

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

**Thursday, April 26, 2007
10:00 A.M.**

Location: Richard J. Riordan Central Library
630 West 5th Street
Los Angeles, California

Members of the Board in attendance:

Ms. Susan Hildreth, Chair
Ms. Suzanne Deal Booth
Mr. Michael Chrisman, represented by Mr. Bryan Cash
Mr. Michael Genest, represented by Mr. Tom Sheehy
Ms. Georgette Imura
Ms. Carmen Martinez
Mr. Bobby McDonald
Ms. Betsy Reeves
Mr. James Irvine Swinden

Representing the Assembly

Assemblymember Karen Bass, represented by Mr. Max Espinoza

Staff in attendance:

Ms. Diane Matsuda, Executive Officer
Ms. Rachel Magana, Executive Secretary II
Ms. Marian Moe, Deputy Attorney General
Ms. Francelle Phillips, Project Manager
Mr. Frank Ramirez, Project Manager
Mr. Tony Planchon, Project Manager
Mr. Marc Pigeon, Office Technician

1. Roll Call

Chair Hildreth called the California Cultural and Historical Endowment meeting to order at 10:19 a.m. A quorum was established.

2. Chair's Report

Chair Hildreth noted that the focus of today's meeting will be to update the Board on where CCHE is in terms of the Round 3 Application process and to discuss when amendments to grant applications are appropriate. She explained that there may be projects that require a change, or may

encounter difficulties, and the Board needs specific criteria to deal with this issue.

The Board will be visiting two sites after lunch: (1) Angels Flight and (2) La Plaza De Cultura y Artes.

There were no comments from the public.

3. Approval of Minutes for February 15, 2007 (action)

Mr. Swinden moved to approve the February 15, 2007 minutes; seconded by Mr. Cash. The motion carried unanimously.

There were no comments from the public.

4. Executive Officer's Report

Ms. Matsuda updated the Board on the following items:

- Francelle Phillips, Project Manager, and Tony Planchon, Project Manager, were introduced as new staff members to CCHE.
- At the last Board meeting it was reported that there were several projects that requested a change to the information stated in their original Grant Application. This is the first time that staff has been asked to modify the original scope of a project. It was therefore brought to the Board for their guidance. A draft policy has been created to include the Board's comments from the last meeting and will be discussed in Agenda Item #5.
- As more projects enter into contractual agreements with CCHE, more invoices for reimbursement are being received. The current invoice form has been revised to make it easier and clearer, and to also provide an expeditious reimbursement process for grant recipients.
- A PowerPoint presentation was made with the following information:
 - \$122 million was made available to the California Cultural and Historical Endowment in 2002 through Proposition 40 funds.
 - The Board voted to divide the \$122 million into three rounds.
 - Round One was for \$35 million and funding was reserved for 33 projects in December 2004.
 - Round Two was for \$43 million and funding was reserved in April 2006, for 45 projects and 33 planning grants.
 - Round Three will be for \$43 million and funding will be decided at the August 2007 Board meeting.
 - Total amount requested per round: Round One \$433 million with \$35 million available; Round Two \$385 million with \$43 million available; and Round Three \$218 million with \$43 million available. There has been a drop in the number of planning grant applications for this round but the amount of funding requested for capital projects remains relatively the same from Round Two.

Chair Hildreth noted, for the record, that the project and planning amounts do not add up correctly. She asked staff to make the necessary correction for future references.

Ms. Matsuda continued her presentation as follows:

- 45 out of 58 counties were grant applicants in Round 3.
- A slide depicting the breakdown between projects and planning was shown. It was noted that 98 percent of the grants received for Round Three is for project grants and only 2 percent is for planning grants.
- The breakdown for the types of projects that applicants are interested in pursuing is:
 - New Construction – 41
 - Rehabilitation/Renovation – 53
 - Reuse – 44
 - Expansion of Facility – 7
 - Acquisition – 7
 - Landscape – 2
 - Stabilization – 8
 - Documents/Drawings – 22
- The review process for Round Three:
 - Four separate processes are being simultaneously conducted.
 - This process provides a more thorough review as well as analysis of each grant application.
 - The review process will be completed by the beginning of July and staff will review and assemble the scores.
 - Information will be released to the public in mid-July.
 - CCHE Board meeting August 22-23, 2007 in Sacramento
- Applicants by Division:
 - Divisions One through Three are non-profit organizations and Division Four is available for public agencies and Indian tribes.

Board Comments/Questions

Mr. Sheehy asked if there were any counties that applied in both Round One and Round Two that did not have a project funded. Ms. Matsuda said that there were and she would be happy to send this information to the Board.

There were no comments from the public.

5. Review Proposed Criteria for a Revised Project to Amend a Grant Agreement

Ms. Matsuda presented the following recommended criteria for a revised project that would be considered in amending a grant agreement:

- **Project Thread:** The project thread of a grant application is considered one of the most crucial areas of the grant agreement. Thus, if the proposed modification/amendment to the original

application does not substantially change the scope of the project thread, the project should be allowed to continue in its modified/amended form.

However, if the physical property of the project serves as the primary thread of the Project, and the modification/amendment will no longer incorporate the physical property, the CCHE staff will recommend termination of the CCHE Grant Agreement.

- **Project Location:** If a project has requested a change of geographical location, the following factors will be considered:
 1. Whether there is a similar, established project or a project planned in the near future, similar in its purpose and goals that is in close proximity to the area that the applicant wishes to relocate its project.
 2. Whether the project thread and general purpose of the project will no longer be effective in a new location.
 3. Whether public opposition has been expressed in relocating the project to the proposed site.
 4. Whether the funding for the project, CEQA compliance and long-term control requirements of CCHE can be fulfilled within a reasonable amount of time.
 5. Whether geographic diversity was a factor in approving the project, and that factor is no longer met by the change in location.

- **CEQA:** If the proposed modification/amendment to a project would cause a change in the type of documentation a project will need to be in CEQA compliance, and the project will need to undergo a new environmental requirement that may cause an unreasonable delay in compliance and great expense, the applicant will need to provide CCHE with a specific and detailed timeline and a new budget that outlines how and when they expect to comply with CEQA and pay for the additional costs.

The proposed budget must be substantiated by documentation submitted by a qualified expert not directly affiliated with the Project.

- **Audience:** If the proposed amendment causes a change in the original audience to the project because of change of project thread or location, it will be considered by the CCHE Board in making their determination as to whether or not to grant an amendment or terminate the Grant Agreement.

- **Access:** If the proposed amendment causes a change in public access to the project because of change of project thread or location, it will be considered by the CCHE Board in making their determination as to whether or not to grant an amendment or terminate the Grant Agreement.

- **Capacity of Applicant:** Changes in key personnel, budgetary changes involving specific tasks indicated in the work plan, and local, regional zoning or planning laws may also be considered.

If any of the above mentioned changes affect the overall capacity of an applicant, CCHE will inquire as to the effect of these changes and if it is determined that the proposed amendment in any of these categories will greatly reduce the possibility for the project to continue or be completed, CCHE will report its findings to the Board to take appropriate measures to either terminate the Grant Agreement or allow the project to continue with the changes.

Public Comment

Robert M. Harris offered the following: (1) Since he just received the draft a few days ago he asked the Board not to take action, but instead, take it up at the August meeting. This would allow for more public comment and review; (2) He believes there needs to be language and criteria about exemptions in the CEQA portion of the draft. He said if a project moves from one area to another and it still has an exempt status, it should be recognized and not have to go through the whole process again.

Ms. Moe said the criteria the staff has suggested allows the Board a great deal of discretion in looking at a project to see how it is affected by its ability to comply with the California Environmental Quality Act. There are procedures built into CEQA that allow project proponents, developers and public agencies to adjust changes, however if it is a big change and has a big environmental effect it will cause a longer delay than a smaller change would.

Mr. Cash asked if an applicant wanted to make a change, would they go through Ms. Matsuda and have staff evaluate it and then bring it to the Board. Ms. Matsuda confirmed that this would be the process.

Mr. Sheehy asked if a grantee had already been awarded a certain amount of money, and then made changes in the scope of their project and it became more expensive would they be granted more money. Ms. Matsuda said CCHE does not have funding available nor has a policy been established to increase grants.

Mr. Cash moved approval of the policy as presented; seconded by Mr. McDonald. The motion carried unanimously.

6. Review of Round One Projects

Ms. Matsuda presented the following projects:

- 6.1: Knight Foundry Corporation located in Sutter Creek requesting \$50,000 for an environmental study and minor remediation. The City of Sutter Creek purchased the Foundry from a private owner. At the

February Board meeting, staff requested time to review the terms of the purchase agreement. Staff has forwarded a copy of the purchase agreement to legal counsel, who is reviewing the documents. She will report her final outcome within a few weeks. If there are no problems, staff will enter into a grant agreement with the Foundry, as the Board did pass a conditional approval of funding pending the Executive Officer's approval of the long-term control requirement.

Mr. Andy Fahrenwald, Project Director for the Knight Foundry Corporation, expressed appreciation for the Board's offer of Round One grant funding for environmental clean-up planning at historic Knight Foundry. As a direct result of the CCHE grant, Knight Foundry is now in escrow, under a signed purchase agreement, with Sutter Creek becoming the ultimate owner. The Knight Foundry Corporation is set to oversee renovation and manage the facility, interpretive programs, and operations under a long-term operating agreement. He has received strong early financial support from the entire community in the drive to match the Round Three grant application.

Competitive proposals from three clean-up firms have been received and the final contractor selection will be made next month. The firm selected will immediately begin work on a Removal Action Work Plan for approval of the California Department of Toxic Substance Control, the DTSC.

Garavaglia Architecture of San Francisco has been selected as Knight Foundry's Preservation Architect. The City of Sutter Creek, along with the Knight Foundry Corporation's close collaboration, has submitted a Round Three CCHE grant application to help cover acquisition, clean-up, and some basic renovation of the historic Foundry property.

The Capital Campaign Committee has raised nearly \$1 million to match the application for Round Three grant funding. The Committee is aggressively moving forward to raise additional funds. Local and regional newspapers and television media, including the History Channel, have recently been producing a series of features on Knight Foundry, its heritage, and future plans. There will be a special report on Knight Foundry in the Los Angeles Times.

- 6.2: Capital Unity Council is located in Sacramento, California requesting \$2,200,000. This project was originally submitted to CCHE to renovate a two-story structure owned by the Sacramento Unified School District located at 1919 N Street in Sacramento. Upon completion of the project's design and development phase, it was determined that the project should create a new facility rather than renovate the current structure.

Ms. Matsuda explained that staff would like to apply the new criteria to this particular project. The project thread will not change by moving from a renovation to a new facility. The project location will not change because they do not plan to move the location of the Capital Unity Council from its original location. They will be in compliance with CEQA by May 11, 2007. The audience and the

access for this particular project will not change from the original information submitted in their grant application. And the capacity of the applicant has also been clearly indicated in the letter that was submitted to staff from the Capital Unity Council reaffirming funding for this particular project.

Chair Hildreth reiterated to the Board that staff believes the changes that are proposed are in concert with the policy and would not affect the viability of the project. Ms. Moe said the City has been developing its approach to CEQA in the last few weeks. The project changed from using an existing building with internal renovations to demolishing the building and constructing a new building. As a result, the CEQA compliance was an exemption that they previously used but could no longer use for this change in the project.

The City of Sacramento zoning administrator reviewed it, and because the Zoning Code does not have a particular provision for private museums, their zoning rules allow the zoning administrator to interpret the Zoning Code to provide for an interpretation and to apply a similar category that will fit the characteristics of the use of a museum. She believes it is reasonable that the timetable provided can be met and that the Endowment should be able to use the new categorical exemption as a responsible CEQA agency.

Public Comment

Robert Harris referenced the Superintendent's letter. The language that is in the present lease is being used, even though this is no longer a renovation but a new facility construction. He said the present lease is in full force.

Board Comments/Questions

Mr. Swinden asked Mr. Harris how the Unity Council will address the issue of the loss of revenue to the City on the parking spaces that are being eliminated. Mr. Harris said it is not the City. It is the school district, and basically, while in construction, Unity Council will reimburse them that amount. Once the facility is finished it will be based on their use of the facility.

Mr. Swinden asked for clarification regarding fundraising efforts. Mr. Harris said there is \$2.2 million from CCHE, \$1 million from Mort and Marcy Friedman, \$1 million from the Auburn Indian community, and \$2 million from the City of Sacramento. A new pledge of \$1 million has been received from AT&T; a \$4 million pledge from another project; and \$5 million from a major oil company. Los Rios Community College District provides office space, conference rooms and equipment for the Capital Unity Council.

Mr. Swinden asked about the community's support in terms of pledges. Mr. Harris said Side 1 Phase focuses on the major contributions (Mort and Marcy Friedman) and after 85 percent of that money is received they will solicit more public funds.

Mr. Swinden said there is a sentence in the Superintendent's letter which reads: "The District expects that the District's family members and staff will have preferential priority before anybody else." He asked how far this extends, assuming the funding is for the good of the entire community. Mr. Harris said they will have first preference for scheduling, visits, etc. and other school districts across California will be a part of this as well.

Mr. Cash asked Ms. Matsuda if funds are still being expended on this project and if expenditures are still being authorized. Ms. Matsuda said after the project decided to switch from a renovation to new construction, further funding was stopped, as well as expenditures using Endowment funds until the Board makes a decision. Mr. Harris said DSA permits have been paid for from other sources and funds.

Chair Hildreth asked Mr. Harris if it would present a problem to the project if he had to wait until August, when the CCHE Board will meet again, to authorize further expenditures from the Endowment funds. Mr. Harris said the sooner the project is off the suspension pattern and back on being eligible would be a positive, but as far as making any expenditures, since the DSA process takes approximately six months, it will be October before expenditures occur.

Chair Hildreth said there will be no action on this project today, but asked Mr. Harris to convey to his Board that CCHE is very supportive of trying to make this work and hopefully, in August, this project will be off the suspension list.

Mr. Swinden asked Ms. Matsuda for an update on the other three projects that are still outstanding in Round One. Ms. Matsuda said the Breed Street Shul Project and the Madera County Resource Management Agency are almost in a final grant agreement. It will be a matter of days before these projects go into a grant agreement phase.

The Table Mountain Rancheria staff and counsel are currently working on the issue of Indian tribes assigning the Limited Waiver of Sovereign Immunity.

7. Review of Round Two Projects

Ms. Matsuda presented the following projects:

- 7.1: Social and Public Art Resource Center is located in Los Angeles and requests the amount of \$1,287,585. This is for the approval of funding for the restoration of the Great Wall of the L.A. mural and construction of the bridge. Staff requests the Board's approval of funding for \$1,287,585, contingent upon receiving confirmation from the County of Los Angeles as to the signing of their lease with the applicant which is to take place on June 15, 2007.

Ms. Reeves moved approval of the Social and Public Art Resource Center in the amount of \$1,287,585 contingent upon receiving confirmation of the

signed lease agreement between the County and the applicant; seconded by Ms. Booth. The motion carried unanimously.

There were no comments from the public.

- 7.2: Conservation Corps State Museum located in San Luis Obispo requesting \$33,700. This project is before the Board because the applicant is interested in moving its location from San Luis Obispo to Fresno. Using the new criteria that was passed today, and reviewing the Board minutes from April 2006, staff would like to recommend that this project be able to continue with their planning grant. Staff believes the project thread remains the same from when it was first introduced and there is no similar project located in Fresno County . A letter from the Mayor of Fresno indicates the City of Fresno welcomes this project. Because this is a planning grant there is not the issue of CEQA or long-term control.

Mr. McDonald moved approval of the Conservation Corps State Museum's relocation to Fresno ; seconded by Ms. Booth. The motion carried unanimously.

There was no public comment.

8. Public Comments

John Welborne, President of the Angels Flight Railway Foundation, said on behalf of his Board of Directors, he would like to welcome the CCHE Board to Los Angeles and he looks forward to their tour of Angels Flight Railway. He thanked Ms. Matsuda and staff for streamlining the paperwork for reimbursement requests.

He provided a status report and handout of the Angels Flight Railway.

Mr. John Fowler, with the Friends of Mission San Miguel, said he is before the Board to ask that they try to continue to be a part of saving Mission San Miguel. CCHE's hands have been tied by the previous Attorney General, who rendered an opinion that to fund the mission would be a violation of separation of church and state because of the religious ownership of the mission. However, State Senator Abel Maldonado has requested the new Attorney General to reconsider this opinion because he believes that a secular non-profit can be funded for the sole purpose of saving a historic structure in California history, and at the same time, insure that no funds will be used to promote religious organizations.

He asked that the Board allow the application to continue in Round Three. He asked the Board to consider allowing them more time to allow the Attorney General to come to a conclusion.

Ms. Moe said the previous Attorney General's opinion was an informal opinion. There has been a recent California Supreme Court decision in March that dealt with conduit funding. She is reviewing this and should have

analysis completed shortly. She will provide the information to CCHE once it is complete.

Michelle McClellan, with the California Academy of Sciences said the Academy's mission is to explore, explain and protect the natural world. This is done through exhibits and research and education programming. She asked the Board to support this project in Round Three in helping to create a new and expanded interpretive exhibit on the geological, cultural, and natural history of California.

9. Board Member Comments

There were no Board member comments.

10. Administrative Matters

Chair Hildreth said the next Board meeting will be held on August 22 and 23, 2007 in Sacramento.

11. Public tour of the Angels Flight Railway and the La Plaza De Cultura y Artes.

12. Adjournment

The meeting was adjourned at 12:30 p.m.