

**MINUTES**  
**WAR MEMORIAL BOARD OF TRUSTEES**  
**BUDGET AND FINANCE COMMITTEE MEETING**

**Wednesday, December 9, 2015**

The Budget and Finance Committee of the Board of Trustees of the War Memorial of San Francisco met at 3:00 p.m. on Wednesday, December 9, 2015, in the Trustees' Board Room, War Memorial Opera House, Vice President Horn presiding.

**ROLL CALL**

Committee Members Present: Trustee Bechtle, Trustee Davis, Trustee Moscone, Trustee Myatt, Vice President Horn, *Ex officio*

Committee Members Absent: Trustee Lui

Non-Committee Trustees Present: Trustee Wilsey

Staff Present: Elizabeth Murray, Managing Director

**REGULAR ITEMS**

**Lease Agreement between War Memorial and San Francisco Opera Association for Opera's lease of space in the War Memorial Veterans Building:**

Vice President Horn, acting Chair of the Budget and Finance Committee, stated that in February 2014, the Board of Trustees approved the Letter of Intent between the San Francisco Opera Association and the War Memorial concerning the Opera's development and lease of Veterans Building space. The Letter of Intent set forth the Opera's planned improvements to the basement and 4<sup>th</sup> floor of the Veterans Building and outlined the provisions to be included in a subsequent lease between the Opera and War Memorial.

Vice President Horn stated that in advance of today's meeting, Committee members received the "Basic Lease Information" section of the draft Lease Agreement between the War Memorial and the Opera for the Opera's lease of space in the Veterans Building. The lease agreement incorporates all provisions previously agreed upon in the Letter of Intent and includes all required provisions for leases with the City and County of San Francisco.

Vice President Horn asked Beth Murray to review the major lease provisions. Ms. Murray referred to the "Basic Lease Information" section of the lease which includes all significant elements of the lease. She also referred to diagrams indicating which spaces the Opera will occupy on an exclusive basis and which spaces the Opera will occupy on a non-exclusive or shared basis.

Ms. Murray said that as stated in the Letter of Intent, the Opera's Veterans Building lease is for a term of 30 years, estimated to commence on December 14, 2015 and to expire on March 31, 2045. The Opera plans to move-in to its Veterans Building spaces on a phased schedule: costume shop move-in during December 2015 and office move-in during February 2016. The Opera's first scheduled events in the shared spaces will occur in February 2016.

Ms. Murray stated that the Opera's exclusive premises consist of a total of 26,314 square feet including basement space for costume fitting and storage, and space on the 4<sup>th</sup> floor for offices, costume shop, archives and other administrative uses. The 4<sup>th</sup> floor shared spaces, consisting of a total of 12,063 square feet, will be rented to the Opera for up to six months per year in no more than three contiguous segments. During the other six months of the year, the War Memorial will rent the shared spaces to others. Ms. Murray stated that the Opera will pay to the War Memorial rent for both exclusive and non-exclusive spaces at the rate of \$14.98 per square foot per year, to be adjusted annually by the Board of Trustees, with any such annual adjustment not to exceed 10% per year for the first two years of the lease and not to exceed 6% per year for the remaining term of

the lease. As stated in the Letter of Intent, the Opera will pay no rent for the Opera's first six months of usage of the shared space.

Ms. Murray referenced a noteworthy provision that the Opera may select its own caterer and manage all of its catering and special events within the leased premises subject to the War Memorial's rules and regulations regarding catering and special events.

Ms. Murray thanked the Opera for working through the City's lease negotiations and recognized Deputy City Attorney Richard Handel for his assistance to the War Memorial in drafting the lease.

Vice President Horn called on David Gockley, General Director of the San Francisco Opera, and Mr. Gockley thanked Beth Murray for her assistance during the lease negotiations and stated that the Opera is looking forward to beginning operations in the Veterans Building.

Following discussion, and on motion of Trustee Bechtle, 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 30-year Lease Agreement between the War Memorial and San Francisco Opera Association for the Opera's lease of space in the basement and on the 4<sup>th</sup> floor of the Veterans Building.

### **ADJOURNMENT**

There being no further business, Vice President Horn adjourned the meeting at 3:20 p.m.

Jennifer E. Norris  
Executive Secretary