

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
VETERANS COMMITTEE
Wednesday, October 12, 2016

The Veterans Committee of the Board of Trustees of the War Memorial of San Francisco met at 1:00 p.m. on Wednesday, October 12, 2016, in the Trustees' Board Room, War Memorial Opera House, Committee Chair Myatt, presiding.

ROLL CALL

Present: Chair Myatt, Trustee Davis, Trustee Levin, Trustee Walker, President Horn, *Ex officio*
Absent: Trustee Pelosi, Vice President Bechtle, *Ex officio*
Staff Present: Elizabeth Murray, Managing Director
Jennifer Norris, Assistant Managing Director

REGULAR ITEMS

1. Proposed Renewal of Agreement with American Legion War Memorial Commission:

Chair Myatt stated that in advance of today's meeting, Committee members received documents relating to the proposed renewal of agreement between the War Memorial and American Legion War Memorial Commission under which an annual sum is paid by the War Memorial to the Commission.

By way of background, Chair Myatt 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. Each of the original 1977 agreement and 16 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 Myatt stated that the last renewal agreement covered the 16-month period from September 1, 2015 to December 31, 2016. The Committee will today consider a proposed 17th renewal of the agreement effective January 1, 2017.

Documents distributed to Trustees included a Staff Report, which provides a history of the agreement and staff's recommendation for the January 1, 2017 renewal; the draft two-year renewal agreement; the American Legion War Memorial Commission 2017 and 2018 budget worksheet with staff recommendations; and a history of the sums paid by the Trustees to the Commission.

Chair Myatt asked Managing Director Beth Murray to review and explain the documents provided to the Committee.

Ms. Murray stated that staff is recommending approval of a two-year renewal of the agreement with the American Legion War Memorial Commission for the period January 1, 2017 to December 31, 2018.

Ms. Murray stated that based upon the Commission's proposed operating budgets for 2017 and 2018 as shown on the budget worksheet provided to Committee members, staff is proposing annual sums to be paid by the War Memorial to the Commission of \$35,148 in 2017, and not to exceed \$38,592 in 2018. These direct payments are in addition to in-kind support provided by the War Memorial to the San Francisco American Legion Posts of

\$351,252 per year, representing the costs of utilities and services for the Veterans Building space allocated for use by the American Legion Posts.

Ms. Murray stated that the Commission's operating costs are projected to increase in 2017 and 2018 due to increased staff hours, from 20 to 25 hours per week, and increased staff hourly wage. Other operating line items remain consistent with the Commission's 2016 budget and actual expense. She noted that the Commission's 2017 budget includes a one-time expense of \$2,550 for purchase of 2 desktop computers.

Ms. Murray reported that the draft renewal agreement is largely 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. New language has been added to the draft renewal agreement to provide that:

- 1) the Commission's expenditures of monies from the sums paid by the Trustees shall conform in all respects to the approved budgets, which will be attached to the agreement as an exhibit;
- 2) the Commission shall not make any unbudgeted expenditures from the sums paid by the Trustees without advance written approval of the Trustees; and
- 3) at the end of each year, any unexpended fund balance from the sums paid by the Trustees to the Commission shall be carried forward as revenue to the following year, reducing the sum to be paid to the Commission by the Trustees.

In response to an inquiry from Chair Myatt concerning budgeted versus actual costs, Ms. Murray responded that the funds provided by the War Memorial to the Commission under this agreement are designated to cover specific office expenses outlined in the Commission's budget. If those specific office expenses are lower than what was budgeted, unexpended funds are not intended to be spent for unbudgeted purposes, rather they will roll over as revenue to the next year.

Chair Myatt recognized Paul Cox, Chair of the American Legion War Memorial Commission, to provide any comments to the Committee. Mr. Cox said he has no problem with the rollover of unexpended 2016 funds to support the 2017 budget, but he is concerned about the use of almost all of their fund balance to support the 2017 and 2018 budgets, essentially zeroing out their bank account at the end of each year leaving them with little or no cushion or contingency.

Ms. Murray noted that staff's recommendation does propose using portions of the Commission's \$4,750 fund balance to support their 2017 and 2018 budgets. This will leave an estimated fund balance of \$750 at the end of 2018, which amount is more than sufficient contingency based on the Commission's total annual variable (non-personnel) costs of \$4,323.

In discussion, Chair Myatt asked Mr. Cox if the American Legion War Memorial Commission has other funds or bank accounts. Mr. Cox responded that the American Legion Posts have a second bank account for funds they raise or grants they receive and they use this account to purchase things that are outside of the budget such as the televisions and sound systems they've installed in three of the meeting rooms.

Chair Myatt called for a motion from the Committee. A motion was made by Trustee Levin, seconded by Trustee Davis, to recommend to the full Board of Trustees approval of the two-year renewal agreement with the American Legion War Memorial Commission as proposed by staff effective January 1, 2017.

Chair Myatt called for public comment.

Mr. Paul Cox stated he would ask that the use of fund balance to support the Commission's 2017 and 2018 budget be removed from the budget so the Commission will have \$4-5,000 left over in their bank account.

There being no further public comment, Chair Myatt closed public comment, and he called for a vote on the motion before the Committee.

The following recommendation was unanimously adopted:

RECOMMENDED, To the Board of Trustees of the War Memorial of San Francisco that it approve the proposed Two-Year Renewal of Agreement with the American Legion War Memorial Commission for calendar years 2017 and 2018 as recommended by staff.

2. Proposed Renewal of Agreement with American Legion Veterans Success Center Committee:

Chair Myatt stated that the second item before the Veterans Committee today is the renewal of agreement between the War Memorial and the Veterans Success Center Committee of the American Legion Eighth District Council concerning installation of the Veterans Success Center in the Veterans Building.

Chair Myatt stated that by way of background, in 2011, the Trustees approved the request of the American Legion War Memorial Commission to establish a veterans' resource room in the Veterans Building to provide training and referrals to veterans. This approval was subject to a Memorandum of Understanding outlining responsibility for costs associated with the resource room and requiring indemnification and liability insurance related to activities of the resource room. The Veterans Resource Center – later re-named the Veterans Success Center – operated in the Veterans Building until the building closed for renovation in 2013.

Chair Myatt stated that to clarify the relationship of the various parties, under new constitution and by-laws in 2013, the American Legion Eighth District Council is the umbrella body for the San Francisco American Legion Posts. This Eighth District Council has a number of standing committees including the American Legion War Memorial Commission which oversees the authority and responsibilities given to the Posts under the 1921 Trust Agreement, and the Veterans Success Center Committee whose mission is to provide veterans with necessary resources to successfully transition into civilian life.

Chair Myatt stated that in September 2015, the Veterans Success Center Committee requested to re-install the Veterans Success Center in the Veterans Building, and the Trustees approved such re-installation in office space allocated for use by veterans, again subject to an MOU with the same terms as the 2011 MOU. The 2015 MOU provided for a one-year term expiring on September 30, 2016. What is before the Committee today is a proposed renewal or first amendment to the 2015 MOU providing for a one-year renewal of the MOU with the term to expire on September 30, 2017. Chair Myatt noted that Committee members have received a copy of the September 2015 MOU with the Veterans Success Center Committee as well as a draft of the First Amendment to the MOU providing for this extended term.

Chair Myatt recognized Nelson Lum, Vice Chair of the American Legion War Memorial Commission, who is representing the Veterans Success Center Committee on this item.

Mr. Lum stated that initially the Commission asked for permission to set-up a Veterans Success Center prior to the conclusion of the litigation where the judge moved in favor of the Commission's opinion. The Veterans Success Center is a part of the American Legion under their revised bylaws. Mr. Lum stated that the Veterans Success Center Committee is objecting to the proposed MOU because the Veterans Success Center (VSC) is a part of the American Legion District 8, and not a separate entity, and thus does not need a separate MOU to operate within the Veterans Building.

Ms. Murray stated that having an MOU is consistent with the policy adopted by the Board governing allocation of space in the Veterans Building to patriotic organizations. The policy states that both the Trust and the January 29, 2016 Superior Court Order interpreting the Trust, limit patriotic organizations use of the building to use as clubs and meeting rooms and for executive and office purposes; nevertheless, the Board will allow patriotic organizations to provide certain types of direct services such as on-site job training, technical training, etc. As the Veterans Success Center provides the types of direct services described in the policy, the MOU is consistent with that policy.

Ms. Murray also stated that an MOU is necessary in order that the VSC indemnifies the City against any claims that may arise out of their activities in operating the VSC. Additionally in order for the VSC's liability insurance to name the City as an additional insured, there must be a written agreement or instrument between the parties.

Chair Myatt called for a motion from the Committee. A motion was made by Trustee Levin, seconded by Trustee Walker, to recommend to the full Board of Trustees approval of the First Amendment to the Memorandum of Understanding between the War Memorial and the Veterans Success Center Committee providing for an extended one-year term of the Veterans Success Center in the Veterans Building.

Chair Myatt called for public comment.

Paul Cox, Chair of the American Legion War Memorial Commission, said that as a function of American Legion District 8, the Veterans Success Center comes under the terms of the Trust Agreement and not an MOU.

Nelson Lum, Vice Chair of the American Legion War Memorial Commission, stated the Veterans Success Center Committee should not have an MOU because none of the American Legion Posts have an MOU. Mr. Lum said they will discuss the matter with their attorney and come back to the Board at a later date.

There being no further public comment, Chair Myatt closed public comment, and he called for a vote on the motion before the Committee.

The following recommendation was unanimously adopted:

RECOMMENDED, To the Board of Trustees of the War Memorial of San Francisco that it approve the First Amendment to the Memorandum of Understanding between the War Memorial and the Veterans Success Center Committee providing for an extended one-year of the Veterans Success Center in the Veterans Building.

ADJOURNMENT:

There being no further business, Chair Myatt adjourned the meeting at 1:50 p.m.

Jennifer E. Norris
Executive Secretary