

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

**Tuesday, October 25, 2005  
10:00 A.M.**

Location: Stanley Mosk Library and Courts Building  
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  
Ms. Arabella Martinez  
Mr. Bobby McDonald  
Ms. Anne Sheehan, representing Tom Campbell  
Mr. James Irvine Swinden

Representing the Senate

Honorable Christine Kehoe

Representing the Assembly

Honorable Hector De La Torre

Staff in attendance:

Ms. Diane Matsuda, Executive Officer  
Ms. Marian Moe, Staff Counsel  
Ms. Kay Norris, Assistant Director  
Ms. Rachel Magana, Executive Secretary  
Ms. Susan Takeda, Research Program Specialist  
Ms. J. Oshi Ruelas, Research Program Specialist  
Mr. Frank Ramirez, Research Program Specialist  
Mr. Clarence Caesar, Historian  
Mr. Bill Batts, Retired Annuitant  
Mr. Billy Cheung, Office Technician  
Ms. Michele Itogawa, Student Assistant

**1. Roll Call**

Chairperson Hildreth called the meeting to order at 10:15 a.m. A quorum was established.

## **2. Chairperson's Report**

Chairperson Hildreth said that staff has been working diligently in putting together a draft grant application which will be the key discussion point at today's meeting.

There were no comments from the public.

## **3. Executive Officer's Report**

Ms. Matsuda introduced Billy Cheung who will be joining staff on November 1 as Office Technician.

She stated that the next Board meeting is not scheduled until early February of 2006 and there may be a need for a conference call Board meeting in the interim for projects that are ready to be approved for funding.

Board Member Sheehan asked if the conference call would be in the December time frame and if the Board will be polled for the best date and time. Ms. Matsuda said she thought it would take place early December and she would poll the Board members.

It was suggested to set the date for the February Board meeting as soon as possible.

Senator Kehoe said the Board may want to consider setting a regular monthly meeting. Ms. Matsuda explained that at the Board, at its last meeting, indicated meeting four times a year: February, April, July and October.

The Consensus of the Board was to set specific dates for each of the four meetings to be held.

There were no comments from the public.

## **4. Consideration of Program Costs for Round Two of Grant Application**

Ms. Matsuda said that the Board passed a motion at its last meeting to consolidate the remaining CCHE funds into two remaining rounds of funding for \$43.5 million each. This agenda item requests that the Board consider withholding \$500,000 out of Round Two funding for program costs, thereby reducing the next round to \$43 million. This will cover the programmatic costs and therefore eliminate it from being taken out of the administrative budget.

Costs will vary for each project, particularly in regard to CEQA compliances and could amount to several hundred dollars or several thousand depending on the complexity of the work to be performed. This motion will give CCHE the ability to pay for the services outside of its limited administrative cost budget.

Ms. Brophy asked of the third round of funding would be at \$43 million or would it depend on how much is spent on CEQA compliance. Ms Matsuda said by round three there will be a good tracking system in order to estimate costs for CEQA compliance and appraisals for real property and long term leases.

Ms. Sheehan moved approval to withhold \$500,000 out of the Round Two funding for program costs, thereby reducing the next round to \$43 million; seconded by Ms. Booth. Motion carried unanimously.

There were no comments from the public.

**5. Consideration of In-Kind Contribution Policy to Fulfill the CCHE Matching Fund Requirement**

Ms. Matsuda provided the Board with background information stating that the Board requested clarification as to what constitutes an in-kind contribution to fulfill the matching fund requirements.

There are four specific areas in terms of in-kind contributions: labor, materials, equipment and donation of real property or long-term lease.

The following are staff's recommendations:

For in-kind contributions for labor the applicant must:

- a. Labor costs will directly benefit the capital assets project
- b. Show and document the following three things:
  - i. Identify the individual performing the labor
  - ii. What type of labor will be performed
  - iii. And the hours that will be expended
- c. Applicant must identify the cost per hour and the rates and fees of that particular profession or receive approval from CCHE prior to performing these services.
- d. Applicants cannot be individuals who are already staff members or paid by the organization from other sources
- e. Applicants can use materials that have been donated to them to fulfill the matching fund requirement with the following conditions:
  - i. The applicant must identify the materials that will be donated
  - ii. The applicant must document how this material will be utilized
  - iii. The applicant must provide documentation as to the current market value of the material at the time it is donated
  - iv. The applicant cannot use materials donated by its organization, staff or Board members.
- f. Applicants can use equipment that has been donated for their capital assets project with the following requirements:
  - i. The applicant must identify what equipment will be donated
  - ii. The applicant must document how this equipment will be utilized

- iii. The applicant must document what the current market value or rental value of the equipment is at the time of donation
  - iv. The applicant must document the duration of the use of the equipment
  - v. The applicant cannot use equipment donated by its organization, staff, or Board members
- g. Applicants can use the donation of real property or a long-term lease with the following requirements:
- i. The applicant must identify the donation of real property or the donation of the long-term lease
  - ii. A certified appraiser must appraise the donated real property or the donation of the long-term lease and this must have been done within one year prior to the application deadline
  - iii. The appraiser performing the appraisal must be a member of the American Institute of Real Estate Appraisers or the Appraisal Institute and carry MAI designation or be a member of the Society of Real Estate Appraisers and carry the SREA designation.
  - iv. The appraiser shall be an independent contractor, not an employee or agent of the applicant
  - v. If the certified appraisal is the subject of any type of controversy, this will be resolved by a determination from the Department of General Services
  - vi. That the applicant must also indicate what additional sources of funding will be available to perform the specific tasks of the capital assets project.

Additionally, at the last Board meeting, there was discussion regarding in-kind contributions for planning costs and permanent fixtures.

- h. Applicants can use planning documents that have been created within one year prior to the date of the application (January 2005 through January 2006) and these costs can be credited toward the applicants fund requirement as an in-kind contribution with the following requirements:
- i. The applicant must provide the documentation to show the plans and that the plans were created within that one year period
  - ii. These plans must be limited to architectural plans and drawings
  - iii. The applicant cannot use drawings donated by its organization, staff, or Board members
  - iv. In no event can these costs be credited to more than 10 percent of the total matching fund requirement.
- i. Applicants who demonstrate that permanent fixtures are an integral and essential part of the capital assets project can credit the fair market value of these items toward their matching fund contribution with the following requirements:

- i. The applicant must demonstrate that the permanent fixture is a new resource being donated
- ii. The applicant must demonstrate that the permanent fixtures are an integral and essential part of the project
- iii. The applicant must provide the documentation that these fixtures are not readily available on the open market and cannot be readily purchased
- iv. The applicant must provide some reasonable means of calculating the monetary value
- v. The applicant cannot use permanent fixtures donated by its organization, staff, or Board members
- vi. In no event will the applicant be able to credit more than 10 percent of its total matching fund requirement toward the donation of these permanent fixtures

#### Public Comment

Mr. Neil Pilegard from Tulare County Parks and Recreation said it appears that his grant application would be more competitive if the Tulare County Historical Society applied for it, rather than the County of Tulare. The Historical is a separate 501(c)(3) non-profit. The museum was constructed in 1943 and turned over to the County for operation. The County moved several historical buildings off-site and has made improvements to them. If the Historical Society applies for the grant and builds the addition, would the county resources that are utilized in labor and equipment be counted as match even though they are not part of the non-profit?

Chairperson Hildreth said the Board is not here to answer questions about specific projects but asked Ms. Matsuda if she had any comments.

Ms. Matsuda said if the actual bona fide applicant is the historical society, which is a 501(c)(3) and they are going to have new resources donated to them by another entity, then under those general circumstances it might be considered as an in-kind donation, but she would need further facts.

Ms. Celeste DeWald, Executive Director of the California Association of Museums said she too has concerns in reviewing the In-Kind policy. She said that a lot of private non-profits' biggest line item in their budget is staff. She thinks that matching staff time should be allowed. The other concern she has is that Board members cannot donate materials, equipment, planning costs or permanent fixtures. It is the Board members that have the vested interest in the project's success. She feels that this policy would tie the hands of the project and the organization if the Board members cannot contribute to the project as an in-kind.

Mr. Kim Greer, President and CEO of the National Steinbeck Center said he echoes the comments about including staff time. He said it is no different than what the CCHE Board just did with the vote for program costs and it would be nice if projects could do the same thing and allocate the costs. Also, Board members often provide the lead gifts that encourage other community members to give. Excluding them from the matching funds

would make it more difficult to raise money. He encouraged the CCHE Board to allow Board member contributions.

#### Board Comments

Ms. Martinez said she agrees with the other speakers regarding how in-kind contributions are counted for staff and Board members. She expressed a desire for staff and the Board to work out a way for staff and Board time to be included as in-kind contributions.

Ms. Imura said she too has concerns with not allowing Board members' donations to be counted as in-kind contributions, as well as not allowing staff hours counted as in-kind contributions.

Mr. Swinden also agrees, particularly the donation of in-kind contributions of material and equipment. He said Board members are typically called upon to take the lead in providing services and to not allow this would hamper some of the organizations in their matching fundraising abilities. He asked Ms. Matsuda to clarify why she drafted the policy in this manner.

Ms. Matsuda said the reason she included this in the motion to be considered by the Board is because there was a clear point that came up in the audit by the State Controller's Office that dealt with a board member participating in a project and the issue of the cost that the Board member was charging to that particular project was audited. She thought in order for projects not to run into this type of problem that the policy would restrict labor and services in this particular area.

Mr. Swinden said given the comments that have been raised, it would seem that contributions of labor of a total voluntary nature should be included, as well as equipment and materials. He said he would be in favor of leaving the restriction on paid position as written.

Ms. Martinez said she agreed with the other speakers and Board members regarding how in-kind contributions are counted toward staff and the Board members. She feels the Board should try to figure out what isn't staff time and should not be counted and what is really Board time and what should be counted.

Board member DeLaTorre felt that the Board should look at the auditor's analysis and see what the specific issues are regarding these kinds of in-kind contributions and regulate that activity as opposed to abandoning it. You could possibly require more reporting of what the person is doing or a comparative analysis of the hourly rate that is being given for the in-kind contribution.

Senator Kehoe asked Ms. Matsuda if the policy she is presenting is consistent with what other state agencies are doing. Ms. Matsuda said many of the State agencies do not allow in-kind contributions, and if they do, it is very specific. There are a series of guidelines as to who can contribute in-kind labor or who can contribute in-kind materials. The Office of Library Construction has specifically stated this in their regulations. Senator Kehoe

asked if the Office of Historic Preservation used in-kind contributions. Ms. Matsuda said they do, but it is limited and they are very clear about what type of in-kind contributions are allowed, especially in the area of labor.

Senator Kehoe said the CCHE Board should consider incorporating some of those specific guidelines so there is clarity and transparency to the regulations from the onset.

Senator Kehoe asked why the planning costs and permanent fixtures are capped at 10 percent, but others are not. Ms. Matsuda stated that there are particular planning costs and capital asset projects that are permanent fixtures that can be very expensive. If the Board allowed an applicant to use an in-kind contribution of a planning cost for their match, in some cases it could be the entire match. Staff would like to see a diversity of matching funds for a particular project. Senator Kehoe asked why there were not limitations in other areas and Ms. Matsuda advised that the smaller organizations may not have the monetary resources to fulfill the whole matching fund contribution. They would be encouraged to use a diversity of resources in labor, material and supplies in order to fulfill their project.

Chairperson Hildreth commented on the planning costs and the permanent fixtures to the capital assets. She said there are policies that were not in place for the first round, and at the last Board meeting a consensus was not reached so staff was directed to bring a proposal forward to the Board for review. This is a conservative proposal for the Board's consideration.

Ms. Booth asked if the Office of Historic Preservation included in-kind contributions for staff and Board in their guidelines. Ms. Matsuda said she does not recall that there is strict prohibition against Board members' in-kind contributions and she believes they have listed the types of individuals or the types of professions that can donate these particular services.

Ms. Brophy echoed everyone else's thoughts regarding the Board's volunteer efforts be allowed for in-kind contributions. She asked if a staff position that is specifically working on the capital assets project funded by another source, can that not be considered as a cash match? Counsel Moe said this is labor and not cash, and therefore could not be considered as a cash match.

Mr. Gray stipulated that if at the time the project budget is prepared and the sources of cash support that would be part of the match are identified, he is not aware of any prohibition against an applicant employing people to perform necessary parts of the project. He asked if labor could be moved out of in-kind and make it part of the cash match if it is supported by a matching funder. Counsel Moe said she felt there are ways to adjust language under labor to accommodate this issue.

After much discussion the following motion was presented.

Ms. Martinez moved to change the timeframe on planning costs from one year to 18 months; adding some language in Number 2 that identifies other

licensed professionals; and in Number 4 moving the percentage up to 20 percent; and eliminate Number 3 entirely; seconded by Ms. Booth.

### **Public Comment**

Krista Harness with Harness Consulting brought to the Board's attention that some of the projects are at the beginning stages. One of the primary projects she is working on is in the planning stage and they are obtaining contributions of project management plans, environmental plans, etc. She works with City Council members, and developers in the State of California. There are not licenses for council members or developers and if the Board limits the scope to licensed professionals. She asked the Board to take into consideration the language because the language the Board is choosing is very specific, and could eliminate a significant dollar amount for those projects that are in the early planning states.

Various Board members commented that it would be hard to place a value on council member and developers' expertise since they are unlicensed.

Ms. Imura made a friendly amendment to the motion to add in Number 2 that identifies "directly related licensed professionals". Motion carried unanimously.

Ms Brophy moved to incorporate in Number 5 to allow donations by Board members if it is new and not something already in control of the organization and to adjust Number 6 from 10 percent to 20 percent of the total matching funds; seconded by Ms. Sheehan. Motion carried unanimously.

Mr. Swinden moved that equipment in this context be defined as tools and machinery, or assets necessary for construction of the project but that will not result and become a permanent part of the project; equipment already owned or under control of the organization cannot be donated and added to Number 4, "The donated equipment cannot result or will not be counted if it becomes a permanent part of the project."

Because of the amount of changes needed to the "Equipment" section it was decided to table it until a draft is developed and distributed.

Mr. Gray moved to approve the donation of real property and long-term lease as presented by staff; seconded by Ms. Sheehan. Motion carried unanimously.

Ms. Booth moved to eliminate Number 4 (materials) from the draft; seconded by Ms. Imura. Motion carried unanimously.

Regarding labor in Number 3, Ms. Imura stated that the Board must keep in mind that it made a commitment to organizations that it would



be as generous as possible and keep the definition of matching funds and in-kind contributions as broad as possible.

Ms. Martinez stated that possibly one way of solving the problem is to talk about individuals who are already staff members and who are specifically assigned to the subject project whether the money allocated is from restricted or unrestricted sources. The Board may also want to stipulate that there must be documentation showing the amount of time that staff person spent on the project.

Mr. Swinden asked that the Board allow volunteer time by staff and Board members as long as it is accounted for and appropriately documented.

Senator Kehoe asked Ms. Brophy to clarify the term "cash match" for in-kind. Ms. Brophy said that when a non-profit has an employee already on staff, and assigns the employee to that position to take on oversight of that particular project the non-profit can apply those hours to the project as the cash match based on it being a new source of funding. Senator Kehoe said her concern lies in the staff person that makes \$70,000/year versus the staff person who makes \$19,000/year because ten percent of these two people's salaries are very different. This gets into gray area and can incite questions from the public, elected officials and the auditor.

Ms. Matsuda requested the Board to be very specific and provide staff with specific directives, or preferably very specific language, as to how to implement this.

Chairperson Hildreth said that language for the labor issue needs to be developed before the Board can act upon it. She said there is a consensus in Ms. Martinez's suggestion about staff specifically being assigned to a project with new moneys that are specifically identified to support the project. She feels language can be crafted that would help staff in the future for determination of the appropriateness of the in-kind, and volunteer time on behalf of the Board and other staff members beyond their normal workday with rates and time.

Mr. DeLaTorre stated that perhaps a cap could be set on the salaries. Senator Kehoe asked if the auditor's report spoke to in-kind contributions. Ms. Matsuda said she didn't think it did, but she would review it at lunch and report back to him. Ms. Moe asked if the Board would like the staff to use the guidance of comparable state salaries as the guidelines for what the acceptable rates would be. Ms. Matsuda verified that this would be very helpful.

Chairperson Hildreth said labor and equipment have not been resolved and will be taken up later in the afternoon.

### **Public Comment**

Mr. Kim Greer with the National Steinbeck Center said that the Board is requiring that he name the project manager that will solely work on the project, the name of the bookkeeper and requiring that he has two employees, yet he can't use their time as match. He believes there is an inconsistency in employees and not allowing the use for their match. Chairperson Hildreth said this has been recommended by the auditor.

## **6. Review of Projects Reserved for Funding**

The Dunbar Economic Development Corporation – Ms. Matsuda said this is a development corporation project in Los Angeles, County of Los Angeles for \$648,000 to rehabilitate the interior of the Dunbar Hotel and rebuild a carriage house at the Ralph Bunche House. The current status of this project is staff is awaiting information from the applicant as to the status of the outstanding loan with the City of Los Angeles. Ms. Matsuda said it is her understanding that information was received today but staff has not had a chance to review it. The Board allowed Dunbar 90 days, until December 13, 2005 to comply.

Mr. Reginald Chapple, President and CEO of Dunbar Economic Development Corporation said he believes he can resolve all the issues by December 13, 2005. He stated that there are two lien holders with the City of Los Angeles; the Los Angeles Housing Department and the Community Redevelopment Agency. Lynn Hanson, the representative with the Los Angeles Housing Department that he has been working with has been out on medical leave. He has not been able to obtain dates from her as to when she can meet with the CCHE staff. He has obtained some dates for Community Redevelopment Agency staff to meet with CCHE staff. He responded to the City's request for additional documentation, and he believes he is on target for the December 13 deadline set by the Board.

The Japanese American Museum of San Jose – Ms. Matsuda said staff is recommending this project for an approval of funding. This project is located in the City of San Jose, County of Santa Clara and requesting \$1,010,766 to construct a new museum. This project was pending CEQA compliance, but there was a hearing on October 12, 2005 in which the conditional use permit was approved.

Ms. Imura moved to approve the Japanese American Museum of San Jose for funding; seconded by Mr. McDonald. Motion carried unanimously.

The San Francisco Museum and Historical Society – Ms. Matsuda said this project is located in the City and County of San Francisco and is requesting \$2,887,500 to restore the Old Mint San Francisco museum. There have been a number of ongoing issues, specifically the site control issue. There is an Exclusive Negotiating Agreement in place, but that is contingent upon the

Museum and Historical Society completing schematic designs for the project. Once the schematic designs are completed this project will be in compliance with CEQA.

Once there is compliance with CEQA, the Board of Supervisors of the City and County of San Francisco will issue the long-term lease to comply with CCHE's site control requirements. There is also the issue regarding new market tax credit. CCHE continues to work with various attorneys to verify how the new market tax credits may affect bond money.

Mr. Mendelsohn stated his hope is that this gets resolved because this project is on hold. As Ms. Matsuda indicated, when the schematics are finished he will be able to have the notice of determination necessary to fully comply with CEQA. He also believes that he will be able to meet any concerns CCHE may have regarding site control. He said if it were possible for the Board to allow his project to use the money that is waiting to match CCHE money, he could use a portion to complete schematics over the next 90 to 120 days. The amount is \$1.2 million. He asked the Board if they would be willing to give this project the consideration.

Chairperson Hildreth asked if the Board were to consider making an award with a number of conditions, what would be the status of CEQA on this matter. Counsel Moe clarified that this project could qualify for an exemption as a planning and drawing phase of the project and the Board could act as a lead agency for the CEQA portion. She said that one of the concerns with the new market tax credits has to do with whether it would jeopardize the tax exempt status of the state's bond fund, but this is not a major concern based on the current proposed structure. Mr. Mendelsohn's attorney must also provide a written opinion as to whether this would affect the tax exempt status of the museum Society as a non-profit under 501(c)(3) of the Internal Revenue Code.

Chairperson Hildreth tabled this project and asked Counsel Moe to put together a document outlining the conditions to be met in order for the Board to review before action is taken.

Go For Broke Educational Foundation is located in the City of Los Angeles, County of Los Angeles and is requesting \$1 million to construct a permanent exhibit and learning center. There is a pending 30 year lease with the City of Los Angeles. A Memorandum of Understanding signed by the City of Los Angeles and the Go for Broke Educational Foundation was received on October 11, 2005 showing that they are in the process of entering into a long-term lease of 50 years.

It should also be noted that the Go For Broke Educational Foundation has requested a reduction in the total amount of square footage for the permanent center from 30,000 square feet to 14,999 square feet due to the fact that CCHE reserved funding lower than the amount they had originally requested which was \$3.8 million. Staff requests the Board to consider this project on a conditional approval, specifically to give this project six months from the date of this approval to have the actual lease agreement in hand.

Ms. Booth moved to approve the Go For Broke Project; seconded by Ms. Imura. Motion carried unanimously.

The Angel Island Immigration Station 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 currently pending CEQA compliance, which should be completed in April of 2006. There has not been any change for this project since the last Board meeting

The Latino Theater Company 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 still pending with the City's General Services Department as to whether or not the Latino Theater Company should be selected as a long-term leaseholder of the L.A. Theater Company. There has been no change in status since the last Board meeting. The Latino Theater Company has been meeting with the attorneys of the City of Los Angeles regarding the lease, and the City team plans to submit the analysis recommending awards of contract to three City Council Committees during the week of November 7, 2005. From there it will be referred to the full City Council meeting and final action is expected to occur before November 23, 2005. If the Latino Theater Company does not win the bid then the money that was reserved for this project reverts back to the CCHE funds.

Mr. McDonald moved to give the Latino Theater Company a deadline of December 13, 2005 to re report back to the Board as to whether they have been selected by the Los Angeles City Council to be the long-term leaseholders; seconded by Ms. Sheehan.

Ms. Martinez asked if this meant that there is a Memorandum of Understanding. Ms. Matsuda explained that Mr. McDonald is concerned that even though the City Council approved a recommendation to give the Latino Theater Company exclusive control over the Los Angeles Theater Company, that it may take some time before an actual legal agreement is signed for them to become the long-term leaseholders.

Ms. Matsuda suggested asking the City of Los Angeles to create something similar to a Memorandum of Understanding to show they are seriously committed to entering into a long-term lease.

Ms. Swinden offered a friendly amendment to Mr. McDonald's motion that by December 13, 2005 the City of Los Angeles provides CCHE with a Memorandum of Understanding (or some kind of written commitment to negotiate) regarding the long-term lease. If this is not provided by December 13, 2005 then CCHE will drop the application. Mr. McDonald accepted the friendly amendment.

Public Comment – Ms. Evelina Fernandez from the Latino Theater Company thanked the Board for its patience with this project as it works its way through the second largest bureaucracy in the country. She said the project is moving forward and they are negotiating a lease. The General Services

will look at the two negotiated leases and then decide who will get the contract. This is very complex and it is her hope that they can have an answer by December 13, but she can't guarantee it. She was told by the City that this will go to the first Committee the week of November 7, 2005.

Motion not carried; 3 for, 5 against.

Ms. Booth moved to extend the deadline to January 31, 2006 for the Latino Theater Company; seconded by Ms. Martinez. Motion carried with one abstention.

The Oakland Museum of California Foundation is 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. Staff will be working with the City attorneys in the City of Oakland regarding the lease agreement that they sent to CCHE. It was a draft license agreement. CCHE staff needs more clarity about the legal agreement.

Ms. Imura moved for a January 31, 2006 deadline for this project; seconded by Ms. Sheehan. Motion carried unanimously.

Mr. DeLaTorre asked regarding the Latino Theater Company if at some point before January 31 the City of Los Angeles decided it is going to approve the other developer instead of the Latino Theater Company that CCHE be notified and hold a meeting or teleconference so that the money can be put back into the second round. Counsel Moe said that there would be a noticed Board meeting but remote locations could be set up and connected in via telephone.

Table Mountain Rancheria is located in the City of Friant, County of Fresno requesting \$617,620 to reassemble several buildings that were a part of the original Fort Miller Complex. The status of this project is that staff is working with the Department of General Services to review the environmental documents for CEQA compliance. The applicant has also been asked to provide further documentation about the inquiries received from members of the public who have expressed concern about the project. CCHE staff has just received information that the applicant submitted today, but has not had a chance to review the information.

Ms. Sheehan said that the environmental document needs to be certified, and there are other cultural issues that are related to what is being done, but are not part of the environmental document. Ms. Matsuda said staff asked for a specific response to the concerns being expressed about the project.

Kathy Lewis stated that she is from Table Mountain Rancheria but is a non-recognized member because her tribe chooses not to recognize her. She spoke on behalf of several people who are against this project. The majority of the Indian people that she has spoken to are not for this project because to them it is the equivalent of reconstructing concentration camps and saying this is an honorable thing. It is not an honorable thing to her.

In addition, the people that are in the area have issue with it being constructed with public funds from the basis that Table Mountain Rancheria is a multi-million-dollar tribe and their tribal members receive large amounts of money throughout the year that the tribe keeps and there are people living in poverty and are homeless and are not afforded basic civil rights with the tribal governments.

Ms. Lewis said she came today to speak on behalf of her people who do not want Fort Miller reconstructed. If it is going to be reconstructed it should be reconstructed with Table Mountain's own money. She said there is the issue of sovereignty which means if this is a public place for people to visit and if something happens to anyone on the land they cannot sue. Because of the sovereignty issue they cannot be held accountable to public safety or those types of issues.

Ms. Lewis exhibited some hand-made baskets that are a part of her living tribal culture. She said the tribe is running out of places to gather material to make their baskets.

She thanked the Board for listening to her comments and presented the Chairperson with a basket.

Ms. Martinez asked staff what is being done to address the concerns that have been raised by Ms. Lewis. Ms. Matsuda said she has addressed her concern to the Table Mountain Rancheria and asked them to respond to the allegations that were made in letters received by CCHE. They did respond and the Board has a copy of their response. Ms. Matsuda said it is a question for the Board to consider a thread regarding California culture and history. The history and culture being represented correctly to support community organizations is a very important part of the mission of the Endowment. The Board should have some serious further discussion about this before the approval of funding is approved.

Mr. Robert Pennell, the Cultural Resources Director for Table Mountain Rancheria said he has worked closely with three tribal councils and discussed this project at length with all tribal councils and the general council as a whole. In 1999-2000 the project was taken out to the communities with a presentation to the general council, the voting body of Picayune Rancheria. Some of the members of the tribal council had some strong concerns as to what the content of this project was about, and after it was explained their support was received. This is an opportunity for the people in Southern California to have a voice in the history of California, especially the period of the gold rush in central California.

They have received letters of support from tribal councils from multiple rancherias. He spoke with elders and families and members of the Picayune Rancheria, and many people living in the area who are not federally recognized members of the Rancheria. Over 125 signed letters of support were received, as well as 251 from the non-native community. At this time the project has full support from Table Mountain Rancheria.

This was a tremendously difficult period for people in California, but it is also a period of history.

Ms. Imura asked Mr. Pennell if the Board has seen the letters of support, and he informed her that they were included in supplemental material.

Ms. Imura asked how this project will teach the public about the exploitation and mistreatment of Indians in the building and operation of Fort Miller. Mr. Pennell said it will be a combination of talking to elders and from the research that he has done. The project has sound recordings, historical film, and interviews from elders in the area that were taken by anthropologists, authors and historians. These will be shared with the public.

Ms. Brophy moved for a January 31, 2006 deadline for this project to capture the thread of the project; seconded by Ms. Booth. Motion carried unanimously.

Search to Involve Pilipino Americans, SIPA is located in two areas, San Francisco and Stockton. The Stockton project is to acquire and restore two buildings totaling \$1,279,994. The project in San Francisco is to construct a Pilipino Culture structure in the Emporium Bloomingdales building at a cost of \$238,500. Ms. Matsuda said that at the last Board meeting, the Board allowed SIPA 60 days, a deadline of November 13, 2005 to comply with all the requirements requested of staff. She advised that the applicant is collecting all of the necessary information to be considered and will have it available by the deadline date.

Chairperson Hildreth stated that since the Board will not be meeting in November or December what action would the Board take if the material wasn't provided by November 13, 2005. Ms. Matsuda said that the applicant will be notified if the deadline is not met, that the money will be withdrawn and returned back to the general fund and the Board will then take action at the next meeting.

### **The San Francisco Museum and Historical Society (tabled earlier in the meeting)**

Counsel Moe outlined the conditions for the San Francisco Museum as follows:

- The initial language makes it very clear that if these conditions are not met to the satisfaction of the Executive Director then the grant agreement will not go forward and the funds cannot be used by the project.
- Condition one is that the Society must demonstrate it has long-term control of the site either by ownership, a long-term lease of more than 20 years, an easement, or some other legal document that gives the applicant control of the site. Ms. Moe said the Development Disposition Agreement makes it clear this will devolve into a lease. She stated this would be appropriate in terms of demonstrating long-term control. However, if the Board feels it needs to have the actual lease in place, Mr.

Mendelsohn has indicated there may be some changes that can be made under the language of the Development Disposition Agreement, but it wouldn't be finalized for six months. If the Board wants a deadline on the first term, the deadline could be for the April Board meeting.

- The second condition is that the limited liability company that will be a partner with the Museum Society will be incorporated and operated under California law.
- The third condition is to tie the operations of the non-profit corporation, the Museum Society, to follow the governance compensation and audited financial statements that would be required.
- The fourth condition is that the Society control the limited liability company and the majority of the Governing Board and that the Society continue to exercise control over the use of the Endowment funds.
- The fifth condition addresses some of the tax concerns with this arrangement. CCHE would want assurance that the plan does not jeopardize the tax exempt status of the Museum Society and that the general obligation bonds not be jeopardized.
- The executed grant must be in place before any funds are disbursed.
- The seventh condition would provide some additional financial audit requirements for the limited liability company as well as for the Society.

Chairperson Hildreth said that the City and County of San Francisco have been dealing exclusively with the Museum and Historical Society on this project for the last three or four years. The City and County are committed to this project.

Mr. Swinden said this is in many ways similar to the planning grants that the Board is moving with in round two. If this were a planning grant the Board wouldn't have as much of an issue with the lease and control of the site.

Ms. Sheehan moved to accept the conditions as presented by Counsel Moe and approve Resolution A31; seconded by Ms. Martinez.

## **7. Review of Grant Application Form and Criteria**

Ms. Matsuda gave a presentation giving an overview of the proposed grant application for round two as follows:

- The calendar for the next round of funding: (1) review and finalize the grant application in October; (2) the grant application becomes public and available for public distribution in November; (3) hold informational meetings across the state in December and January; (4) deadline date to apply for the application will be January 31, 2006; (5) Board meets in February 2006 and will be apprised of the number of grant applications received; (6) grant application review by the panel and administrative staff will take place February through April 2006; (7) the Board will meet to consider projects for reservation of funds.
  - Senator Kehoe noted that Southern California is at the end of the schedule just before the January 31 deadline. She asked if a north/south meeting could be held so that if Southern



Californians are willing to travel they can get the information earlier. Ms. Matsuda said staff is working on this.

- Ms. Martinez said not knowing how many applications will be received does she feel the deadline is too tight. Ms. Matsuda said it is her understanding from members of the Legislature as well as other interested parties that CCHE is not moving fast enough. She believes that by the time the Board meets in February staff will be able to provide the number of applications to be reviewed. If staff believes it is an unmanageable amount for the calendar timeframe she will request an extension in the review process.
- Board members had expressed some support about divisions one through four. The minimum amount available is \$25,000 and the maximum is \$3 million. There will be four divisions, as well as one planning division.
  - Division 1 will be for non-profit organizations that have an annual operating budget under \$500,000
  - Division 2 will be for non-profit organizations that have an annual operating budget over \$500,000.
  - Division 3 will be for non-profit organizations that have an annual operating budget under \$2 million.
  - Division 4 will be for public agencies and tribal organizations.
  - For planning, the minimum will be \$10,000 and the maximum will be \$300,000.
- There are six sections of the grant application.
  - Section one will focus on project summary including organizational goals and objectives as well as a discussion of the capital assets project.
  - Section two pertains to current and future audience and access to the particular project.
  - Section three is the thread.
  - Section 4 is the project's budget and matching funds
  - Section 5 is about sustainability
  - Section 6 is about the project team.
- All applicants are requested to submit their application. They will also be asked to provide the identical information on a CD ROM.
- Non-profit organizations and public agencies have different requirements; specifically non-profits will be required to submit two most recent form 990's or 990ez, an IRS determination letter and Articles of Incorporation as well as their bylaws.
- There is a specific provision in the application that indicates CCHE will notify grant applicants one year from the date of application of when funds will be released. Ms. Matsuda suggested that this be reduced to nine months.
- Upon receipt of the grant application there will be three tiers.
  - The first tier will be an administrative review where CCHE will determine initial eligibility.
  - The second tier will be conducted by a panel review where they will review eligible applications for content.

- The third tier will be conducted by the CCHE Board who will review the panel's recommended applications of the top 25 percent per division
- Ms. Matsuda walked the Board through the grant application process starting with the checklist, going through the sections and then the review process.
- Ms. Matsuda presented the edited version for in-kind contributions for labor and supplies, equipment, and planning costs, as well as permanent fixtures to the capital assets project.

### **Board comments**

Ms. Martinez suggested to amend number 2 to say, "applicants, staff, or Board members who provide a particular service to the capital assts project".

Ms. Sheehan suggested taking out the words "or Board" in number 3. Counsel Moe suggested the following wording for number 3: "In no event will applicant be able to receive credit of more than 20 percent of its total matching fund requirement from in-kind labor contributions of staff or Board member time."

Mr. Swinden moved to approve the labor language for the in-kind contributions; seconded by Mr. McDonald. Motion carried, approved unanimously.

Chairperson Hildreth stated that the supply section, formerly known as materials has already been approved. Mr. Gray stated that the Board did approve it as materials. Materials and supplies are different. He suggested calling the title "Materials and Supplies".

Mr. Sheehan moved to approve the equipment clause of the in-kind contribution; seconded by Ms. Booth. Motion carried, approved unanimously.

Ms. Martinez suggested inserting in both number 2 and 3 new languages as follows: "The professional license must be directly related to the services provided.

Mr. DeLaTorre said that the initial paragraph states funds will be expended within one year prior, and in Number 1 it states 18 months. The one year needs to be corrected to 18 months.

### **Public Comments**

Ms. Kathy Duncan, a volunteer project coordinator for the City of Alameda to rehabilitate the Veterans Building asked if the value appraisal of the Veterans Building could be considered a match. Chairperson Hildreth said that staff will be able to help her with this matter.

Holly Alonso from Oakland, the Friends of Peralta Hacienda Historical Park Project asked if it is true that the schematic design that could have been counted had her project been funded the first round, can no longer be counted as a match for the second round. The schematic design was completed at the end of 2004. Chairperson Hildreth said it should count. Ms. Alonso asked a number of questions specific to her project and Chairperson Hildreth said staff would be able to help her.

Krista Harness with Harness Consulting asked if the intro paragraph, paragraph one of the Planning costs would be clarified to include other licensed documents. Chairperson Hildreth said the language in the first paragraph doesn't need to change because it is defined by Number 2. Counsel Moe suggested that wherever a reference to architectural plans and drawings are made, it be modified to say architectural plans, drawings and other documents.

Ms. Matsuda clarified that on page 13, we will add the word "untold" so the sentence will read: "The applicant provides a creative and unique way to describe the thread, i.e., provides a different aspect of a well-known thread or an untold story."

Mr. Gray noted that on page 16, under core project staff, the project manager is described as someone who will be solely delegated to work on the project. The intent should be that the applicant designate who will be the sole project manager. On page 21, on the checklist, item 9, CCHE is requesting from Division 3 applicants a complete copy of at least one year of its audited financial statements. It appears to be optional in one case and mandatory in the other. Ms. Matsuda said she would amend this to say required if it is available.

Mr. Gray referred to page 96; he has a question whether CCHE wants a parent organization or a parent agency's financial report or the financial report of the administrative subdivision that may be the grant applicant. There needs to be clarification for this and Appendix H as well. Mr. Gray referred to page 51 regarding Board members, he asked if it would be beneficial to have more information about the Board member, i.e., who they are or what community interests or concerns, benefits or advantages they bring to the nonprofit organization and the project.

### **Public Comments**

B.J. Mitchell from the Tehachapi Heritage and Arts Foundation thanked the Board and asked them to consider, in Section 3, page 13, to increase the number of lines to describe the thread. CCHE only has 35 lines and he doesn't feel this is enough.

Kay Voyvodich wanted clarification on the planning grant application if the minimum is \$25,000. Ms. Matsuda stated that on the planning grants CCHE is recommending a minimum of \$10,000. Ms. Voyvodich said she is confused about CEQA requirements for planning grants and asked if she has to have CEQA compliance to actually submit a planning grant. She

also commented on dates for an informational meeting. She suggested that it would be good to have some of the meetings in November.

Isaac Kos-Read from Townsend Public Affairs made the following points: (1) On page 10, with regard to the one-year allotment of time to address all the contingencies, given that there may be certain circumstances where the application really is working through all the process, but something happens beyond its control preventing them from getting everything done in time, there might be at least a potential for appealing for extra time. (2) on Page 36 The way the application is currently drafted CEQA must be complete on the date of application. He was under the assumption that CEQA would have to be complete within 18 months of having the funds reserved. (3) on page 48 and 49 with regards to the four years of financials. He works with various non-profit organizations and they have never had to do four years before. Generally two years is the standard, especially for audited financials. (4) He too would like more space for the narratives, especially the thread portion.

Chairperson Hildreth said the language is not intended to infer that CEQA must be completed upon application.

Celeste DeWald said she has the same concerns as Mr. Kos-Read regarding the four years of financials. She feels the norm is 2 years. She said she noticed that in the criteria for evaluating the thread that there was some language in there that it was three points if the thread was created and three points if it provided a creative and unique way to describe the thread and she asked if this was the spirit of AB716.

Ms. Krista Harness said she is working on behalf of the Preston Castle Foundation, which is the California Youth Authority's Castle in Lone, California. The project is run by all volunteers to restore a 75,000 foot structure. There is no staff. Her concern is on page 27 under ineligible costs for groups such as foundations that are starting up, if they don't have someone who is a grant writer and they don't have the funding available to pay someone up front, CCHE is not allowing costs to be allocated to grant writers. She stated she is not sure what the justification for this is, but should like to ask that the Board re-visit this.

Andrew Governor from Governmental Advocates asked for a description of who comprises the panels.

Ms. Matsuda asked the Board to consider, on page 10 under the release of CCHE funds reserved, that the project have no more than nine months to be able to execute grant agreement from the date a project is reserved for funding. This will allow staff enough time to report back to the Board about projects that will not be able to proceed on and have that money available to be part of the third round of funding.

Ms. Sheehan moved to approve the application with the discussion and revisions reflected at today's meeting; seconded by Mr. McDonald. Motion carried unanimously.

### **Public Comment**

Gail Kara said she is a member of the general public who has written grants and approved grants in the past. She said that in her opinion this is the rationale of the grant and to allow only one page seems impossible. She feels more space should be allowed.

Mr. Governor asked for a response to his earlier question regarding how the panels will be comprised. Ms. Matsuda said this information will be provided on the website under the frequently asked questions. CCHE will be requesting individuals who have a specific expertise in the area of non-profit organizations, management, and specifically in terms of financial responsibility as well as local public agencies to help serve as panelists for each of the divisions. It is important to have representatives who may have similar budget and staff sizes to sit on various panels within the various divisions. In addition, people who are members of public agencies and employees of public agencies will also sit on the specific panel designed to review public agency applications. There will be between five and seven panelists on each panel.

### **8. Public Comments on Items not on the Agenda**

Margaret Mills with the Knight Foundry Corporation expressed her appreciation for the Board's support of the Knight Foundry Project. The CCHE grant will enable her project to address environmental issues and once this is complete they can go forward to seek additional help in another round. She commended everyone for their dedication to this process.

### **9. Board Member Comments**

Ms. Booth said that she believes the Workshop Schedule dates need to be reviewed and possibly assigned earlier dates.

Mr. Swinden complimented the staff on the hard work and said great improvements have been made from the first round.

### **10. Administrative Matters**

It was suggested that the Board meet on the fourth Thursday of the month so future meetings will be February 23, April 27, July 27 and October 26.

### **11. 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 5:25 p.m.