

**STATE OF CALIFORNIA
CALIFORNIA CULTURAL AND HISTORICAL ENDOWMENT
BOARD MEETING MINUTES**

**Thursday, February 4, 2010
10:39 A.M.**

Location: The Old Globe
 Hatton Hall, Second Floor
 1363 Old Globe Way
 San Diego, California

Members of the Board in attendance:

Ms. Stacey Aldrich, Chair
Ms. Georgette Imura
Ms. Carmen Martinez
Ms. Ana J. Matosantos, represented by Ms. Jeannie Oropeza
Mr. Bobby McDonald
Ms. Carla Sands
Senator Christine Kehoe, represented by Ms. Deanna Spehn
Mr. James Irvine Swinden
Mr. Jon Vein

Staff in attendance:

Ms. Mimi Morris, Executive Officer
Ms. Carol Carter, Project Manager
Ms. Lynnda Fair, Office Coordinator
Ms. Melissa Jones, Student Assistant
Mr. Jason Korich, Staff Analyst
Ms. Marian Moe, Deputy Attorney General
Ms. Francelle Phillips, Office Manager
Mr. Tony Planchon, Research Program Specialist
Mr. Frank Ramirez, Project Manager
Ms. Diane Sousa, Project Manager

Also present:

Mr. Sean Jeffries, Millennium Partners
Mr. Victor Marquez, The Mexican Museum
Mr. Jim Martin, Navarro-by-the-Sea Center
Mr. Todd Schultz, The Old Globe
Mr. Louis Spisto, The Old Globe

1. Roll Call

Chair Stacey Aldrich called the meeting to order; Research Program Specialist Tony Planchon called the roll; a quorum was established.

2. Project Showcase: Old Globe Theatre

Mr. Louis Spisto, Executive Producer of the Old Globe Theatre, provided a quick overview of the Globe. Some highlights:

- He thanked the Board for helping with the funding of the building, noting that the grant was an incredible buoy to them -- it gave the community the sense that the theatre was of regional, statewide and national significance; and it really helped them with the fundraising for the overall project.
- The Old Globe, which is actually comprised of several theatres, is the sixth largest regional theatre in the United States. It has an annual budget of about \$21 million. It presents 15-16 productions per year.
- It has 250,000 annual attendees and serves an additional 50,000 people in the education and outreach programs.
- The Theatre has been given a four-star rating by the Charity Navigator for the last four years. The ranking is based on two issues – overall fiscal health of the organization, and the percentage of the budget that is allocated for the program and not allocated to overhead.
- Mr. Spisto described the wide variety of programming and educational opportunities the Globe provides each year.

3. Chairperson's Report

Chair Aldrich thanked Mr. Spisto for his presentation and added that what is especially exciting about it is that it's not just about inspiring people through art but it also provides education, which is a core component today.

She and other Board Members, along with CCHE staff, had the pleasure of visiting some of the other CCHE-funded projects in San Diego. The projects show that San Diego is dedicated to a cultural and historical feel and tone.

Board Member McDonald formally acknowledged a significant appointment that had occurred between the last board meeting and today -- Chair Aldrich was appointed the new State Librarian. He expressed the pride the Board felt in having her in the position. Chair Aldrich thanked him for the acknowledgment.

4. Approval of Minutes from October 1, 2009 Meeting

Upon motion by Board Member McDonald, seconded by Board Member Martinez, the October 1, 2009 Minutes were approved.

5. Executive Officer's Report

Executive Officer Mimi Morris reported the following:

- She began by adding her thanks to those already expressed to the Old Globe Theatre. The new space is really a remarkable addition to Balboa Park.
- She shared a book by Board Member McDonald, created as a commemoration of the CCHE reception held in September 2009. The book also serves as a way of thanking their major sponsors.
- Huell Howser, the keynote speaker from last year's reception, has expressed interest in creating a new California's Gold video series -- focused on some of the CCHE projects -- which will be called California Treasures. He needs assistance in soliciting funds and is putting together a proposal that the Board can then share with prospective funders.
- She introduced some new CCHE staff:

Francelle Phillips, Staff Services Manager
Carol Carter, Grant Manager
Diane Sousa, Grant Manager
Jason Korich, Staff Services Analyst
Melissa Jones, Staff Assistant

All new staff appointments are limited term, which gives the Board the flexibility to adjust staffing if needed.

- The State Library was able to finalize CCHE's contract with the graphic design firm that is now working on the CCHE interactive on-line project database.
- In his Fiscal Year 2010-11 Budget the Governor included an appropriation from the residual funds in the Proposition 40 sub-fund for Historical and Cultural Resources Preservation. It includes \$500,000 for projects and roughly \$60,000 to augment resources, and will be available for state operations next fiscal year. This budget change still requires legislative approval, but the Board is very grateful for this first step. The budget change also extends the life of the current project funding from June 30, 2011 to June 30, 2013.

The appropriation would allow expenditures through roughly early May 2015, giving current and Round Four projects extra time to complete their projects. The request

resulted from the budget freeze and the corresponding delays that some CCHE grantees experienced.

- Including the \$500,000 appropriation for projects, the CCHE general grant fund balance is now at \$4.7 million.
- The Hollyhock House in Barnsdall Park, which is Frank Lloyd Wright's first structure built in California, received a grant of close to \$500,000 from the federal Save America's Treasures Program.
- The Fullerton Fox project has finalized the necessary paperwork and signed the grant agreement in mid-November 2009.
- The Fresno Metropolitan Museum, a grantee that received \$2.5 million to renovate the historic Fresno Bee building, declared bankruptcy and closed its doors. CCHE is following up with them to determine whether the building can be maintained in such a way as to permit the public to at least see the renovations that were paid for with CCHE funds.
- Another project with CCHE funding, the Roseville Maidu Round House, has finished construction and is opening tonight (Feb. 4, 2010).

Board Member McDonald asked if letterhead could be developed that utilizes the Board's new logo. Ms. Morris responded that if the Board is interested in having an overall branding effort, staff could definitely put together a letterhead, business cards, and other materials that utilize the new logo.

6. Review of Round 2 Projects (Action)

6.1 Applicant: The Unity Council Project: Unity Council Fruitvale Masonic Temple Funding Awarded: \$200,000

Executive Officer Morris reported that the grantee did not have sufficient funds to complete the final task and did not come up with the necessary funding match. At the last Board meeting the grantee was directed to complete the final task before February 28th.

In early January Board staff received communication from the grantee, notifying them that they simply could not finish the task and were relinquishing their rights to the \$20,000 grant (the 10% retention on their grant funding award).

The staff recommendation is that the grant be terminated.

Upon motion by Delegate Oropeza, seconded by Board Member Sands, the Board passed Resolution 2010.01, and the grant agreement was terminated.

6.2 Applicant: Navarro-by-the-Sea Center
Project: Navarro River Redwoods State Park
Funding Awarded: \$280,000

Executive Officer Morris reported that \$50,000 of the funding awarded is unutilized. The grantee is now ready to proceed to the next phase, which will involve construction, and is requesting a material change -- to transition from a planning to a project grant -- to utilize the remaining funds as part of their construction costs.

Staff sees two options for the Board:

1. Keep the funding available to the grantee to come back at a future meeting with its completed CEQA documentation for consideration under the material change policy; or
2. Reject the request and allow the residual \$50,000 planning grant funds to revert to the general grant fund.

Mr. Jim Martin, Navarro-by-the-Sea-Center, updated the Board on the progress made thus far. He stated that their architect and structural engineer have indicated that they will lose the building in a couple of years if they don't intercede and actually get the critical construction stabilization work done. He expressed the hope that the Board would hold the funds in reserve until they get all the documentation in place, which should occur in April.

Upon motion by Board Member Swinden, seconded by Delegate Oropeza, the Board approved option number one. The funding will remain available.

The Applicant will appear again before the Board following completion of the necessary CEQA documentation.

7. Projects with Reservations (Action)

7.1 Applicant: The Mexican Museum
Project: The Mexican Museum, San Francisco
Funding Award: \$2.4 million

Executive Officer Morris stated that the Museum has come before the Board several times previously, including at the two prior Board Meetings. She provided additional background on the previous interactions and then reported on some recent events:

Three monthly reports have been received from the Museum since the October 2009 meeting that address the museum's staffing, leased space, CEQA documentation and entitlement progress.

The 2008 IRS Form 990 has been received but the 2009 Form is not yet finalized.

Board staff remains concerned that the museum does not have the organizational capacity to merit receipt of a \$2.4 million capital improvement grant.

It is clear that the museum is attempting to take the necessary steps to stabilize itself and ensure its' viability; however, the strategic business plan is short on specific steps and specific financial goals.

Due to the lack of organizational capacity and its history of inadequate staffing and financial support, as well as the staff's concerns regarding the museum's long-term financial outlook, the staff recommends that the Board remove the reservation of funding for the museum.

Mr. Victor Marquez, speaking on behalf of the museum, presented some updated information:

The museum collection is currently being displayed in Palo Alto, as well as at Fort Mason. The Christmas exhibit at Fort Mason opened in October, as previously promised to the CCHE Board.

He submitted various letters from local officials expressing support of the project.

When their various funding sources are added together, in March the museum will have an actual \$600,000 towards an operating budget of \$500,000.

They have interviewed seven auditing firms and selected one; and their audit will begin this coming month.

He asked the Board to listen to the voices of the various people pleading that the museum funding not be taken away, and to allow them to move forward.

Mr. Sean Jeffries, a principal with Millennium Partners, provided a short history of his company, which has been working with the redevelopment of the Mexican Museum since 2000. He concluded by stating that they are very committed and determined to seeing this project through, and the full resources of Millennium Partners are behind it.

Mr. Marquez added that, as part of the development agreement, Millennium Partners is going to put aside a \$5 million endowment for when the museum opens its doors. Also, he reminded the Board that \$11 million of bonds have been sold and issued, and are sitting in the bank account of the redevelopment agency for the project.

Mr. Marquez and Mr. Jeffries answered Board Member questions on various elements of the project.

Deputy Attorney General Marian Moe remarked that some of the timelines were inconsistent with the last written information received from the Redevelopment Agency. The lease would not be in effect until after the tenant improvements were in, which the

Board requires before entering into a grant agreement. Another concern is the CEQA documentation – the Board cannot consider an approval until that’s completed.

Board Member Swinden asked about the overall timetable for the project – can it be completed within the remaining time envelope? Executive Officer Morris responded that, although there would possibly be support for an extension of the time envelope were that needed, the staff’s position is primarily motivated by the operational capacity of the project. Given the situation recently with the Fresno Met bankruptcy, which also had seemingly tremendous support, staff is highly motivated to ensure that that type of experience not be repeated.

Board Member McDonald referenced some elements of the Museum Business Plan that contradict what has been said today. Mr. Marquez responded that the Business Plan submitted is now quite dated, and does not reflect the outcome of some of their recent negotiations. He admitted that the situation is a work in progress.

Board members further questioned Mr. Marquez and Mr. Jeffries and then voted.

Upon motion by Board Member McDonald, seconded by Board Member Sands, the Board voted to go along with the staff recommendation that the Board remove the reservation of funding for the museum and approved Resolution 8.1. The vote was 4-0-3 -- 4 ‘Yes’ (McDonald, Sands, Imura, Swinden); and 3 ‘Abstain’ (Oropeza, Vein, Martinez).

Chair Aldrich remarked that this has been a very difficult decision all around, because the Board knows there is a will to complete the project. The collection is amazing, but the concerns and confusion around the project information affected the Board’s voting.

7.2 Applicant: Pasadena Playhouse State Theatre of California, Inc. (PPST)
Project: Pasadena Playhouse
Funding Award: \$967,500

Executive Officer Morris reminded the Board that PPST had completed all issues related to their project a year ago but at that time the state freeze on bond funds, through Budget Letter 0833, was in place and the Board was prohibited from awarding new grants.

The City of Pasadena supports this acquisition and has been involved in negotiations with the property owner. Although they have met the required match in funding, they need additional funds to make the acquisition and a new appraisal will be done to determine the specific amount. PPST is requesting a reservation of grant funding of one year.

Staff sees two options for the Board:

1. Give the Applicant until the next Board meeting to provide additional information that would demonstrate that they will be able to reorganize their finances and stabilize their situation; or

2. Remove the reservation of funding for this Applicant.

Upon motion by Board Member McDonald, seconded by Board Member Vein, the Board unanimously approved Resolution 2010.04 and extended the funding reservation to the next Board meeting.

8. Discussion regarding Round Four Grant Application Review Process (GARP) and Schedule, including approval of Round Four FAQs.

Executive Officer Morris noted that there has been some degree of concern among potential applicants about the ability of CCHE to actually approve funding from their pot of money, given the continued presence of BL 0833, which freezes all awards. Delegate Oropeza updated the Board on the progress of the budget and stated her opinion that there should be decisions made in the next several months regarding how the funding monies will be allocated.

Executive Officer Morris suggested that the Board continue forward, have their scheduled funding presentations at subsequent Board Meetings, and come up with a rank-ordered waiting list. As soon as the money is “green-lighted” they can go ahead and award the funds.

The Board also discussed the language of the Round Four FAQs, as detailed in the Board Member packets.

By voice vote, the Board unanimously approved the Round Four FAQs.

9. Comprehensive Survey Requirement Progress Report, Preliminary Work Plan, and Discussion

Executive Officer Morris stated that staff is beginning with step one of the survey, which includes the identification of untold stories and the inventorying of resources that currently exist in California, followed by the development of a website to share those resources. Two stakeholder meetings were held with individuals who are primarily statewide in their perspective and represent cultural and historical institutions in California. Part of the first effort is to build awareness of who CCHE is and what it does, because thus far it really doesn't have a lot of name recognition.

Step two will build on that by going into some of the more dry aspects of the requirements, such as economic benefits.

Step three, about a year from now, will assess the capacity of the field and recommend financing options.

The final piece is the assemblage of all the pieces and then a public comment period, where the various stakeholders can develop a shared vision and then collectively advocate for resources in support of cultural heritage in California.

10. Public Comments - None

11. Board Member Comments - None

12. Administrative Matters

The next meeting is scheduled for April 13-14; the tentative location is Sacramento.

13. Adjournment

The meeting adjourned at 1:50 p.m.