

MINUTES
WAR MEMORIAL BOARD OF TRUSTEES
REGULAR BOARD MEETING
Thursday, February 8, 2024

The Board of Trustees of the War Memorial of San Francisco met in regular session on Thursday, February 8, 2024, at 2:00 p.m., in the Trustees' Board Room, War Memorial Opera House, President Horn presiding.

ROLL CALL

Present: President Horn, Vice President Wilsey, Trustee Kopp, Trustee Lui, Trustee Muduroglu, Trustee Newstat, Trustee Pelosi (*arrived 2:08 pm*), Trustee Wilsey, and Trustee Wright

Absent: Trustee Fisher, Trustee Gatti, Trustee Lui, and Trustee Rocco

Staff Present: Kate Sofis, Managing Director; Rob Levin, Assistant Managing Director; Francesca Cicero, Board Secretary

PRESIDENT'S REPORT

President Horn opened the meeting congratulating the San Francisco Ballet on opening its 2024 repertory season on January 26, 2024, with *Mere Mortals*. He remarked on how full the Opera House was and with a youthful audience enjoying the performance and concessions, as well as the after party. There was a discussion amongst the Trustees about how the performance has brought in new audiences to the Opera House. Managing Director Sofis remarked that she has been working with all three resident companies on creating this same type of integrative experience for performances moving forward and how to support their creative vision. President Horn also announced that the Board would have to postpone the tour of the facilities that Peter Pastreich, Executive Director of the San Francisco Symphony for thirty years, had offered to give the Trustees and hopes to reschedule for May.

MANAGING DIRECTOR'S REPORT

Managing Director Kate Sofis reminded the Trustees that their annual ethics filings and trainings are due April 2, 2024. She also announced there would be a safety and security analysis of the entire campus done by a security consultant, being led by War Memorial's head of security Omar Castillo, in collaboration with the resident companies.

ASSISTANT MANAGING DIRECTOR'S REPORT

Approval of Consent Agenda: Assistant Managing Director Levin stated that items submitted on the Consent Agenda included: the minutes of the Building Committee Meeting of January 11, 2024; Regular Board Meeting of January 11, 2024; Rental Requests for February 8, 2024; and the Revenue, Appropriations and Housekeeping Expenditures reports for January 2024.

Following discussion, on motion of Trustee Kopp, seconded by Trustee Wilsey, the following resolution was unanimously adopted:

RESOLUTION NO. 24-03

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco, the minutes of the Building Committee Meeting of January 11, 2024; Regular Board Meeting of January 11, 2024; Rental Requests for February 8, 2024; and the Revenue, Appropriations and Housekeeping Expenditures reports for January 2024, are hereby approved.

Assistant Managing Director Levin also updated the Board that there are three hires currently in progress for the Booking Team, and they should be fully staffed soon, which will help to drive more revenue to the venues. He also stated that they are working with Global Gourmet to maximize the opportunity for concessions for the two upcoming Sting concerts.

BUDGET & FINANCE COMMITTEE REPORT

President Horn stated the Budget and Finance Committee met twice to consider two items: the proposed rental rates for Fiscal Years 2024-25 and 2025-26, and the War Memorial Departmental budget for Fiscal Years 2024-25 and 2025-26. He invited Chair Wright to give a report.

Proposed Rental Rates for FY 2024-25 and 2025-26: Chair Wright stated that she was excited to hear about the incoming staff and the potential opportunities to increase revenue for the Department. She invited Managing Director Sofis to report on the proposed rental rates. Director Sofis noted that the Department currently reviews rental rates every two years and staff's proposed rental rates for the next two fiscal years include a 6% average increase for office space rentals and 5% average increase for performance and event venue rentals. She also acknowledged Trustee Fisher's comment that while it is traditional to increase rental rates every two years, it may be beneficial to look at a more frequent schedule in the future. Chair Wright stated that the Committee voted to recommend approval of staff's proposed rental rates for both fiscal years. Andrew Dubowski from the San Francisco Symphony expressed gratitude to the Board for the regular and modest increases that help the resident companies project their costs year-to-year. Trustee Kopp thanked the Booking Team for their work in attracting new organizations to the venues.

Following discussion, on motion of Vice President Wilsey, seconded by Trustee Muduroglu, the following resolution was unanimously adopted:

RESOLUTION NO. 24-04

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco to adopt the recommendation of the Budget and Finance Committee and approve staff's proposed Rental Rates for Fiscal Year 2024-25 and Fiscal Year 2025-26.

War Memorial Departmental Budget for FY 2024-25 and 2025-26: Chair Wright stated that the previous meetings included discussion of revenues and expenditures for operating, facilities maintenance, and capital budgets. She noted there was a robust discussion about the proposed cuts of \$660K and the potential impact to the Department. She emphasized the need to balance this directive and the obligations of the City in the maintenance of the buildings as well as the fiduciary duties of Trustees to these buildings. Chair Wright noted that the Committee ultimately agreed it was not prudent to withhold the Departmental budget for submission to the Mayor's Budget Office, but instead voted to recommend submission of staff's proposed two-year budget for Fiscal Years 2024-25 and 2025-26, and recommended inclusion of a letter from the Trustees on how the proposed budget cuts will impact the Department.

Director Sofis briefly gave an overview of the proposed budget. She reminded the Trustees that the Department has already maintained \$550K in mid-year budget cuts for the current year. She noted that departments are being asked to identify an additional 10% from their operating budgets, which for the War Memorial is \$660K, plus an additional \$330K of contingency cuts. She explained that the majority of those cuts would have to be under non-personnel services, like elevator repair, HVAC, electrician, which also greatly impact the Department's ability to maintain the buildings at the level of service in which they currently are.

Director Sofis noted that once the budget is passed by the Board, then the approval process with the Mayor's Budget Office begins in late February, where those cuts are accepted or rejected. She explained that this is an opportunity for the Department to explain how these budget cuts will impact the Department and there is potentially an opportunity to have those cuts restored. Chair Wright circulated a draft of a proposed letter she drafted on behalf of the Board regarding these budget cuts. President Horn emphasized the Trustees' role as fiduciaries under the Trust, which distinguishes the War Memorial from other City departments. Trustee Newstat agreed that the letter was important, noting that cuts to the War Memorial's budget are more impactful due to the size of the Department, and the inability to absorb those cuts unlike larger departments. Board Secretary Cicero stated she would circulate the final draft after the meeting to all the Trustees for their signature to include with the budget submission. President Horn thanked Chair Wright and the Budget and Finance Committee members for their hard work on this initiative.

Following discussion, on motion of Trustee Kopp, seconded by Trustee Newstat, the following resolution was unanimously adopted:

RESOLUTION NO. 24-04

RESOLVED, By the Board of Trustees of the War Memorial of San Francisco to adopt the recommendation of the Budget and Finance Committee and approve staff's proposed War Memorial Department two-year budget for Fiscal Year 2024-25 and Fiscal Year 2025-26 for submission and include a letter from the full Board of Trustees regarding the impacts of the proposed budget cuts.

REGULAR ITEMS

None.

MISCELLANEOUS CORRESPONDENCE

None.

GOOD AND WELFARE

There was a brief discussion about security measures for the Ballet gala event at City Hall and how it affected patrons entering the building. There being no further good and welfare, President Horn closed good and welfare.

PUBLIC COMMENT

There being no public comment, President Horn closed public comment.

ADJOURNMENT

There being no further business, Chair Horn adjourned the meeting at 2:50 p.m.

Francesca Cicero
Board Secretary