

**MINUTES**  
**WAR MEMORIAL BOARD OF TRUSTEES**  
**REGULAR BOARD MEETING**

**Thursday, April 11, 2019**

The Board of Trustees of the War Memorial of San Francisco met in regular session at 2:30 p.m. on Thursday, April 11, 2019, in the Trustees' Board Room, War Memorial Opera House, President Bechtle presiding.

**ROLL CALL**

Present: President Bechtle, Vice President Walker, Trustee Horn, Trustee Levin, Trustee Lui, Trustee Moscone, Trustee Myatt, Trustee Shultz and Trustee Wilsey

Absent: Trustee Davis and Trustee Pelosi

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

**APPROVAL OF MINUTES**

President Bechtle called for approval of the minutes of the March 14, 2019 Selection Committee meeting. On motion of Trustee Moscone and seconded by Trustee Wilsey, the minutes were unanimously approved.

President Bechtle called for approval of the minutes of the March 14, 2019 regular meeting of the Board. On motion of Vice President Walker and seconded by Trustee Moscone, the minutes were unanimously approved.

**MANAGING DIRECTOR'S REPORT**

**Rental Requests:** Ms. Murray stated that rental requests mailed to Trustees are largely routine, though she noted they include the San Francisco Ballet's request to hold a FunFest behind the War Memorial Court on April 27, 2019. On motion of Trustee Wilsey, seconded by Trustee Myatt, the following resolution was unanimously adopted:

**RESOLUTION NO. 19-12**

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that the April 11, 2019 rental requests are hereby approved.

**Additional Rental Requests:** Ms. Murray stated that additional rental requests submitted to Trustees today are routine and requested their approval. On motion of Trustee Shultz, seconded by Trustee Moscone, the following resolution was unanimously adopted:

**RESOLUTION NO. 19-13**

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that the April 11, 2019 additional rental requests are hereby approved.

**Status Report on Transferable Development Rights:** Ms. Murray gave a summary update to the Board on the status of the War Memorial's Transferable Development Rights (TDR). Ms. Murray recapped that transferable development rights are unused development potential from preservation properties which can be transferred to development properties. The Planning Code provides that eligible historic buildings can apply to the Planning Department to certify their unused potential of TDR units, and then may sell such TDR units to another eligible development property. The revenue generated from a TDR sale must be used to rehabilitate the historic building from which the TDR is generated.

Ms. Murray stated that in 2007, the Board of Trustees adopted a resolution to allow the City's Director of Property to sell War Memorial TDR to help fund the Veterans Building Seismic Upgrade Project, however, due to the 2008 economic downturn, there was no market for TDR sales. She stated that in 2011, the Board of Supervisors approved the Veterans Building Seismic Upgrade project to be funded with Certificates of Participation, the debt service for which would be paid by the City's general fund over a 45-year period. In 2013, the Veterans Building project came up with a \$14 million shortfall between the budget and what had been approved in Certificates of Participation funding. In early 2014, the Board of Supervisors, with support from the War Memorial, adopted a resolution authorizing the City's Director of Property to sell War Memorial TDR to be used solely for the rehabilitation and restoration of the War Memorial Complex, which may include payment of debt service. The purpose and intent of this resolution was to generate funds from War Memorial TDR sales to cover the \$14 million funding shortfall for the Veterans Building project and to provide for long-term maintenance, rehabilitation and preservation of the War Memorial buildings, which might include debt service. Due to delay in actual TDR sales, the \$14 million Veterans Building project shortfall was subsequently filled by the Board of Supervisors' approval of additional Certificates of Participation.

Ms. Murray reported that as certified by the Planning Department, the total amount of TDR attributable to the War Memorial Complex is approximately 1.1 million units, and the estimated net value of that TDR is \$25-26 million. Approximately 506,000 TDR is attributable to the War Memorial Opera House and approximately 594,000 TDR is attributable to the War Memorial Veterans Building. In last three years, and pursuant to the Board of Supervisors' resolution, approximately 500,000 War Memorial TDR units have been sold with net proceeds of \$11.1 million. The Mayor's Office has used that \$11.1 million to offset debt service related to the Veterans Building Seismic Upgrade Project. This use of TDR proceeds is consistent with the Trustees' support of the 2014 Board of Supervisors resolution.

Ms. Murray reported that in accordance with the 2014 Board of Supervisors resolution, upon reaching sales of 550,000 TDR units, the Director of Property must return to the Board of Supervisors with enabling legislation to reauthorize additional TDR sales. In anticipation of this enabling legislation being submitted to the Supervisors, staff met with the Mayor's Budget Office to discuss the use of proceeds from additional TDR sales. The Mayor's Office advised it is their intent to use all TDR revenue from future sales of War Memorial TDR units to subsume the general fund annual payment of Veterans Building debt service. Staff advised the Mayor's Office that this use of additional War Memorial TDR proceeds is inconsistent with the Trustees' support of the 2014 Board of Supervisors as it was never the intent that TDR attributable to the Opera House would be used to subsume payment of Veterans Building debt service.

Ms. Murray stated that the Opera House has many preservation and rehabilitation needs which require funding and many of these needs don't rise to the threshold of urgency considered by the Capital Planning Committee in choosing projects to be funded each year. Continued deferral of preservation projects results in further deterioration of the historic asset.

Ms. Murray stated that President Bechtle, Trustee Lui as chair of the Budget and Finance Committee, and she would be meeting with the Mayor's Office later today to further discuss this issue. Ms. Murray also asked that this item be referred to the Budget and Finance Committee at this time, so that the Board is able to weigh in on future Board of Supervisor legislation if and when that is introduced. President Bechtle referred the matter of War Memorial Transferable Development Rights to the Budget and Finance Committee.

### **SECRETARY'S REPORT**

**Revenue, Appropriations and Housekeeping Expenditures Reports for March 2019:** Ms. Norris stated that Revenue, Appropriations and Housekeeping Expenditures reports for March 2019 have been distributed to Trustees, and she requested approval of March 2019 housekeeping expenditures as submitted. On motion of Trustee Myatt, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 19-14

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that Purchase Order Nos. PO286348 through PO294473 are hereby approved.

COMMITTEE'S REPORTS

**Budget and Finance Committee:** Trustee Lui, Chair of the Budget and Finance Committee reported that the Committee met earlier today to consider and make a recommendation on the Civic Center Community Benefit District (CBD) renewal petition for the Civic Center property under the jurisdiction of the War Memorial Board of Trustees.

Trustee Lui stated that the Civic Center Community Benefit District, originally created in 2011, is proposing a 15-year renewal during which time all properties in the district will be assessed to cover costs for specified CBD services which include exterior premises cleaning, day and night ambassadors, and marketing and communication programs to increase the use and safety of the district. She said that the CBD renewal budget is greatly expanded from the prior CBD budget to reflect expanded services and the addition of new marketing and programming. This expanded budget results in increases – some significant – to the annual assessments paid by property owners.

Trustee Lui stated that the CBD annual assessment to the War Memorial property will increase from the current \$65,000 to \$165,000. The War Memorial included this increased assessment in its FY 2019-20 budget proposal submitted to the mayor to be funded by increased General Fund support to the department.

Trustee Lui reported that following discussion, the Committee, with one nay vote, voted to recommend that the Board of Trustees authorize its President to sign a petition in the affirmative for the proposed renewal of the Civic Center Community Benefit District with respect to the parcels of real property under the jurisdiction of the War Memorial Board of Trustees.

Following discussion, and on motion of Trustee Lui, seconded by Trustee Levin, the following resolution was adopted with eight aye votes and Trustee Myatt voting nay:

RESOLUTION NO. 19-15

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco that it adopts the report and recommendation of its Budget and Finance Committee and hereby authorizes its President to sign a petition in the affirmative for the proposed renewal of the Civic Center Community Benefit District with respect to the parcels of real property under the jurisdiction of the War Memorial Board of Trustees.

**Selection Committee:** Trustee Horn, Chair of the ad hoc Selection Committee, stated that the Selection Committee met on Wednesday, April 10, 2019, and that no action was taken.

REGULAR ITEMS**San Francisco Symphony request regarding “Immersive Lobby Experience” in Davies Symphony Hall:**

President Bechtel stated that Trustees received a letter from the San Francisco Symphony requesting the Trustees’ consideration and approval of its revised “Immersive Lobby Experience” project for Davies Symphony Hall to be funded by the Symphony Facility Fee and to include lobby column lighting, projections onto kinetic installation over the grand staircase and portable information displays. President Bechtel stated that the matter will be referred to the Board’s Building Committee.

**GOOD AND WELFARE**

Trustee Horn said that Trustee Shultz and Trustee Myatt each received 2019 San Francisco Visionary of the Year recognition from the San Francisco Chronicle and that there was an excellent article about them and their accomplishments in last Sunday's San Francisco Chronicle.

Trustee Myatt reported there will be a dance performance for an invited audience of veterans in the Atrium Theater on Friday, April 12 at 2 p.m., presented by San Francisco Performances. The dance company, Rosie Kay, will perform a full-length work called *Five Soldiers*, which is a look at how the human body is used in war.

**ADJOURNMENT**

There being no further business to come before the Board, President Bechtle adjourned the meeting at 2:50 p.m.



Jennifer E. Norris  
Executive Secretary