meeting, which note that the petition phase of the proposed Civic Center CBD resulted in 30.27% of total property assessments in favor of forming the CBD, slightly over the 30% threshold needed to trigger the ballot phase. She stated that ballots have now been mailed to all property owners in the proposed Civic Center CBD, and completed ballots must be returned no later than January 4, 2011. President Bechtle said that on January 4, 2011, there will be a final public hearing before the Board of Supervisors at which time ballots will be counted. If weighted ballots in opposition to the CBD exceed ballots in favor, the CBD will not be approved. If 50% or more weighted ballots are in favor of the CBD, the Board of Supervisors may vote to approve the establishment of the district.

President Bechtle reminded Trustees that at the October 14 Board meeting, Trustee Davis, Budget and Finance Committee Chair, reported that under the proposed Civic Center CBD, the assessment to the War Memorial for the first year beginning July 1, 2011 would be \$56,252, and that subsequent assessments during the 10-year CBD period would be subject to annual adjustment by an amount not to exceed the annual CPI or 3%, whichever is less. In October, Trustee Davis reported that to cover this new annual cost, the War Memorial would need to increase all facility and office rental rates by approximately 3% effective July 1, 2011. It was also reported that each of the War Memorial's resident licensees, the San Francisco Ballet, Opera and Symphony, were in support of the proposed CBD formation and acknowledged the corresponding financial impact on their rental fees to cover the War Memorial's annual CBD assessment.

President Bechtle stated that the Board of Trustees must now cast its vote in the ballot phase of the CBD formation for the parcels of real property under the exclusive jurisdiction of the Board of Trustees.

During discussion, Lisa Pagan of the Mayor's Office of Economic Development briefly recapped some of the services to be provided under the proposed Civic Center Community Benefit District.

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

RESOLUTION NO. 10-48

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the casting of ballots in the affirmative for formation of the proposed Civic Center Community Benefit District on behalf of the City and County of San Francisco for the parcels of real

property under the exclusive jurisdiction of the War Memorial Board of Trustees, and hereby authorizes its President to so complete and sign the War Memorial ballots to establish the proposed Civic Center Community Benefit District.

Patina Catering request to increase pricing for selected beverage concession items: President Bechtle stated that Trustees have received the letter from Garo Eldemir, General Manager of Patina Catering at the War Memorial, requesting price increases effective January 1, 2011, in two beverage categories: 1) For sparkling wine by the glass, an increase from \$10 to \$11; and 2) For premium liquor drinks, an increase from \$11 to \$13. President Bechtle said that Mr. Eldemir's letter outlines some of Patina's operating cost increases which these price increases will help mitigate, including sales tax increase, minimum wage increases, management healthcare and 2% food cost increase. She noted that Trustees have also received a chart of Patina's pricing from 1998-2011, and staff's price comparison of selected beverage items.

Ms. Murray informed Trustees that staff received a memo from Andrew Dubowski, Director of Operations for the San Francisco Symphony, requesting that the price of champagne remain at \$10.00 per glass at Davies Symphony Hall. In discussion, representatives from the San Francisco Opera and San Francisco Ballet stated no opposition to the price increases proposed by Patina. Trustee Horn and Trustee Stafford stated their preference that beverage pricing be consistent in the War Memorial venues.

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

RESOLUTION NO. 10-49

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the request of Patina Catering to increase prices for sparkling wine by the glass and premium liquor drinks effective January 1, 2011.

Patina Catering proposal for improvements to Opera House orchestra level intermission bars: President Bechtle stated that Trustees received the memo from Garo Eldemir, General Manager of Patina Catering at the War Memorial, proposing to implement upgrades to Opera House orchestra level intermission bars in continuation of Patina's investment obligations under its concession agreement with the War Memorial. She said that Mr. Eldemir's memo describes the proposed replacement of current intermission bar tables with new "push cart" elements designed to better fit with the main lobby aesthetics and which are portable for easy removal when required. President Bechtle stated that Mr. Eldemir advises the preliminary cost estimate for this upgrade is \$26,000.

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

RESOLUTION NO. 10-50

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it hereby approves the proposal of Patina Catering proposal to implement improvements to Opera House orchestra level intermission bars as part of its contractual investment for improvements.

Election of Officers for 2011: President Bechtle opened the floor to nominations for the office of President of the War Memorial Board of Trustees for 2011.

Trustee Horn nominated Charlotte M. Shultz for the office of President of the War Memorial Board of Trustees for 2011. Trustee Horn stated that Trustee Shultz's commitment and dedication to the War Memorial and Performing Arts Center is undisputed and unrivaled, and her experience and leadership will be of great value as we move into the next phase of the Veterans Building Seismic Upgrade project. This nomination was seconded by Trustee Bashford, and unanimously adopted as follows:

RESOLUTION NO. 10-51

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that nominations for the office of President of the Board of Trustees for 2011 are hereby closed; and further,

RESOLVED, That this Board unanimously elects Charlotte M. Shultz as its President for 2011.

President Bechtle opened the floor to nominations for the office of Vice President of the War Memorial Board of Trustees for 2011.

Trustee Bashford nominated General J. Michael Myatt for the office of Vice President of the Board of Trustees for 2011. Trustee Bashford stated that since Trustee Myatt joined the Board of Trustees he has become an integral member of the Board and has earned the respect of all who have come in contact with him. Trustee Bashford said he is confident that the team of Charlotte Shultz and General Myatt will successfully lead the Board through its upcoming projects and challenges. The nomination was seconded by Trustee Wilsey, and unanimously adopted as follows:

RESOLUTION NO. 10-52

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that nominations for the office of Vice President of the Board of Trustees for 2011 are hereby closed; and further,

RESOLVED, That this Board unanimously elects General J. Michael Myatt as its Vice President for 2011.

President Bechtle stated that it has been her great pleasure to serve as President of the Board of Trustees for the past two years, and she thanked the Trustees for their continued support, motivation and hard work in addressing current and upcoming challenges.

GOOD AND WELFARE

Vice President Shultz acknowledged and thanked Trustee Bechtle for her outstanding service as President of the Board of Trustees for the past two years, and she commented on the Board's many accomplishments in the last two years achieved under the leadership of President Bechtle.

MISCELLANEOUS CORRESPONDENCE**Correspondence with American Legion War Memorial Commission regarding Veterans Building**

Planning: President Bechtle stated that Trustees have received a copy of the letter from Roger Dong, Chair of the American Legion War Memorial Commission, regarding Veterans Building planning, and a copy of her letter of November 23, 2010 to Mr. Dong in response to his correspondence. President Bechtle stated that as the War Memorial moves forward on the very important Veterans Building Seismic Retrofit Project, the War Memorial Board and staff will continue to work with the American Legion War Memorial Commission, other Trust beneficiaries, stakeholders and the public to insure the best outcome of this project.

John Forrett, District Commander for the 8th District of the American Legion, stated that the American Legion War Memorial Commission was pleased the Trustees responded to their letter so quickly and that the Commission wants to work with the War Memorial on Veterans Building space planning issues.

ADJOURNMENT

There being no further business, President Bechtle adjourned the meeting at 3:00 p.m.

Jennifer E. Norris
Executive Secretary