

**CALIFORNIA CULTURAL AND HISTORICAL ENDOWMENT
BOARD MEETING
DRAFT MINUTES**

**Tuesday, September 13, 2005
10:00 A.M.**

Location: Library and Courts Building 1
 914 Capitol Mall, Room 500
 Sacramento, CA

Members of the Board in attendance:

Ms. Susan Hildreth, Chairperson
Ms. Suzanne Deal Booth
Ms. Cynthia Campoy Brophy
Mr. Walter Gray, representing Michael Chrisman
Ms. Georgette Imura
Mr. Bobby McDonald
Ms. Anne Sheehan, representing Tom Campbell
Mr. James Irvine Swinden

Representing the Senate

Mr. Greg Schmidt, representing pro Tem, Don Perata
Ms. Deanna Spehn, representing Honorable Christine Kehoe

Representing the Assembly

Honorable Hector De La Torre

Staff in attendance:

Ms. Diane Matsuda, Executive Officer
Ms. Kay Norris, Deputy Director
Ms. Phyllis Smith, Assistant Deputy Director
Mr. Bill Batts, Architectural Retired Annuitant
Ms. BranDee Bruce, Graduate Student Assistant
Mr. Clarence Caesar, Historian
Ms. Michele Itogawa, Student Assistant
Mr. Frank Ramirez, Research Program Specialist
Ms. J. Oshi Ruelas, Research Program Specialist
Ms. Susan Takeda, Research Program Specialist
Ms. Rachel Magana, Executive Secretary

1. Roll Call

Chairperson Hildreth called the meeting to order at 10:00 a.m. A quorum was established.

2. Chairperson's Report

Chairperson Hildreth advised the Board that Ms. Matsuda will be recommending a calendar for regularly set Board meetings. She said that Ms. Matsuda will also be reviewing the discussion for the next round of the grant application process. The Board will want to meet soon to review the grant application revisions. She anticipates there will be a Board meeting in October, however, this subject will be discussed later in the meeting. The major task for today's meeting will be to discuss the second cycle and recommendations for that process.

There were no comments from the public.

3. Executive Officer's Report

Ms. Matsuda introduced two new staff members; Kay Norris, Deputy Director and Phyllis Smith, Assistant Deputy Director. She advised that BranDee Bruce, Graduate Student Assistant will be leaving. She thanked Ms. Bruce for all of her assistance.

Ms. Matsuda reported on the status of the 19 projects that were approved for funding. Two grant agreements have been executed and the majority of the grant agreements that are currently pending will be in effect within the next two to three weeks.

She informed the Board that Agenda Item 11, a request of the California Association of Museums will be removed from the agenda.

There were no comments from the public.

4. Approval of Minutes from May 18 and July 7, 2005

Chairperson Hildreth asked Ms. Spehn if she had her requested revisions for the May 18, 2005 minutes. Ms. Spehn stated she has not had an opportunity to compare the minutes with her notes and she recommended approving the minutes today and she will send a list of questions in later as an addendum.

Mr. Swinden moved approval of the May 18, 2005 minutes; seconded by Ms. Booth. Motion carried unanimously.

Ms. Sheehan moved approval of the July 7, 2005 minutes; seconded by Ms. Brophy. Motion carried unanimously.

There were no comments from the public.

5. PowerPoint Presentation by Bob Sleppy, Department of General Services regarding CEQA

- Ms. Matsuda provided the Board with background information stating that the Endowment has been working with various divisions within the Department of General Services to assist with projects, specifically in the Real Estate Division, to review the appraisals that have been received from projects wanting to use their appraised value of a long-term lease or an appraised value of a piece of property to fulfill their match. In addition, negotiations have been entered into with the division in charge to prepare CEQA documentation for various agencies. She then introduced Mr. Sleppy, with the Department of General Services, who provided the following overview:
 - The Board should carry out its responsibilities under the California Environmental Quality Act (CEQA). CEQA is a California law which sets forth a process for public agencies to make informed decisions on discretionary project approvals. The process aids decision makers to determine whether any environmental impacts are associated with a proposed project.
 - A discretionary decision is one in which a governmental agency can use its judgment in deciding whether and how to carry out or approve a project based on the environmental consequences of the project. This Board will, for the most part, function as a discretionary agency.
 - "Ministerial" describes a governmental decision involving little or no personal judgment by the public official as to the wisdom or manner of carrying out the project. The public official merely applies the law to the facts as presented but uses no special discretion or judgment in reaching a decision.
 - The lead agency prepares an initial study within 30 days after accepting application as complete if the lead agency determines that the activity is a 'project' and is not exempt.
 - There are three kinds of environmental documents. There is a short one-page notice that states "There is no possible effect on the environment" and is posted at the Governor's Office of Environmental Research. The next document is a Negative Declaration Initial Study which states there may be an effect on the environment, but there is not a significant adverse effect on the environment. A full environmental impact report is done when there is an adverse environmental impact.
 - Once the Notice of Determination is completed you will have entitlement to proceed with the project.

Questions

Ms. Spehn asked if in situations where the Board is serving as the lead agency, what kind of potential liability does the Board or the Endowment Fund itself face.

Mr. Sleppy said in some cases CEQA could challenge the Board, but this does not happen very often. He said he does not believe that individual Board members would be at risk.

Chairperson Hildreth asked how CEQA is interwoven in cases where there is a historically significant building or it is on a national landmark. Mr. Sleppy said Section 1-6 of the Historic Preservation Act is a very onerous Act to comply with and because the Endowment would seldom ever be giving money to federal properties, they would not be subject to this Section. Under a Public Resources Code there are statutes that support the Office of Historic Preservation that assist state parks. When a property is at or near 50 years old there is a responsibility to consult with a State Historic Preservation Officer as to the nature of the changes. This is a step that the Endowment would not parallel.

Chairperson Hildreth thanked Mr. Sleppy for his presentation.

There were no comments from the public.

6. PowerPoint Presentation by Clarence Caesar, CCHE regarding additional resources available on the CCHE Website.

- ◆ Ms. Matsuda said that over the past few months Mr. Caesar has been assigned to research and assemble a number of websites that will be of assistance to individuals interested in learning more about cultural and historical resources in California and, most particularly, for future grant applicants. She then introduced Mr. Caesar.
- ◆ Mr. Caesar gave a presentation to include an introduction of the CCHE Resource Guide, the resource guide criterion; some of the federal agencies, statewide resource sources and county and local government resources.

Questions

Ms. Sheehan asked if there would be the ability to track how many hits the website gets and if a record can be kept. In addition, is there the capability for people to provide suggested sites or other ideas that may be helpful? Mr. Caesar said he believes this can be set up

There were no comments from the public.

7. Consideration of Restructuring and Possible Consolidation of Future Rounds of CCHE Funding (Action)

Ms. Matsuda stated that at the last Board meeting in July there was discussion regarding items to discuss at future meetings, particularly in terms of the amount of money that will be available for the next round of funding.

- ◆ Her recommendation to the Board would be to consolidate the remaining rounds into two rounds of \$43.5 million and using the following timeline: Round Two, \$43.5 million (to be announced in the Fall of 2005); and Round Three \$43.5 million (to be announced in the Fall of 2006).

Questions

Ms. Spehn asked that the potential calendar (Agenda Item 10) suggests that in late October the grant application is available to the public. Would it then be in July of 2006 when the Board would make a decision on funding the finalists? Ms. Matsuda said the Board would make a reservation of funding in April. There is a possibility that at the time that they make a reservation of funding that they could also approve some of the projects, depending on the status of CEQA. It is her hope that all projects would enter into a grant agreement phase by July/2006.

Mr. De La Torre stated that he feels this is the right move for the Board to take. Both within the Legislature and throughout California, there is a push to speed up the timeframe. He asked how the dollar structure for the rounds was decided. Ms. Matsuda said that at the July Board meeting it was decided to consolidate the remaining three rounds of funding into two. Chairperson Hildreth stated that by having an equal split, a sustainable workload would be created for staff in order for them to manage it more effectively with the existing resources the Endowment has.

- ◆ Mr. McDonald moved approval to consolidate the remaining rounds into two rounds of \$43.5 million and using the following timeline: Round Two, \$43.5 million (to be announced in the Fall of 2005); and Round Three \$43.5 million (to be announced in the Fall of 2006) awarded in the spring of 2007; seconded by Ms. Sheehan.

Ms. Spehn asked if staff has researched whether some mechanism could be put in place to deal with projects that are under imminent threat of destruction. Ms. Matsuda said that staff has discussed this matter at length with the Endowment's attorney, and unfortunately under the legislation, all projects must be competitive and because of this requirement, it is very difficult to have emergency or directed grants.

Motion carried unanimously.

There were no comments from the public.

8. Consideration of In-Kind Contribution Policy to fulfill the CCHE Matching Fund Requirement (Action)

Ms. Matsuda said the Board, at its last meeting asked staff to provide further information for discussion regarding what constitutes an in-kind contribution.

The proposal that is before the Board today was put together by reviewing the minutes from previous Board meetings, particularly the July 2004 meeting when the policy requiring all projects to fulfill the match requirement was adopted. The Board has always stated that in-kind contributions must illustrate that it is a new resource utilized by the grant applicant to leverage

existing sources. Questions have been raised about what type of new resources can be counted to fulfill the match requirements. It is important to proceed to the next round of funding with a policy statement to specifically identify the types of new resources that can constitute an in-kind contribution, specifically regarding the donation of labor, the donation of materials, the donation of equipment and the donation of an appraised value of a long-term lease or the donation of an appraised value of a piece of real property.

Ms. Matsuda asked the board to consider the information that has been placed on the website and in their Board packets as Agenda Item No. 8.

Chairperson Hildreth asked for discussion and comments from the public but to defer action on this item until Ms. Imura joins the meeting after lunch.

Public Comment

Luciano Zamboni representing the Point Arena Light House Keepers said he is questioning the action that leaves this kind of contribution only to those that were made after the grant agreement and excludes those from before. He gave the following example as a problem that may derive from this policy. He is planning to apply to the CCHE to rebuild a historic building that was the Point Arena Light House grounds and was destroyed by the 1906 San Francisco earthquake. He has found a person who has agreed to donate many hours to redesign this historic building. Not to allow this time as in-kind contribution would hurt his project. This is a necessary agreement for his organization to apply for a grant from the CCHE.

Neil Pilegard representing Tulare County Parks said he has a couple of concerns about this consideration. When you are talking about new resources, the effective life span of a permit is utilized as you use the equipment. He would like to be able to include as matching the rental value of pieces of equipment utilized in the grant. Another consideration, is when there is a limited budget and limited staff and staff members are assigned to grant projects, he would like to be able to count that at least as a match, if not even reimbursed by the grant. In some of his other Prop 40 grants he is able to cover some of the labor costs with the grant.

Comments from the Board

Mr. Gray asked if paid employees of the grant applicant are not eligible claimers of the services of the project that are in-kind contribution. He asked if this was intended to ensure that the value of the contribution to be compensated or donated would only be counted once and attributed to the match. Ms. Matsuda affirmed that this is correct. She said it is case specific and in order to avoid a double counting situation more documentation would need to be seen that would show that either an employee who is working part time for a particular organization would be donating the remainder of his/her part time per week to the project. This would then be considered a new resource and a part of the project. But a person who is being paid 40 hours a week by another entity and then counting that as part of the in-kind contribution of the project would not be considered an in-kind contribution of labor.

After further discussion Ms. Booth suggested to rework the wording regarding this subject so it doesn't sound like it can only be a new resource but it can contemplate resources that have been used in the past because of a new role.

Ms. Sheehan asked if salaries and benefits are considered, and how would you value the labor or the cost of the labor, or what is the in-kind? Ms. Matsuda said that for this particular round salary and benefits are considered.

Mr. Gray asked if the Board could consider things like completed architectural work, design work, and these kinds of services as commodities in that regard and recognize that an architect, an engineer, a planning firm may have invested substantial time in the preparation of these things.

Chairperson Hildreth said that the Library Construction Bond Act Regulations allow for, as part of the matching contribution expenditures that they have made towards the development of the project, for a period not to exceed three years prior to the application. She said a possibility might be for the Endowment to look at a time frame and state if they can show that they have had in-kind labor donated towards this project the Board would be willing to go back x number of years and count that. Ms. Matsuda said if there is a policy to possibly consider some type of retroactivity to a particular project that she would be happy to research this and back to the Board.

Ms. Brophy said she would strongly encourage this because if the Board's intent is to support the creation of these projects, she feels that the Board needs to give as much leeway as possible. She said she would support going back three years.

Mr. De La Torre said it is his opinion that setting a deadline going forward is the best way to go forward. He feels the Endowment should deal with the projects going forward, so that it is dealing with the projects as they are at the time and the match is based on what they are going to provide going forward.

Ms. Sheehan said she has not heard of a project that goes back three years to count the expenditures. She is concerned that if the projects aren't dealt with on a moving forward basis, then will new resources get into this process. Ms. Booth said she agrees, and regarding the tracking, Ms. Matsuda and staff should see how other Prop 40 projects have been doing their tracking. Ms. Matsuda advised that they are not required to have a match requirement.

Ms. Spehn said she would like to see if the language can be modified to include things that are produced by a professional.

Chairperson Hildreth said that the suggestion of the Board is for Ms. Matsuda and staff to reword this section. Ms. Matsuda will explore other grant programs, such as the library construction bond to see how they track

the previous resources. The Board wants to be as open and accommodating as possible, yet it wants to make sure that the resources are brought to the project. In addition, the Board wants to make sure that it can satisfy an audit. In terms of labor the Board has asked staff to report back with some further definition with action to be taken at the next Board meeting.

Ms. Sheehan asked that the draft be circulated to the Board in advance of the meeting so everyone has time to review it.

Mr. Gray mentioned that one of the speakers raised an interesting question regarding the value of leased equipment or equipment that is used for the construction phase of a project rather than something which would become a permanent part of a capital project. He feels it would be useful to recast the language to explicitly include this in the draft.

Ms. Sheehan asked in terms of “current fair market value”, how is that determined. Ms. Matsuda said on particular situations that she is currently working on, she has been provided with the fair market value, providing examples of comparisons of how much a particular piece of equipment is on the market. In particular situations, she has been provided with two or three cost comparisons and she believes this is reasonable documentation to rely on.

Chairperson Hildreth asked Ms. Moe if action should be taken on the segments where Ms. Matsuda does not need to provide additional information. Ms. Moe said that unless Ms. Matsuda has a need for having a portion of this approved separately, it makes more sense to look at the entire package together.

Chairperson Hildreth stated she would like to make sure that rental cost for the use of equipment is called out under one of the sections.

Public Comment on Land and Leases

Jan Williamson representing the 18th Street Art Center said she would like clarification on the question of donated land or leases. She asked if these donations need to occur after the project is funded in order to be considered new resources. She said her point of view is that in order to get an appraisal or to have somebody make a commitment, usually in order for a project to go forward, you would want to have that secured in advance of the application, so ideally it should happen prior to the actual application.

Ms. Matsuda stated that this round, round one of the grant applications did require applicants who wanted to use the appraised value of a long-term lease or the appraised value of a piece of real property be in possession of it at the time of the grant application or shortly thereafter, or at least be in negotiations, and it would still be considered a match.

Mr. Swinden said this has always been an area of concern to him because there are so many different ways land leases can be appraised. He also has

a concern that some of this can be abused and used to bootstrap projects. He asked what the lengths of the leases are. Mr. Swinden said he has the same concern because there can be some abuses. Ms. Spehn asked what the rationale was for a 20-year lease. Ms. Matsuda said in certain cases, where there is a renewable lease at 10 years it has been allowed. In the frequently-asked-questions section that is posted on the website with the first round of applications it clearly states that applicants must certify that they have 10 years. This is in conformance with the general obligation bond law which stipulates a long-term commitment. She believes that 20 years is a reasonable amount of time to satisfy that long-term commitment. If there is a renewable option, then this would be taken into consideration.

Ms. Matsuda said in response to Mr. Swinden's concern regarding the appraisals, what she tried to do with this policy is further research how appraisals are done and be very specific about what is used in terms of looking at the appraised value of a lease or the appraised value of the real property in terms of how the proposed use would be in order to determine a value figure. She would be happy to do further research if the Board so desires.

It was the general consensus of the Board to have Ms. Matsuda research this and come back to the Board at its next meeting. Chairperson Hildreth said the Board is not of one mind on the previous spending versus the forward thinking spending, but she hopes that Ms. Matsuda will be able to come up with some suggestions.

Chairperson Hildreth asked to conclude this discussion after hearing the last public speaker.

Karen Parrott representing Dorland Mountain Arts Colony said she would like to add her support to the gentleman who first spoke on this item regarding architects and services of a civil engineer. She feels this is necessary to fulfill answering some of the questions in detail that have been required.

9. Review of Projects reserved for Funding (Action)

Ms. Matsuda explained that there are 14 projects that are on reserve for funding. She will review the projects that staff would like to recommend to the Board for funding and to discuss projects that have provided very specific timelines in which they would be able to fulfill all of the requirements to be considered for an approval of funding and then to discuss projects for which staff does not have a particular timeline and have some information and would like to report back to the Board. The following three projects are being recommended for funding:

- ◆ Laws Museum

This project is located in the City of Bishop, County of Inyo, requesting \$111,595 to construct two wooden structures that will house a historic stamp mill and will store and protect the museum's collection of textile resources. The Endowment will serve as the

lead agency for this project. The project is exempt from CEQA and they have prepared a notice of exemption to be filed with the Office of Planning and Research.

Mr. McDonald moved to approve Laws Museum, Resolution 05-A5 for funding in the amount of \$111,595; seconded by Ms. Sheehan. Motion carried unanimously.

◆ Nihonmachi Little Friends

This project is located in the City and County of San Francisco, requesting \$78,000 to repair and repaint the structure, restore stucco and replace the boiler. CCHE will also serve as lead agency for this project and finds the project to be exempt from CEQA and has prepared a notice of exemption to be filed with the Office of Planning and Research. This project has also requested a 50 percent reduction in their matching fund requirement.

Ms. Booth moved to approve Nihonmachi Little Friends for funding in the amount of \$78,000 with a 50 percent reduction in their matching fund requirement; seconded by Ms. Brophy. Motion carried unanimously.

◆ City of Inglewood

This project is located in the City of Inglewood, County of Los Angeles, requesting \$160,000 to install an interpretive kiosk and construct a wall to display WPA-sponsored murals which will be located in Grevillea Park. The City of Inglewood will serve as the lead agent.

Mr. McDonald moved to approve City of Inglewood in the amount of \$160,000; seconded by Ms. Sheehan. Motion carried unanimously.

Ms. Matsuda stated that the next four projects have a specific timeline that staff believes can recommend an approval for funding. They are:

◆ Go For Broke Educational Foundation

This project is located in the City of Los Angeles, County of Los Angeles, requesting \$1 million to construct a permanent exhibit and learning center. This project is pending a signed 50-year lease with the City of Los Angeles, which is expected to be signed at the end of this month. All information has been received from this applicant and staff would recommend that the Board establish a deadline date to receive all information by October 2005. The City of Los Angeles has provided a draft to the grant applicant and it is a matter of getting together and signing it. Both parties agree to have a signed agreement to her by October, so to be on the safe side she is suggesting Monday, October 31, 2005.

Ms. Brophy asked what would happen if the deadline is not met. Mr. Gray said the proposed dates are internal target dates for completion

and they do not necessarily have a bearing on the ability of the applicant to be funded.

Mr. De La Torre said, in his opinion, if delays are something out of the control of the applicant then it should not reflect negatively on them, however, if it is something in their control then the deadline must be met.

Chairperson Hildreth said staff is presenting to the Board dates that are landmarks for these projects. If the October 31st deadline is not met then at the next Board meeting, be it by telephone or a physical Board meeting, some further action would be recommended on this project.

Ms. Brophy asked if the deadline is October 31, and the Board meets on October 20th will they have to wait until the next Board meeting in February or should a date be set for the Board meetings that are more in alignment with the deadlines that are set for each organization. Ms. Sheehan said she believes it would be best if the deadlines are set before the Board meetings so that the Board members have enough time to review the information. Ms. Matsuda said it will be made clear to the applicants what timelines they are working with.

◆ Angel Island Immigration Station

This project is located on Angel Island in the County of Marin, requesting \$3 million to rehabilitate a former hospital into an interpretive center. This project is pending CEQA compliance. A letter has been received from the Department of Parks and Recreation, the lead agency for this project that the project will be in compliance with CEQA in April 2006. Ms. Matsuda recommended to the Board to establish a deadline date to receive all the information by April 2006. All other information on the project has been received.

Ms. Brophy again recommended that when setting scheduled Board meetings for the year that these deadlines are aligned with those Board meetings. Mr. Gray stated that he felt for the benefit of the applicants it is necessary to actually set dates. Ms. Sheehan said she agrees with her colleagues and that the deadlines should line up before Board meetings.

Daphne Kwok, Executive Director for the Angel Island Immigration Station Foundation, introduced herself as the new Executive Director and stated that she is looking forward to working with the Board on this project.

Mr. De La Torre said he feels if any issues come up during the CEQA analysis that pose problems to the project, the applicants know the onus is on them to inform the Board immediately so that we don't have to wait until the end of the process to learn about this. Ms.

Matsuda said staff encourages this from all of the applicants and she will continue to do so.

◆ Latino Theater Company

This project is located in the City of Los Angeles, County of Los Angeles, requesting \$4 million to rehabilitate the Los Angeles Theater Company. This project is pending a determination by the city's General Services Department, who will be providing a recommendation to the Los Angeles City Council in October as to whether or not the Latino Theater Company should be selected as a long-term leaseholder at the Theater Company. She has received written confirmation from the Chief Legislative Analyst's Office of the City of Los Angeles informing her that the deadline is October 2005. She is recommending to the Board to establish a deadline to receive all the information by December 2005.

Ms. Sheehan asked what would happen if they don't get approval from the Council and Ms. Matsuda said she would know by October 2005 and at that time she will immediately notify the Board. If the Latino Theater Company is not awarded their application to manage this facility and another entity is awarded that opportunity, then the applicant who applied no longer has responsibility for this entity, and there is no way that the Board can accept an applicant change.

◆ Japanese American Museum of San Jose

This project is located in the city of San Jose, County of Santa Clara, requesting \$1,010,766 to construct a new museum. This project is pending CEQA compliance. Ms. Matsuda recommends that the Board establish a deadline date to receive all the information from this project by October 2005.

Ms. Aggie Idemoto, introduced herself as the new President for the Japanese American Museum of San Jose. She thanked the Board for their consideration of giving this project an extended timeline. She said this organization is a small organization with no staff and everything is done with volunteers. She stated that she has dealt with and interacted with many boards and she can see heart from this Board and she extended her appreciation.

Ms. Matsuda said the following five projects do not have specific timelines and provided updates as follows:

◆ San Francisco Museum and Historical Society

This is a project located in the City and County of San Francisco, requesting \$2,887,500 to restore the Old Mint into a San Francisco museum. Staff is working with the representatives of the museum and the attorneys for this project to work through a number of challenges.

The project is entitled to be the recipient of a tax credit through a new program established by the Department of Treasury called the New

Market Tax credits. Secondly, she is working with the project manager of the San Francisco Museum as to the composition of how their matching fund requirement will be fulfilled. And, thirdly, the Endowment's attorney has been working diligently with attorneys from the City Attorneys Office of San Francisco to make sure that there is clear information and documentation on the site control of the premises.

Ms. Matsuda is recommending to the Board that she and staff continue to update the Board on the progress that is being made.

Bob Mendelsohn (public speaker) said it is extremely important to share with the Board the following points. Several issues have been raised relatively recently on this project and because of this the project has been substantially slowed down. The material that has been furnished to the Board specifically talks about the New Market Tax Credits Program and the eligibility for the match that they may or may not have. It has been indicated that this is a new program of the Department of the Treasury, and indeed it is. It is specifically set up to energize economically disadvantaged areas.

The mechanism for a nonprofit like this is to be able to sell tax credits to a private corporation who can use them requires the formation in that mechanism of a for-profit LLC, as indicated in the Board's report. What is not mentioned is that the Historic Preservation Tax Credit Program requires precisely the same thing: The formation of a for-profit LLC in order to deliver the tax credits to the people from the profit side who are buying them. He has always had historic preservation tax credits as an important part of the financing. He said he will have a project that will be roughly \$55 million and 20 percent of all costs can in fact be provided under the Historic Preservation Tax Credit Program.

Questions from the Board of Mr. Mendelsohn

Ms. Spehn asked what it is specifically that is holding the project up. Mr. Mendelsohn said the determination the tax credits, the new market tax credits in this case, is appropriate for a match. He does not believe that the creation of the nonprofit LLC in any way violates CCHE, or Prop 40, the bond that provides the money.

Ms Matsuda said staff has been working very diligently on this project including working with the attorneys involved.

Mr. Gray said since this is not the only project that will involve historic tax credits for historic preservation, it is important for the Board to get his right. He said he is prepared to offer the resources of the Office of Historic Preservation or other aspects of the state parks to work with staff or counsel on this issue. Ms. Sheehan agreed with Mr. Gray and it is important to make sure that the Endowment's tax exempt bonds are structured properly so that the state tax exempt bonds are utilized properly in funding these projects.

Ms. Moe stated that there is one fundamental issue of the new market tax credits and that is you only get tax credits if you have profits or pay taxes and the Endowment's statute only allows Endowment's money to be given to public agencies and nonprofit agencies. So there is a disconnect there that may be able to be resolved, but has not been resolved yet. The issue regarding the match is a different one, because that is not the Endowment's money that is being paid for with the general obligation bond, so there is some flexibility.

An additional issue is the city's lease, which has been a requirement since before the application, and is dependent on the architect's schematic drawings, and the schematic drawings need to be in place before the lease. And finally, the city has not acted on this project and will not until December at the earliest, so until that time there is an existing negative declaration that may be able to be used. Staff is moving forward and there are some potential resolutions for these complicated issues.

Mr. Mendelsohn said that the negative declaration was received early this year. An appeal was filed. A good deal of time was spent with the appellant and various other interested parties. The specific issue, about a portion of the project reported on was resolved to everyone's satisfaction in the spring. They have complied with all of the City of San Francisco requirements for a negative declaration on the environmental impact report and have, therefore, met CEQA with one exception. This is what Ms. Moe made reference to. The Endowment's regulations provide that the project needs a Notice of Determination and the city does not require this. As far as the city is concerned they have completed CEQA. So in order to provide a Notice of Determination, an approval by the Board of Supervisors is necessary. That approval will only come after the schematic design is complete, which the Endowment is helping to pay for. The schematics need to be completed over the next 120 days, but because the matching funds cannot be spent it won't be possible to get the schematics done. The projected cost for the schematics is \$1.2 million.

Chairperson Hildreth noted that at the last Board meeting allowing the use of matching funds was discussed. Matching funds could be spent but it was upon the approval of the Board between the time period of having Board approval and actual grant agreement. She said that was much less risk and not what the Board would want to be doing now unless there was some special action taken.

Mr. Mendelsohn said he felt that historic preservation tax credits and new market tax credits should be able to be used as a match. He said the Board could consider a conditional approval so the \$1.2 million for schematics could be spent and staff could then finish up the other issues.

Ms. Sheehan asked if the Endowment becomes the lead agency does it have the issue of expending the money for the schematics. Ms. Moe said it would not have to expend the money if the Endowment became the lead agency. Ms. Sheehan wanted to know if it can be phased so that the research on the tax credit issued can be performed before the money is expended. Ms. Moe said there are some possible ways to resolve this, but that it cannot be done at today's meeting. Ms Sheehan suggested having staff bring back to the Board at its next meeting in October some options.

Chairperson Hildreth said it is her feeling that this is the first situation that the Board has looked at where it might be most useful to segment the funds and authorize a portion of funds and not the entire amount. If staff does recommend this, she would like them to be aware that it could be a precedent that is being set and it could be called upon for future use.

Mr. Gray said there appears to be several components of this relative to planning or design and then there is the match funds that are not subject to controversy that could serve as the match for that component of the Board. And performing the work is a pre-condition to resolving the issue of tenure and final environmental approval.

Mr. Mendelsohn said in regards to the tenure issue that the City and County of San Francisco entered into a competitive process. The Mayor of the City and County of San Francisco formed a task force to select the best use for the Old Mint. The Task Force selected the proposal from the San Francisco Museum and Historical Society to get an exclusive negotiation period to negotiate a term sheet, a development and disposition agreement, and a lease. This has long since been completed and it is sitting there ready to be executed, but it needs the schematics in order to finish it. Meantime, San Francisco Museum and Historical Society have the exclusive rights to this building. The City attorney wrote a resolution and the Board of Supervisors passed it and informed the Endowment as a part of our proposal the standing that the Museum and Historical Society has, but we can't actually have a lease until we start construction, and construction won't begin until next fall. But the fact of the matter is that as far as the City and County of San Francisco are concerned, and as far as the Museum and Historical Society are concerned, and, interestingly, as far as Chevron is concerned (who has already put up that \$1.9 million) we have tenure in that property.

Ms. Moe said the requirements from the application and the frequently asked questions require all applicants to demonstrate that they have tenure to property and tenure is described as ownership, a lease, an easement or a joint powers agreement. In other words, site control certainty for long-term use of the property, and they don't currently have site control.

Chairperson thanked Mr. Mendelsohn for being forthright with the Board. She said everyone is diligently working on this project and hopefully the Board will be able to come to the next meeting with a solution or a series of choices that the Board can make.

◆ Oakland Museum California Foundation

This is a project located in the City of Oakland, County of Alameda, requesting \$2,887,500 to renovate a permanent gallery of California art, history and the environment. The challenge with this project is the Oakland Museum of California did not have a signed written lease with the City of Oakland at the time of the grant application. There is a draft license pending with the Endowment as well as with our attorney to review this. The project will be using Local Bond Funding and Measure G funding will be used to fulfill the matching fund requirement. Staff is recommending to the Board to allow them to continue to update on the progress of this agreement and discussions that they will be entering into with the City Attorney's Office of Oakland.

◆ Table Mountain Rancheria

This project is located in the City of Friant, County of Fresno, requesting \$617,620 to reassemble several buildings that were part of the original Fort Miller complex. A few days ago staff received a response from the project manager of the Table Mountain Rancheria responding to comments that were brought forward in a letter from a representative from the American Indian Legacy Center. Staff will clarify some of the points raised in the response and then will simultaneously submit the environmental documents on this project to the Department of General Services to start preparing the necessary paperwork for CEQA compliance. CCHE will serve as the lead agency for this project. Staff recommends to the Board that a deadline date be set at the end of this year since it will take at least 90 days from the time that documentation is submitted to the Department of General Services.

Robert Pennell, Cultural Resources Director of Table Mountain Rancheria thanked the staff and the Board for moving ahead on this process. He said he feels that the questions were addressed and he feels that his project is ready for November. He said he has made an enormous effort to outreach not only members within Table Mountain Rancheria, but also to members of the surrounding Native American Community. There is 99 percent support from the members of the Table Mountain Rancheria and 85 to 90 percent support from the outlying Native American Community.

Ms. Brophy asked if the 1 percent or the 15 percent is represented by the letter of Ms. Wass. Mr. Pennell said he is not sure who Ms. Wass represents. It is his understanding that she is not a member of any of the local communities. The 1 percent is from the Table Mountain Rancheria.

◆ Breed Street Shul (BSS)

This project is located in the City of Los Angeles, County of Los Angeles, requesting \$235,000 to conduct seismic retrofit to the main and rear buildings. CCHE staff and representatives of the Breed Street Shul Project met and at the end of the meeting a list of items were confirmed and requested of Breed Street Shul and to date the Endowment has received all the information, but also received was the change in the proposed budget. Ms. Matsuda recommended that the Board approve this project with the condition that staff be able to continue having conversations with them to bring forward in a budget that will list all capital asset costs.

Ms. Booth moved approval of the resolution proposed by staff; seconded by Ms. Brophy. Motion carried unanimously.

◆ Dunbar Economic Development Corporation

The Dunbar Economic Development Corporation is located in the City of Los Angeles, County of Los Angeles, requesting \$648,000 to rehabilitate the interior of the Dunbar hotel and to rebuild a carriage house at the Ralph Bunche House. Recent information has been received from the applicant providing the status of their property tax with the City of Los Angeles and with their outstanding loans with the City of Los Angeles. A meeting will be arranged between the City of Los Angeles representatives, the Dunbar Project representatives, and the Endowment staff to determine the amount of loans that are outstanding and the repayment schedule that has been arranged. Once this information is obtained staff will report back to the Board for further determination as to how to proceed with this project.

Reginald Chapple, formally Executive Director of Dunbar EDC, is now the President and CEO of Dunbar Economic Development Corporation. He said that they submitted the financial information that was requested and he brought a hard copy of everything to today's meeting as well. He said he received a letter from the city of Los Angeles Housing Department on Friday giving them 90 days to negotiate the loans that are on the Dunbar Hotel apartments. The city will meet with them to discuss the outstanding issues and to answer questions over a 90-day period.

Fathia Macauley, Associate Director and Chief of Staff introduced herself and asked the Board if they had any questions.

Ms. Spehn asked the extent of what the dollar amount that the city has contacted Dunbar about in terms of the loans. Ms. Macauley said the original loan that Dunbar Economic Development Corporation has with the city originally in 1998 with Dunbar Hotel was rehabbed with \$2.9 million. And what they are looking at now is an outstanding amount of approximately \$1.9 million.

Ms. Brophy said that deferred loans were talked about, but now it would be renegotiated to be a different kind of loan. She asked if

there was something to do with a different kind of financial structure for housing. Ms. Macauley said the original loans were not deferred and that's what makes affordable housing work. Low income housing tax credits are involved. Most of the structures now are residual loans issued by the city. The city comes into the project and their loan basically is funded with either home funds or CDBG that can actually be expended on the books for a 30-year period of time. It looks on their books as an actual outstanding loan, but what it looks like in terms of actual operations are, at the end of year the developer and the city have the option of splitting the receipts. This is the structure that is prevalent in most low income housing. They are working with the Housing Department and others to move forward.

Mr. De La Torre said in the staff report it mentions a number of liens and he asked if they all are tied to this same structure. Ms. Macauley said that they were and the entity is the City of Los Angeles and there are no liens coming from any other sources. Mr. De La Torre asked if there was an appraisal of the building. Ms. Macauley said there is one in process and she should have those numbers by the end of the week.

Chairperson Hildreth said that from the staff reports she got the impression that some of the liens may be forgiven, not necessarily deferred, but completely forgiven. She asked if this was a negotiation they would be having with the city. Ms. Macauley said the city has opened up the door for talks about rewriting the loans at this point in time. This should occur within the next 90 days. An update of this meeting will be provided to the Board. The city is aware that the Endowment has made a potential recommendation for funding.

◆ Search to Involve Pilipino Americans (SIPA)

This project is located in two areas: San Francisco and Stockton. The Stockton project is for the acquisition and the restoration of two buildings, totaling \$1,279,994. The second project in San Francisco is to construct a Pilipino Culture Center in the Emporium/Bloomingdale building and they have requested \$238,500.

The applicant has been informed in a correspondence about the Board's action of limiting the amount of the match requirement at 30 percent for a loan or line of credit. The applicant is requesting the Board to allow SIPA to use 100 percent of a loan to fulfill the matching fund requirement and to allow SIPA to secure the loan through the acquired properties. It should be noted that staff has made numerous requests to this organization since June 22, 2005 to obtain further information on projects specifically regarding the appraisal of two buildings in Stockton, as well as a letter from the City of Stockton confirming that they will serve as lead agency for this project. Also, regarding the San Francisco project to get further information about site control of the project over the next 20 years. To date, a response has not been received. Staff recommends to the

Board to set a deadline date of 30 days to receive the information request. If not, to recommend that this project reapply for funding in the next round.

Mr. Joel Jacinto, Executive Director of SIPA said SIPA is the lead organization for the statewide coalition. He thanked the Board for recognizing the collaborative effort of this statewide endeavor. What needed to be done for the match was to secure a loan as they did not have \$1.5 million in cash to serve as their match. They do have a commitment from the Community Development Clearing House in Los Angeles.

He said he is responding to the Endowment and all the different requests for information in as timely a manner as possible. He informed staff that they have submitted the feasibility study, sustainability of San Francisco site, and that he was informed by the Stockton project that he will be receiving the appraisal any day now.

The limiting factor for SIPA is the inability to utilize a loan to provide one hundred percent of the matching loan. He said that 30 percent is \$370,000 and there is no way he would be able to fulfill the grant as stated to the Endowment in October if they are only able to use 30 percent as a matching loan. He asked the Board for their consideration in this matter.

Ms. Elena Mangahas representing the Little Manila Foundation said there are two points of thought coming from her community. The CCHE staff are more concerned about technicalities rather than the purpose of the grant, to the point where CCHE requests would actually substantially slow down their progress. She said the CCHE staff "from the get-go" did not initially recommend their project. When requested by the CCHE Board to fund projects at 2 a.m., because of dedication to the merits of what she presented, the staff of CCHE seemed to attempt to prove itself correct rather than proceed in the spirit of the Board's early morning decision. She said she appealed to the Board to stay engaged for the voices of the underserved and underrepresented. She hopes the Board will monitor how this process is being undertaken. There are fundamental disconnects but she would still want to pursue and seek the wisdom of the Board in making this work for the collaboration.

Don Marcos, Board Chair for the San Francisco Filipino Cultural Center, said in 1999 the Filipino Community of San Francisco held a series of town hall meetings to examine the spacing of the Filipino Community currently in the financial district. The town hall produced three recommendations: More affordable housing, more jobs, and institutionalize the community to preserve it. This gave the impetus for the development of the San Francisco Filipino Cultural Center. We entered into this project as a collaborative thinking that this was the best approach for the amount of dollars invested and the amount of square footage, but he now realizes that this has been more of an

obstacle especially technically by the staff. He said he will take the 30-day notice to turn out as much as he can. It has been a challenge but he will come through with his part and he hopes that the Board's consideration will be in his favor.

Ms. Brophy asked if he felt he would be able to supply what is needed in the 30 days and Mr. Jacinto said that the majority of the request for information, appraisal for both Stockton and San Francisco are all attainable. He does not feel he can do the project if they are limited to 30 percent of the matching grant.

Chairperson Hildreth asked how he was anticipating meeting the match at the time he submitted the application. Mr. Jacinto said the two matches that were being used, the San Francisco Consortium had received a federal appropriation and that was what was considered in terms of the reservation funding. In Stockton, the Little Manila Foundation, an eight square block project, was part of the master plan and he had matching funds from that development. He said they were forced then to say everything was to flow through CEQA, so as a lead organization he had to say, "Okay, we need to get \$1.5 million to be able to cover the matching for both". Chairperson Hildreth said resources had been identified that were supporting these activities but not necessarily under his control or able to be in an escrow on his behalf. Mr. Jacinto said they were for the project but were not necessarily under CEQA one hundred percent control and the key issue is the hundred percent issue.

Ms. Sheehan asked if the money that was identified in the original grant was within the project's control at the time CCHE made the award. Chairperson Hildreth stated theoretically it was supposed to be either in escrow or available to them. Ms. Matsuda said there appeared to be an understanding that groups that SIPA had been working with would be able to receive some of this money on their own. But as CCHE grant application indicates and illustrates, it has to be the person who has applied for the funding to be the recipient of the monies. Meaning that SIPA cannot then turn over their portion of the project to a local nonprofit in that area. Ms. Sheehan asked if CCHE's application agreement was clear that the match needed to be in the control of the applicant. Ms. Matsuda said FAQs illustrates that the cash match needs to be placed in an escrow account by the time the grant agreement is signed. This applicant has indicated that they would be working with the local entities, but SIPA would still need to remain in control of the whole administration and this is when the issue of match came about where they would use a one hundred percent loan to fulfill the match and then were notified of the Endowment Board's policy of the 30 percent cap.

Mr. Swinden asked what staff's opinion is regarding the sustainability of this project given the request for a hundred percent. Ms. Matsuda explained that in order to make that determination she would need some information, specifically about Stockton. She has no idea

about the appraisal, the value of the land or the two buildings that are in question. She would also need more information about the San Francisco project. Information was supplied about how the project would be funded for the first 10 years but CCHE requires a 20-year commitment and she doesn't have enough information to determine whether they would be able to sustain the project over the next 20 years.

Ms. Sheehan asked if the money that Ms. Pelosi secured for them could be directed to the group to help make up that difference in the match. Mr. Jacinto said that it gets back to the issue of whether or not it is coming through SIPA or as a re-grant.

Ms. Swinden asked if 30-days is an adequate time given some of the questions that have been asked today, or would additional time be required. Mr. Jacinto said if 30 days is what the Board is requesting then they will get it done, but 60 days would obviously be more favorable. Ms. Spehn said she would be willing to extend the time, but she wanted him to be clear that the Board will meet in October which might be within the 30-day window; but if he is given 60 days then the next time that the Board would be meeting would be in February.

Chairperson Hildreth said the Board cannot support a hundred percent match on a loan. She hopes that they will be able to identify some ways to move forward with the project.

◆ Friends of Marysville Bok Kai Temple, Inc.

This project is located in the City of Marysville and County of Yuba, requesting \$429,300 to restore the murals and structure of the temple. This project has voluntarily requested to be withdrawn from further consideration for the reservation of funds. Unfortunately, the applicant was not able to secure a long-term lease from the land owners.

Mike Moyers representing the Friends of the Marysville Bok Kai Temple and the Marysville Chinese community wanted to convey to the Board their appreciation for the effort and the consideration of their project. They were unable to work out one of the details which is the requirement of the 20-year lease. They raised \$280,000 and spent \$180,000 on emergency repairs. They intend to resolve the lease problem and come back to the Board in the next round to reapply.

Public Comments

Neil Pilegard, Tulare County Parks asked if it was possible to put the approved applicant's applications on the website for examples for future rounds. Ms. Sheehan commented that the next round of applications are being refined and there will be more detail and she wouldn't want people to think that that is the only degree of information that they would need to include. Ms. Matsuda said she agreed and it would be more important to

pay attention to the next cycle of funding and the questions that will be asked. Mr. Gray asked if it was possible for staff to assemble material from a range of successful applications some good examples of format, approaches, specific questions, etc.

Questions from the Board

Mr. Swinden asked if Ms. Matsuda could give the Board an idea of how the projects that have either withdrawn or that have no possibility of being funded impact where we stand with the 10 percent overage. Ms. Matsuda said the one project that voluntarily withdrew was for \$429,000 which still leaves \$1,961,709 over the appropriated \$35 million. Ms. Spehn said this is a reduction of \$400,000 plus so can we reduce the 10 percent hold on those projects that are going forward by whatever the proportion of the amount is? Ms. Matsuda said this would need Board action and because this isn't agendaized it should be brought back to the October meeting.

Ms. Brophy stated that there are five projects that the Board has received updates on, but they are still pending. Do they stay pending indefinitely or is there time limit as to when they will have to re-apply. Chairperson Hildreth stated that the Board has requested Ms. Matsuda to continue to keep them informed of all these projects. At either the October or February meeting some difficult actions will need to be taken.

Ms. Brophy asked if any monies have actually been given out and Ms. Matsuda said she has not received an invoice yet. There are two grant agreements that are in effect (Bay Area Railroad Association and the San Diego Natural History Museum) and she is awaiting their invoice.

10. PowerPoint Presentation by Executive Officer on the Discussion of Funding Criteria for Round Two

Ms. Matsuda gave the following presentation:

- ◆ CCHE Round 1 – 276 applications were received totaling over \$433 million.
- ◆ Applications were received from every county except for 16.
- ◆ Lessons learned
 - Need to provide applicants with more time to apply
 - Need to hold more informational meetings
 - Provide much more information about CEQA compliance
 - More clarification regarding matching funds and in-kind contributions
 - Introduce a new review process
 - Presentations made to the Board were very helpful
 - The site visits that were conducted were extremely helpful
 - Budget deliverables in line with work plans in grant agreement. There is a very good grant agreement in place that staff is now using and implementing with 19 applicants
 - Audits – the previous audits that were conducted by the California State Controller's Office and the Department of Finance Office of State Audits and Evaluations provided staff

with a lot of clarity and information as to how to shape the grant agreement.

- ◆ Proposed Changes
 - Provide more time for applicants
 - Provide for scheduled informational meetings on the grant application process to take place in December and January of 2006
 - Collect questions that are commonly raised at all informational meetings and place them on the website
 - Meetings will take place either late in the afternoon or on weekends so that everybody will have an opportunity to attend
 - Propose four divisions with a planning grant section within each of the divisions
 - Provide clear information to inform applicants that CCHE cannot approve funding for projects until they have CEQA compliance
 - Matching fund policy established, include more directed policies
 - Propose panels to be developed for each of the divisions. These panels will review the grants and make substantive comments and recommendations to the Endowment Board
 - We now have a grant agreement in place and it will be included as an appendix to the grant application to prepare applicants for the next stage of the process and the level of information needed.
 - The grant agreement for the second round will be much more expeditious in its execution because we will cater the application to provide us with the same information as we are requiring in a grant agreement.
- ◆ Regarding Agenda Item No. 10
 - There will be \$43.5 million available for the next round of funding. Staff would like to suggest a deadline date of January 30, 2006, giving applicants three months to apply for funding.
 - Recommend a method of submission to receive one hard copy of the application and a CD-ROM containing identical information as the hard copy.
 - Have a Division One funding of projects that have a budget of up to \$500,000
 - Have a Division Two, that have an annual operating budget from \$500,000 to \$2.5 million
 - A Division Three that have an annual operating budget of \$2.5 million and above
 - A Division Four specifically designated for public agencies to apply
 - Recommend that the minimum award for any division be \$25,000.
 - Recommend all applicants in all divisions be allowed to apply for planning grants. Examples of what could be considered as a planning grant are: schematic plans,

design development plans, construction plans and details, feasibility plans, historic structures report, emergency stabilization study and plans, and environmental review and documentation

- Require all applicants to provide a project summary of the application, division specific information and attachments, a resolution of approval by the applicant's governing body, and nonprofit organizations will need to provide a Form 990 as well as articles of incorporation of their organization, current bylaws of their organization and IRS letter of determination.
- Include in the application process CCHE's grant application questions as follows:
 - Provide clear indication of the thread of their project to California culture and history
 - Make a specific separate section about CEQA compliance
 - Current goals and the objectives of the organization
 - About the audience, both current and proposed
 - Match – and this will be in line with the same information that we request of grantees as they entered into the grant agreement state
 - The sustainability – we want to make it very clear about the 20-year requirement of a proof of either a leasehold or title or site control
 - Clear information about who will serve on the project team as well as a list of employees that will be working on the project
 - Will there be a separate capital assets team or a group of people who will be working on the project
 - Establish community advisory groups so they would work in conjunction with that particular community
 - Indicate who the Board members are and if there are any Board members who will be active in the project review process
 - Propose an administrative review where staff will do an initial screening of applications
 - Propose five to seven people by division for the panel review
 - The panel review will review all the applications in their particular division based on an annual operating budget. They will provide a numerical recommendation as well as a substantive recommendation to the Board and will provide a list of recommendations to the Board

◆ Calendar

- Suggest that the Board meet four times a year, starting this October for the Board to approve a grant application
- Conduct informational meetings throughout the state in December and January
- Board meet again in April 2006 and July 2006

Public Comment

B.J. Mitchell, Tehachapi Performing Arts and Museum Center said that on the last page of the grant application question, "the thread of project to California culture and history." She would like to ask the Board to consider increasing the amount of space that is given to reply to that question. In the first application the limit was two pages. She would like the Board to consider making this a three page response. She had a question about the planning grant. How do those relate to the general grant application? Is that money that is deducted from what you would request if you didn't do that? Or is that money on top of the application that you're making? Or how does that relate? Chairperson Hildreth said it is being made on an assumption that the applicant would apply for either a planning grant or for an actual construction grant, so it would be just for planning for capital projects.

Robert Hamaguchi, Board member Japanese Cultural/Community Center of Northern California said he appreciates seeing that a planning grant has been provided, because it was one of the issues that he had with small organizations being able to foot the bill to apply for the grant and it looks like planning costs to get to the grant applications so that the concept paper can be eliminated. He recommended to give some thought to either delegating some authorities or to meet more regularly because it seems that many of these projects are time driven.

Questions from the Board

Ms. Sheehan asked what the maximum amount CCHE gave out last time. Ms. Matsuda said the maximum amount of an asset the applicant could apply for was \$5 million. Ms. Sheehan asked if it was Ms. Matsuda's goal to continue the \$5 million cap. Ms. Matsuda said that would be a determination made by the Board. Ms. Sheehan said this is something the Board should think about because a panel could spend a great deal of time going through and judging and no one from the division is funded. Ms. Sheehan asked if Ms. Matsuda would be looking at developing different criteria for the match for public agencies than for nonprofits. Ms. Matsuda said the authorizing legislation only requires public agencies to have a match. Ms. Sheehan asked what would require a match for planning grants and Ms. Matsuda said this is a decision for the Board.

Ms. Imura asked if CCHE would require the same application regardless of which division it is. Ms. Matsuda said she would like to do a tier depending on the applicant and their operating budget. Ms. Imura asked if a different application for a planning grant would be required than that for a formal grant. Ms. Matsuda said the planning grant is very specific and would include one of the seven or eight items that were listed as examples. It would be easier if a specific application were provided for this. Ms. Imura asked if more than one nonprofit collaborates would it be a combination of their two budgets. Ms. Matsuda said what CCHE recommends to applicants who want to work together with another agency is for one agency or one entity to apply and serve as the legal

responsible entity or applicant for that project. Ms. Imura said would this be the same if there was a collaboration between a public agency and a nonprofit organization. Ms. Matsuda said this would have to be discussed with the attorney. Ms. Imura stated that she wants it made very clear in the grant application that there needs to be a clear indication of community involvement and community support regardless of what type of an entity it is.

Mr. Swinden suggested reducing the \$5 million grants to \$3 million.

Mr. Gray suggested making the application deadline from January 30 to January 31. He asked if a nonprofit organization submitted an application on behalf of a public project would this be considered a public agency application or would it be considered an agency by a nonprofit and then would it fit into one of the other three divisions. Ms. Matsuda said it would be looked at by the way they applied. Mr. Gray asked, for the purpose of clarification, Division 4 would be public agencies applying on their own behalf in their own right. Ms. Matsuda said this is correct. Mr. Gray Said the word "thread" might be used in a different form. Ms. Matsuda said she proposes having an appendix that would be used as part of the grant application process to clearly define terms such as "thread". His last comment was that any applicant organization of any size and organization can apply for proposed projects of any scale. Don't assume that an organization with a small annual operating budget might only propose small projects. It is important to get information necessary to resolve the questions related to the scale of their project. Mr. Gray said in the last round, after applications were received, they were reviewed by outside reviewers and staff, and the short list was put together. There was a process by which additional applications were placed on a secondary list and he asked if this will continue to be a part of the process. Ms. Matsuda said this will not continue to be a part of the next round of applications. Chairperson Hildreth said that if the Board approves the proposed process, that the panel recommendations will go directly to the Board and this will clarify that this opportunity will not be available.

Ms. Brophy stated that she strongly supports the peer panel idea. She asked if the informational meetings could be held in November and December instead of December and January. She also said that she has seen an on-line exchange where applicants can e-mail questions and are then responded to by the agency. Is this possible for CCHE to set up something like this in January. Ms. Brophy asked if an organization could apply for \$3 million planning grant or is there a larger dollar amount allocation given to the planning grant. And is it the intent for even the larger organizations to have a planning grant, or is it the intent to apply it across the board? Ms. Matsuda said it should be applied across the board because there is a good correlation that can be evidenced to show that if you have a very good plan, that your capital assets project will be successful.

Chairperson Hildreth commented that one of the reasons staff are considering planning grants is because there has been a lot of struggling with CEQA and much of that has been because there was a mix of plan and capital in the first round and it wasn't as explicit as it should have been regarding CEQA.

Ms. Spehn asked for a copy of Ms. Matsuda's presentation. She also requested the April meeting be spread over two days. She asked if there should be a policy decision regarding CCHE serving as the lead agency because of the expense. Ms. Moe said for projects where there is no public agency involved, and many of the projects presented to the Board are applications from nonprofits, they would not have any other opportunity to have a CEQA compliance document. There is not a lot of cost associated with a project that fits a categorical exemption, which most of the Endowment projects are.

Mr. McDonald expressed kudos to Ms. Matsuda and her staff for coming up with a great proposal. He feels that the CCHE limit should be \$3 million. He also agrees that CCHE should make sure that they find out who the community people are that are involved with the projects.

Ms. Spehn asked if there was any position on the appeal process. Ms. Matsuda said an appeal process has not been established.

Ms. Imura commented that she wanted some assurance that the Board, as the appointed body, are not relinquishing their authority or responsibility through the Panel process. Ms. Matsuda said the Board will have the final authority to make the final decisions about what projects will be approved for funding.

Chairperson Hildreth asked Board members to note Mr. Swinden's suggestion of the \$3 million upper limit instead of the \$5 million.

Public Comment

Michael Gonzales-Matsuda representing the Martial Arts History Museum stated that he was at this meeting to ask for support for something that will make an immediate and an ongoing impact in the areas of education, commerce, art, history and Asian culture. He is asking consideration for funding for the first Martial Arts History Museum, not only in America, but the first one in the world. This would be a museum dedicated to Asian culture and tradition and its influence on western society through the martial arts. He is currently working with State Senator Richard Alarcon on this project.

11. Next Meeting dates and Proposed CCHE Calendar for 2006

Ms. Matsuda said it might be easier to work with the Board's executive assistants in obtaining days in which members could attend future meetings. Her capacity to post the notices as part of the legal requirement will be somewhat hampered during the first week of October because the ITB Division will be working on a major computer upgrade.

12. Public Comments

Celeste DeWald, Executive Director of the California Association of Museums congratulated the Board and staff on lessons learned and recommendations by the staff. Many of the recommendations she would endorse, especially the peer panel review. She concurs with Ms. Imura regarding having to establish some clear criteria with a numerical score for each so that it is very clear what all the panelists are looking for and maybe make that available prior to the application deadline. She feels it might be beneficial to look at in-kind contributions prior to the date of the application or a grant agreement. She would encourage open-mindedness of allowing staff members of a museum as an in-kind match.

Naomi Torres representing the National Park Service and Rosie the Riveter World War II Homefront National Historic Site stated she is interested in the second round of funding. She is glad to see changes. Rosie the Riveter is working to preserve and interpret the historic structures related to World War II homefront efforts in Richmond, California. She is working with Contra Costa County, the City of Richmond and other nonprofits, namely, Ma'at Youth Academy, to preserve those sites and use those sites for the community. She will be submitting for some of those facilities, particularly the Maritime Child Development Center and Shipyard No. 3. She thanked the Board for their future consideration.

Sharon Fuller with Ma'at Youth Academy stated they are a nonprofit organization in Richmond, California that is looking to preserve the historic contributions of the African American in the war effort in the Rosie the Riveter in the Richmond area. They are looking at how Richmond served as the first HMO child care center and how she can preserve the facilities with the National Park Service. She came today to introduce herself and her organization and to learn a little more about the process. She said one question that came up was the relationship collaboration between nonprofits and public agencies and she needs some clarification on this.

Neil Pilegard, with Tulare County Parks asked the Board to consider setting some drop-dead dates for paperwork and the like for round 2 and 3.

Michael Hagar, Executive Director of the San Diego Natural History Museum thanked the Board for its part in the process. He particularly thanked Diane Matsuda and Susan Takeda for doing a yeoman's job the last month to help him come to contract. He hopes the project will be completed by September 2006. He introduced two other members of the team; Janet Redding, Vice President for Institutional Advancement and Jim Stone, Deputy Director for Public Programs and Project Manager.

13. Board Member Comments

Ms. Booth commended Ms. Matsuda and staff for all their hard work. The documents they have produced, including the resource guides and planning documents are commendable.

Chairperson Hildreth said it continues to be a pleasure to work with the California Cultural and Historical Endowment. She said that the State Library is making its own sacrifice by having some of its team members help out with the Endowment. This is helping the Endowment and all the projects move forward and it is a good effort. She thanked her staff and the Endowment staff for all their time and efforts.

14. Administrative Matters

There were no administrative matters to discuss.

15. Adjournment (Action)

Chairperson Hildreth asked for a motion to adjourn the meeting. Mr. McDonald moved adjournment of the Cultural and Historical Endowment Board.

The meeting was adjourned at 4:30 p.m.