

THE TRANSITION WORK GROUP  
OF THE BOARD OF THE  
CALIFORNIA CULTURAL AND HISTORICAL ENDOWMENT  
STATE OF CALIFORNIA

900 N STREET  
SUITE 340  
SACRAMENTO, CALIFORNIA

THURSDAY, MARCH 24, 2011  
1:30 P.M.

TIFFANY C. KRAFT, CSR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 12277

APPEARANCES

BOARD MEMBERS

Ms. Stacey Aldrich, Chairperson

Mr. Bobby McDonald

Mr. John Laird, represented by Mr. Blaine Lamb

Mr. James Irvine Swinden

Senator Christine Kehoe, represented by Ms. Deanna Spehn

STAFF

Ms. Mimi Morris, Executive Officer

Ms. Marian Moe, Deputy Attorney General

Ms. Francelle Phillips, Office Manager

ALSO PRESENT

Ms. Celeste Dewald, CAM

Ms. Debbie Newton, State Library

Ms. Phyllis Smith, State Library

INDEX

|  | <u>Page</u> |
|--|-------------|
| 1. Roll Call   | 1           |
| 2. Overview of CCHE: Bond Funding Expenditures to Date, Project Timeline, and Proposed Budgets for 2011 through 2015 | 1           |
| 3. Administrative Costs  | 12          |
| 4. Grant Administration Workload   | 40          |
| 5. Survey Workload   | 61          |
| 6. Staffing Plans through 2015   | 45          |
| 7. Project Stewardship and Record Management After June 30, 2015   | 72          |
| 8. CA Special Interest License Plate (SILP) Partnership Proposal from the California Association of Museums          | 74          |
| 9. Public Comments: Members of the public may address the Board on issues not on the agenda.                         | 105         |
| 10. Transition Work Group Comments   | 105         |
| 11. Adjournment  | 105         |
| 12. Reporter's Certificate   | 106         |

PROCEEDINGS

1  
2 CHAIRPERSON ALDRICH: I'll call the meeting to  
3 order. We'll begin with the roll call.

4 EXECUTIVE OFFICER MORRIS: So I'm going to just  
5 indicate that the only Transition Working Group member  
6 who's missing is Dr. Catherine Campisi. She unfortunately  
7 couldn't join us today. But all the other members of the  
8 Work Group are present.

9 CHAIRPERSON ALDRICH: Do we have to do roll call  
10 for the record?

11 EXECUTIVE OFFICER MORRIS: I don't think so  
12 because we're not teleconferencing.

13 DEPUTY ATTORNEY GENERAL MOE: I think it is  
14 helpful to identify by name. So it's Bobby McDonald and  
15 Chair Stacey Aldrich and Jim Swinden, Deanna Spehn, and  
16 Blaine Lamb.

17 CHAIRPERSON ALDRICH: Thank you. We'll move  
18 on to the overview of CCHE.

19 EXECUTIVE OFFICER MORRIS: Okay. So I provided a  
20 brief narrative that talks about the origin of the CCHE  
21 when it was established in 2002 with the passage of the  
22 legislation. And our funding comes from Prop. 40. And  
23 that funding included the sale of -- or authorized the  
24 sale of \$2.6 billion in general obligation bonds. And of  
25 that amount, 267.5 million was for historical and cultural

1 resource preservation. And the CCHE share of that dollar  
2 amount was 128.4, which included almost \$122 million for  
3 projects. And then the remaining amount of 6.4 million  
4 was for staffing and operating expenses.

5 So the first grant cycle of the CCHE was  
6 completed in December of '04 and resulted in reservations  
7 of about 37 million. There was a second one that had 42  
8 million, and then a third with \$43 million.

9 And then in 2010, there was unused funding that  
10 was at about \$7 million. And there was a fourth funding  
11 cycle that was completed in April of 2010. And actual  
12 awards from that were made in June of 2010. And we  
13 currently have a wait list with 14 Round 4 applicants who  
14 were not funded. And they're listed in order of Board  
15 preference. I didn't attach a copy of that. But they're  
16 noted in all of our records. And that wait list has an  
17 expiration date of the very first Board meeting in 2012,  
18 next year.

19 So the original subfund had an unappropriated  
20 balance of \$2.7 million in 2009. And the CCHE requested  
21 and received in 2010/11 an additional appropriation of  
22 500,000 from that fund for projects. And a subsequent  
23 budget change request makes the balance of that residual  
24 subfund available for use for CCHE operating expenses  
25 through June 30th, 2015.

1           The original appropriation for the CCHE project  
2 funds was reappropriated in 2004 and available for  
3 encumbrance and expenditure June 30th, 2007. And bond  
4 financing issues at the state level and project delays led  
5 to extension requests. And the CCHE project fund  
6 appropriation is now available for encumbrances and  
7 expenditure through June 30th, 2013. That means that all  
8 awards must be fully encumbered and in a contract or grant  
9 agreement by June 30th, 2013, in order to make the use of  
10 the funding. Then there is a two-year liquidation period  
11 that would allow grantees to submit invoices for  
12 reimbursable grant expenditures until mid May of 2015 so  
13 we have time to get the invoices paid before the window  
14 closes.

15           So of all that funding, there are 174 projects  
16 that have received funding awards, and there's one project  
17 with the reservation of funding. Of the total 175, we  
18 have 101 that have closed out; ten that are in the process  
19 of closing out; and 64 that are active projects.

20           A total of 122,481 and some change has been  
21 reserved awarded for the 185 projects. Of that amount,  
22 55.2 million has not been drawn upon yet for the remaining  
23 64 active projects.

24           And I would note that the number of projects  
25 indicate that we're about close to 63 percent closed out

1 or in the process of closing out. But dollar-wise, we're  
2 at about 55 percent of the dollars out the door. So  
3 there's more dollars left unfortunately than actually  
4 looking at projects. And the projects that are still  
5 active are for the most part larger projects, a little  
6 more complicated.

7           And then on the State operation side of the  
8 funding equation at the end of this fiscal year, the CCHE  
9 will have expended 6 million of its 6.4 million operating  
10 budget from the original appropriation. And the next  
11 fiscal year budget of 1.1 million will utilize the  
12 remaining 360,000 from the original allocation and tap  
13 into that residual to the tune of about 729,000 from that  
14 subfund for historical and cultural resource preservation.

15           And the budgets for 2013 -- 13/14 and 14/15 the  
16 final three years are 624, 430, and 237k respectively,  
17 which use almost all the funds left in that subfund. And  
18 these figures are slightly reduced -- actually, I think  
19 this might have changed. They might be a little bit off  
20 from the 11/12 budget change proposal because they reflect  
21 a refinement of the staffing plan that occurred since last  
22 July.

23           And I've got attached for your consideration here  
24 the project status report which lists all the individual  
25 projects and their grant totals and their statuses and the

1 proposed ramp-down time line.

2           And I just want to note on the ramp-down time  
3 line that we've got six PYs currently for staff and the  
4 projects as I just explained. And then if we move into  
5 2012, you can see that the wait list expires at the first  
6 Board meeting. And in June of 2012, our survey work is  
7 anticipated to be completed. And I have the staff  
8 dropping down to five PYs, and that's in 2012/2013.

9           And then in 2013, mid May, we have the  
10 liquidation period. We drop down again in 2013/14 to  
11 three-and-a-half personnel years. And then in mid May of  
12 2015, we have on the project side the receipt of all  
13 invoices.

14           And then what I have here is three PYs, but  
15 that's actually incorrect. It should be two. Two PYs,  
16 three people. We'll have one full-time person and then  
17 two half-time people through the completion of the project  
18 in 2015.

19           And then the final date for expenditure payment  
20 of all funds, June 30th.

21           And then the final item in this agenda item is  
22 the proposed budgets through 2015, which show the 624 --  
23 well, 788 for 10/11; 1,096 for 11/12; 624; 430; 237.  
24 Those are across all costs in that fiscal year. So that's  
25 just to give you sort of a lay of the land of where we're



1 at. Do you have any questions about that?

2 BOARD MEMBER SWINDEN: I'd like to ask on the 64  
3 projects that are still outstanding, can you report  
4 something similar to this, maybe color code it and  
5 highlight the projects that you feel are in trouble or --  
6 and maybe color code them guys are good and guys who are  
7 trodding off where they should be and maybe get an idea of  
8 the ones that we need to prompt because we have no way of  
9 knowing. And you guys know that. And I think it would be  
10 helpful because if everybody is going to code out in the  
11 next year, that's fine. If we know there's a problem in  
12 here and you think there's a problem, I'd like to have  
13 that.

14 DELEGATE SPEHN: It would be helpful for me in  
15 the column red you have the grant total, but that's not  
16 necessarily how much they spent; correct?

17 EXECUTIVE OFFICER MORRIS: Right.

18 DELEGATE SPEHN: So if it would be helpful to  
19 have the actual expenditures for the closed ones. But  
20 more importantly for me, how much on the stalled ones have  
21 been -- how much they've spent because to me that will  
22 give a gross indication of how much progress they're  
23 making. If they haven't hit ten percent, I'm even more  
24 concerned. If they're at 90 percent, I'm less concerned.

25 EXECUTIVE OFFICER MORRIS: Yeah. I think that

1 sometimes invoicing can be helpful information. But there  
2 are projects that have deeper pockets and they don't  
3 invoice. For example, Robinson Rancheria has lots of  
4 money, and they haven't invoiced at all. But they have  
5 completed the project and they're just waiting. So  
6 sometimes that's not the best indicator. But sometimes it  
7 can be a clue, you know, in terms of what their position  
8 is.

9 BOARD MEMBER SWINDEN: If you gave both  
10 numbers -- you gave the number, but highlighted the ones  
11 if we see they haven't taken everything but you're telling  
12 us everything is good, that's okay.

13 DELEGATE SPEHN: That's where the color coding  
14 can come in or asterisk or something.

15 BOARD MEMBER SWINDEN: For those us of us down in  
16 the Netherlands, color code.

17 BOARD MEMBER McDONALD: I'll volunteer to help  
18 you with the color coding.

19 EXECUTIVE OFFICER MORRIS: I don't think we'll  
20 hand tint them. But thank you.

21 CHAIRPERSON ALDRICH: I think you did a great job  
22 with the time line.

23 And I had a question since we're trying to have a  
24 picture of all the pieces. How many Board meetings are we  
25 expecting between now and 2015?

1 EXECUTIVE OFFICER MORRIS: I haven't mapped that  
2 out. But we can figure on two in 2011. And I would think  
3 that two would probably be sufficient in 2012. And then  
4 2013, I think one of the factors there is probably if  
5 there is any money left because then -- well, two things.  
6 One, if we actually let that wait list expire or if there  
7 is any decision to kind of extend the life of that. And  
8 then otherwise, there won't be very much Board business  
9 that needs to occur. There won't be any money. And it  
10 should be sufficient to have one a year. I don't envision  
11 a whole lot of Board business that would happen in the  
12 years after all the money is pretty much determined.

13 CHAIRPERSON ALDRICH: Anticipate one 2013, 2014,  
14 and 2015.

15 BOARD MEMBER McDONALD: Would it be wrong -- or  
16 let me make a suggestion. Why don't we go ahead and have  
17 two all the way. That way we can always eliminate them  
18 instead of add them. Actually three, because I miss all  
19 you guys. But anyway --

20 DELEGATE SPEHN: But in terms of cost -- at that  
21 point, wouldn't it make more sense to have all the  
22 meetings in Sacramento, because you're not trying to do  
23 the same level of outreach traveling all over the state?

24 BOARD MEMBER McDONALD: Deanna, what I'm thinking  
25 about is if we are going to stay with the program that

1 we've done the last couple of years doing a one in the  
2 north and one in the south as a special idea to go to one  
3 of the places -- have a meeting and go to one of the  
4 places and have a reception like we've done the last  
5 couple years, that's why I'm saying maybe two.

6 BOARD MEMBER SWINDEN: It would be nice if you  
7 could have one in the north and south. And at those Board  
8 meetings actually maybe ramp it up a little bit and bring  
9 out the posters and invite the legislative members in  
10 those areas in. Give them a drink, trot them around, talk  
11 about the projects. It was pretty impressive at the  
12 Discovery Science Center to see the posters. It was  
13 extremely impressive.

14 DELEGATE SPEHN: You have to do it on a Friday  
15 and not during budget, because otherwise they'll be up  
16 here.

17 BOARD MEMBER SWINDEN: Whatever. You guys  
18 decide.

19 EXECUTIVE OFFICER MORRIS: Our reception is in  
20 the fall usually. That's post-budget. But if we have a  
21 Board meeting, we'll have to have it here.

22 But I think we have a plan to take around the  
23 poster book to the elected and help talk about the  
24 projects of the CHHE. So I think it's a good idea to have  
25 two, as long as we can finance it.

1 I'm not really sure. I think it might be a  
2 little cheaper to have it up in Sacramento, because you  
3 don't have to have the staff movement down, which is  
4 usually a bigger group. As we're going to be shrinking,  
5 there will be fewer staff that will be flying around  
6 anyway.

7 BOARD MEMBER SWINDEN: On the passing the book  
8 around, at some point we discussed having Board members  
9 maybe participate in that so that may be effective.

10 EXECUTIVE OFFICER MORRIS: Having what?

11 BOARD MEMBER SWINDEN: Board members participate  
12 with the legislative members.

13 EXECUTIVE OFFICER MORRIS: Absolutely. That's  
14 the plan once it's ready.

15 DELEGATE SPEHN: There will also be a formal  
16 hearing at the Natural Resources and Cultural Committees  
17 of the Assembly and the Senate where they actually -- they  
18 either do a joint hearing or individual ones and then  
19 recap what has happened in the life of this program.

20 BOARD MEMBER SWINDEN: Because we're going to run  
21 out of money. It would be a shame to have what happened  
22 fade away.

23 BOARD MEMBER McDONALD: Our own mini amnesty day.

24 EXECUTIVE OFFICER MORRIS: Okay. Do you want to  
25 talk about the budget at all? Do you have any questions

1 about that, or do you want to get into the other parts of  
2 the agenda before you look at those parts?

3 BOARD MEMBER McDONALD: So we agree to do two  
4 meetings all the way and then maybe do an amnesty day or  
5 something like that as an add-on?

6 EXECUTIVE OFFICER MORRIS: Yeah. I think that's  
7 probably doable. We have a budget of -- drops down  
8 significantly in the years past 11/12. 11/12 has a more  
9 robust budget because of the survey work, and then it  
10 drops down and then staffing goes down as well. But I  
11 think 14/15 might be the only year that it's a little bit  
12 tough to swing too much.

13 BOARD MEMBER McDONALD: But at that point in  
14 time, we can do everything here.

15 EXECUTIVE OFFICER MORRIS: Yeah.

16 BOARD MEMBER SWINDEN: What's the --

17 BOARD MEMBER McDONALD: Again, I'm not -- I think  
18 we ought to program two. If we need to delete, we can.  
19 It's just tough after you have it down to say we need to  
20 add, unless it's really special. Okay.

21 BOARD MEMBER SWINDEN: The facilities drop down  
22 significantly, you guys.

23 EXECUTIVE OFFICER MORRIS: We don't have any kind  
24 of agreement. I just was estimating that based on our  
25 shrinking footprint. That's a point of discussion.

1           CHAIRPERSON ALDRICH: That is a point of  
2 discussion.

3           EXECUTIVE OFFICER MORRIS: That's something for  
4 the Library to weigh in on. Do you want to hold off on  
5 that conversation?

6           DELEGATE SPEHN: As long as we discuss it in a  
7 different part of the meeting, but I have concerns about  
8 how a percentage of the direct cost goes to Library  
9 administration for administrative costs allocated to the  
10 Library. It seems like a lot of money on some of the  
11 years more than others.

12           CHAIRPERSON ALDRICH: In the past years. The  
13 past years, I guess we should role into administrative  
14 costs, because we did want to clarify those. If you look  
15 at the chart, what has happened -- we're under Item 3.

16           DELEGATE SPEHN: I was looking at the last page  
17 on --

18           EXECUTIVE OFFICER MORRIS: On the Item 2.

19           DELEGATE SPEHN: On Item 2 where the 09/10  
20 Library cost is a percentage of direct cost, 39.38  
21 percent.

22           CHAIRPERSON ALDRICH: I do have our budget. But  
23 the better chart is the next item.

24           So from 09/10 back, there really wasn't any  
25 documentation as to how we decided to put forth costs.

1 And maybe Mimi can address it, because she was the head of  
2 the admin group for a while. We didn't have any  
3 documentation. So we reviewed what was happening in the  
4 budget and also wanted to bring in line with the SAM. So  
5 in doing that, we're following the SAM guidelines in terms  
6 of what charges are actually appropriate for programs.  
7 And those typically are rent, phone, utilities, and again  
8 basing it on square footage and also PYs. So in 09/10,  
9 which it really is an extraordinary year, it was actually  
10 7.88 percent that was charged.

11 But cost of the Library's facilities went from  
12 over \$800,000 to over a million dollars. We had a huge  
13 jump. So the costs were redistributed.

14 And again we don't know the formula. We are  
15 using the same formula as previous years. So the money  
16 was distributed.

17 There was an error from the central plant. So  
18 there is about 17,000 that's going to go back into the  
19 CCHE that we've figured. But there were no formulas. So  
20 in moving forward, we are -- we have determined that  
21 square footage of the CCHE group, and it's gone from 7.88  
22 percent to 2.4 percent. So we have tried to -- and it's  
23 documented now how we actually figured it out. So we  
24 can't really address -- unless Mimi wants to say something  
25 what happened in previous years or how --



1 EXECUTIVE OFFICER MORRIS: I'm afraid my tenure  
2 as the Chief of Admin was so brief I didn't get down to  
3 the level of looking at the admin costs. So I basically  
4 didn't touch it all at. It was something that was done by  
5 my predecessor. So I just know that's the actuals from  
6 what the Library charged from the beginning.

7 And so this is the first I've heard of the  
8 \$17,000 credit.

9 CHAIRPERSON ALDRICH: This is new. This error  
10 was just brought to our attention. So central plant --

11 EXECUTIVE OFFICER MORRIS: I think I was told  
12 about the error in August by Debbie.

13 MS. NEWTON: John Holstrom has been working with  
14 the Department of Finance and Contract Fiscal Services.  
15 It was an error not just to the CCHE's portion, but to the  
16 Library as a whole. The 17,000 is the portion that had  
17 been charged to CCHE.

18 DELEGATE SPEHN: There was an adjustment.

19 MS. NEWTON: There was a huge extra charge for  
20 the central plant. So the portion that would be restored  
21 to CCHE is 17,000.

22 EXECUTIVE OFFICER MORRIS: Which category is that  
23 under? Are you talking about indirect or are you talking  
24 about --

25 MS. NEWTON: That's facilities.

1 EXECUTIVE OFFICER MORRIS: So from 104, we drop  
2 down to about 87k? And that's still considerably higher  
3 than 31k that we're currently --

4 CHAIRPERSON ALDRICH: That's because the previous  
5 formulas were used. We can't backtrack in the budget. So  
6 we've now created the formulas that are based on SAM,  
7 which are based on square footage. The appropriate amount  
8 for facilities is more the appropriate fee.

9 MS. NEWTON: The other compelling factor was at  
10 that point in time the State Library moved out of its  
11 Library in the Courts Building. We did a -- not just the  
12 CCHE, but all the various programs moved around in  
13 different space. And because there was no documentation  
14 on how the various programs were sharing the total  
15 facility costs during last fiscal year, we did a study,  
16 went around and measured all the spaces that each program  
17 was occupying and allocated the percentage of facilities'  
18 costs to each of those programs based on the percentage --  
19 pro rated on the square footage they occupied.

20 So there were a lot of changes going on. And it  
21 was at that time that we did a study and documented how we  
22 then allocated that space.

23 So one other comment about the space -- the cost  
24 of the space going down. As you know, the State Library's  
25 staff is also shrinking. And the footprint of each of

1 those programs is likely shrinking. So unless the State  
2 Library grows, I don't know that those percentages we can  
3 change for any program that requires less space, because  
4 all of our programs -- the State Library's lost 50  
5 employees in the last few years. So we're not growing to  
6 take over that space either. All of our programs are  
7 shrinking. So -- but our facilities costs are not. So I  
8 think we have to see how it plays out.

9 BOARD MEMBER SWINDEN: Why are there no indirect  
10 costs before '09 for what are indirect costs?

11 MS. NEWTON: That's a good question. We can't  
12 tell. There was no documentation. But the State  
13 Administrative Manual basically specifies that indirect  
14 costs should be allocated to the programs that benefit  
15 from them. Those would be things like RH costs,  
16 accounting assistance, budget staff, all the  
17 administrative services that go into a building, the  
18 people that oversee the facilities and all of that.

19 And what the State Administrative Manual says is  
20 that indirect costs should be assigned to the programs  
21 they benefit and that the methodology should be reasonable  
22 and an equitable distribution.

23 So what we've determined in the budget office is  
24 that the most equitable distribution we can think of for  
25 those indirect costs is to do a pro rated by the number of

1 PYS. So as of the 09/10 budget year, that's how we were  
2 allocating the indirect costs.

3 Prior to that time, the Library had not been  
4 allocating our portion of those costs to either the CCHE  
5 or the Library construction bond program. For some  
6 reason, it was a decision prior to not have those programs  
7 participate in covering a portion of that cost.

8 EXECUTIVE OFFICER MORRIS: But I would argue,  
9 Debbie, that, in fact, what the Library did do was to  
10 charge a greater amount for different other categories of  
11 expense instead of doing indirect charge. Because you can  
12 see under the object number 346 -- the facilities  
13 operation and 346.4 starting in 04/05, 51,000; 33,000;  
14 77,000 roughly. And then in 07/08, the combined is about  
15 74,000. And then you bump up in 08/09 to about -- is that  
16 35-, 36,000? So despite the fact there was no indirect  
17 that was actually in that specific object code area, the  
18 Library was assessing the CCHE for its share of things.  
19 That would be my assessment of the de facto situation.

20 CHAIRPERSON ALDRICH: That's what we were  
21 thinking. This makes it more clear.

22 MS. NEWTON: Yeah. There were categories of  
23 cost. But it was a much lesser amount than had the  
24 indirect costs been proportionately distributed. And so  
25 any of those where the CCHE may be charged

1 disproportionately, like messenger charges you had  
2 indicated, we're now getting those charges in. As we  
3 catch them, we put them into the indirect administrative  
4 pool so that everybody is really sharing in a piece of  
5 that. We're trying to get it back into alignment.

6 But overall, the amount that would have been  
7 charged in administrative costs, had it been distributed  
8 equitably from the beginning, would have been much higher  
9 than what actually had been charged.

10 BOARD MEMBER SWINDEN: What is the 346? Why are  
11 there two charges just in those two years? Is that for  
12 your move?

13 CHAIRPERSON ALDRICH: You mean the difference  
14 between '09 --

15 BOARD MEMBER SWINDEN: The 13,000 and 71,000.  
16 What are those figures? Because it's odd to just have two  
17 figures. I understand the going forward and going back.  
18 But what are those two?

19 MS. NEWTON: I wasn't here during that time.

20 But, Mimi, you were in charge of admin during  
21 that time.

22 EXECUTIVE OFFICER MORRIS: Those were sort of  
23 previously established formulas I didn't touch.

24 But I can tell you that the Library -- it's kind  
25 of a complicated arrangement for how the rent is

1 calculated at the Library. This particular building was a  
2 lease bond financed structure by Department of General  
3 Services. And so Department of General Services pays  
4 the -- really, it's a bond. It's servicing a bond and  
5 then they bill the Library. And then the Library gets a  
6 monthly bill that includes a variety of expenditures that  
7 include that payment on the debt and then also janitorial,  
8 a variety of all these types of things. And then in the  
9 budget office, there is a percentage calculation and  
10 everybody gets a share of that cost.

11 And so that had been established by my  
12 predecessor. So I can't explain it, because it was just  
13 done by the budget staff, technical staff.

14 BOARD MEMBER SWINDEN: So there is obviously --  
15 if we look at the big picture, you can't go back. But the  
16 reality is in the big picture, we probably came out a  
17 little bit ahead.

18 EXECUTIVE OFFICER MORRIS: Possibly. But you can  
19 say the Library -- I don't know about that. I haven't  
20 seen data that convinces me of that, but that's definitely  
21 the assertion.

22 MS. NEWTON: I actually had run the numbers.  
23 It's to the tune of maybe \$350,000 ahead. So going  
24 back --

25 BOARD MEMBER SWINDEN: Give us 200 and we'll call

1 it even.

2 DELEGATE SPEHN: The public that voted for Prop.  
3 40 certainly didn't anticipate this much money was going  
4 to go to overhead to the department. It's a lot of money.

5 DEPUTY ATTORNEY GENERAL MOE: Typically, it's  
6 only five or seven is allowed to be used for cost -- admin  
7 cost for statute. I don't know if Prop. 40 has the  
8 provision for this. But it's not -- can't use Prop. 40  
9 money for it.

10 EXECUTIVE OFFICER MORRIS: The Prop. 40 money did  
11 have a cap of five percent on admin.

12 DELEGATE SPEHN: So that's the problem because  
13 you know, long term I think we're all interested in  
14 figuring out how we're going to do another one of these  
15 bond measures to continue the program. And the message  
16 coming out from this is not a good one.

17 CHAIRPERSON ALDRICH: And as the agency that  
18 administers it, we do incur costs. So there has to be  
19 some costs that are covered by -- there are expectations  
20 given if you look at SAM of what the different programs do  
21 to cover costs of the agency that take care of the costs.

22 DELEGATE SPEHN: I understand that. But then  
23 they shouldn't have put the cap in the proposition in the  
24 bond measure. If the bond measure says a five percent  
25 cap, then that's what it's supposed to be. That's the

1 expectation of the public.

2 CHAIRPERSON ALDRICH: Well, we have to do an  
3 entire analysis then of the whole program, because there's  
4 administrative costs also with staffing. So I think we  
5 have to really go back in and get all of the numbers to do  
6 an analysis.

7 MS. NEWTON: The five percent is the \$6.4 million  
8 that was allocated originally for operating expenses.  
9 That's five percent of the total 128 million.

10 BOARD MEMBER SWINDEN: The five percent might not  
11 be a figure per year.

12 DELEGATE SPEHN: It's an overall figure.

13 BOARD MEMBER SWINDEN: If we stay under the six  
14 million for the project, then that expectation is probably  
15 met. What I'd like to --

16 DELEGATE SPEHN: That's not factored all the way  
17 into -- is that factored into -- the five percent into  
18 your total budget picture between now and 20 --

19 EXECUTIVE OFFICER MORRIS: No, because after the  
20 6.4 is fully exhausted, then the additional pot of money,  
21 which is roughly \$2.1 million, then that bumps the cost of  
22 the administration up.

23 But I would say here that the problem is -- and I  
24 don't think it's a problem that's unique to the Library.  
25 The problem is that -- but I think the problem is that



1 this State agency, like many other State agencies, have  
2 had their workforce cut. And you have a footprint of a  
3 building for which you have to continue to pay. So your  
4 options are to soak everybody else or to rent out space  
5 and have some kind of revenue source so that, in fact, you  
6 balance out your capacity with your need. And in some  
7 situations, that's harder than others, depending upon the  
8 availability of the space.

9           But if we were, for example, to consolidate into  
10 CRB or someplace and you could rent out our space to  
11 another State agency that might be in a commercial space,  
12 that would be a way that you would have to not have every  
13 unit of the Library absorbing a larger cost than they're  
14 capable of handling. Because I think that the CCHE, if it  
15 doesn't have a reduction in its administration and its  
16 rent over the life, then, indeed, the administrative costs  
17 that Deanna is currently worried about now are going to  
18 really go up.

19           So I think that's just, you know, going to be a  
20 reality in terms of overall managing the amount of rent.  
21 And especially when the old building is opened up again  
22 and that occupancy generates additional rent charges for  
23 the Library, there are going to be some big gaps between  
24 your costs for rent and your department and housed  
25 agencies' ability to bear.

1           CHAIRPERSON ALDRICH: We're looking into that  
2 right now. And --

3           DELEGATE SPEHN: That's a challenge for all the  
4 programs that you house.

5           CHAIRPERSON ALDRICH: And we have three. And the  
6 bond -- the Library Bond has actually shrunk. We don't  
7 have any real footprint for that, because we have two  
8 people managing the final of that bond. And then the  
9 other program really doesn't have a footprint either.  
10 So --

11           EXECUTIVE OFFICER MORRIS: But even the  
12 departments, though.

13           CHAIRPERSON ALDRICH: It's a model that most  
14 agencies use in terms of how they figure out how to  
15 distribute the costs throughout their agencies. So --

16           BOARD MEMBER SWINDEN: From looking at it from  
17 the outside, in terms of dealing with non-profit grants  
18 and this type of thing, when projects come to us, if  
19 they're in that 10 to 15 and you find that acceptable,  
20 when it starts pushing 20, you find it's not. If it's  
21 over 20, we don't look at them.

22           It seems to me that even if you get back to the  
23 powers that be or whoever -- I don't know who does it -- I  
24 think you need to come in at that 15 percent range because  
25 everybody understands it and it makes sense.

1 DELEGATE SPEHN: But it's reasonable.

2 BOARD MEMBER SWINDEN: It's reasonable.

3 I don't have as big a problem maybe as Deanna has  
4 with the five percent with the overrun we had, only  
5 because this project did take longer than anybody  
6 anticipated. And we had problems that arose, particularly  
7 with the economy, that nobody could have anticipated.

8 So if that money ends up being still at 15  
9 percent, then I think everybody is okay on an annual  
10 basis. And even though it might exceed the six million, I  
11 think that probably would be acceptable. But when we have  
12 a 38 percent or 39 percent figure down here, that becomes  
13 a problem.

14 MS. NEWTON: I just want to point out one thing.  
15 When we're talking about the percentage of Library costs  
16 as a percentage of the direct costs, you're talking about  
17 CCHE administrative operational costs versus the Library's  
18 cost. You're not talking about administrative cost versus  
19 the overall program. So just to point that out. I don't  
20 know if that was clear or not. But it's really the  
21 proportion of the CCHE does not have somebody who takes  
22 care of their facilities needs, somebody who does the  
23 budget, somebody who does the general accounting and  
24 procurement and all of those kinds of services.

25 So, you know, when you're talking the

1 percentages, the percentage of the cost for the Library  
2 providing services versus the staffing costs for the CCHE  
3 program, not the percentage of administrative costs to the  
4 overall program. That was the five percent is the 6.4  
5 million in operating expenses over the life of the  
6 program. So I just want to make sure that everybody is  
7 kind of understanding that that's what that percentage is.  
8 It's --

9 DELEGATE SPEHN: However, when the powers that be  
10 go to look at another bond measure or adding you into the  
11 new water bond or whatever the future is going to hold,  
12 they're going to come back and look at these numbers. And  
13 they're going to say this is not a cost-effective way to  
14 manage a program like this with the overhead at this  
15 level.

16 I mean, the numbers are there. Maybe we can  
17 change the headings, but it's still -- you know, the  
18 administrative costs of housing it in the Library Division  
19 of the State. Right? If you hadn't lost 50 people, you  
20 wouldn't have had to amortize the cost over all the  
21 programs.

22 CHAIRPERSON ALDRICH: Well, but we're looking at  
23 a change in how we have been actually charging for the  
24 programs. So the numbers really aren't -- I would say  
25 they're not entirely accurate, because we have been

1 providing services for many years, but then we didn't  
2 really document well how we were charging.

3 DELEGATE SPEHN: So let's figure out how to make  
4 them more accurate.

5 CHAIRPERSON ALDRICH: That's what we've been  
6 doing. So everything we have here is fully documented.  
7 So we have it by square footage of the program. That's  
8 how it goes across. It follows all of the --

9 DELEGATE SPEHN: You mean from 10/11 on?

10 CHAIRPERSON ALDRICH: Yes. In terms of the  
11 indirect cost, again it is the PYs. And it's CCHE and how  
12 it relates to the whole and based on what percentage of  
13 funding we're actually managing as well, because it's a  
14 huge chunk of money.

15 DELEGATE SPEHN: Tell me again what the \$87,000  
16 was for.

17 MS. NEWTON: The \$87,000 was for the mail  
18 delivery services for procurement, contract assistance,  
19 procurement, budgeting, internal accounting kinds of  
20 processing, HR services, facilities, operations, the  
21 people part of facilities, people that brought in  
22 facilities internally.

23 DELEGATE SPEHN: It wasn't charged before because  
24 there was a different formula that we don't understand  
25 that it was folded into some other category?

1 EXECUTIVE OFFICER MORRIS: Facilities.

2 So that, though, is a percentage of PYs; right?  
3 So you're talking about taking all of the general expenses  
4 that relate to running an organization that aren't  
5 directly charged to a specific entity and then  
6 distributing them?

7 MS. NEWTON: Correct.

8 EXECUTIVE OFFICER MORRIS: And so that was  
9 budgeted for us for 10/11 at 97,000. I'm told it will  
10 shrink down a little bit because I'm told one of our  
11 positions got eliminated. So we're down to six. So it  
12 should be really -- the calculation should be six out of  
13 150 times whatever your overall indirect cost pool is,  
14 that percentage. That should be the portion that the CCHE  
15 bears that represents our -- the demands that we make on  
16 those various services that you just outlined, from HR  
17 assistance that we get, to the accounting procurement, all  
18 of those things that tally up to that's what it would cost  
19 us.

20 MS. NEWTON: Yeah. Right. I think earlier in  
21 the year we gave you the breakdown by PY that showed how  
22 that was done.

23 EXECUTIVE OFFICER MORRIS: I think that the  
24 question that you're articulating is: Is that valued? Is  
25 that a value? Is that good value for the dollars?

1 \$87,000 is, that what we -- is that --

2 MS. NEWTON: All I can say is that's what was in  
3 our budget for the distributed admin from the Governor's  
4 budget. That's what it costs. And the distribution is in  
5 line with the State Administrative Manual that provides  
6 for an equitable and reasonable distribution based on  
7 allocating it back to programs.

8 EXECUTIVE OFFICER MORRIS: But for example, the  
9 Arts Council has how many employees? Twenty or 30? And  
10 HR does the Arts Council budget, right, the personnel?

11 MS. SMITH: We don't do the budget.

12 EXECUTIVE OFFICER MORRIS: I'm sorry. You do the  
13 personnel. You provide the personnel services?

14 MS. SMITH: Yes.

15 EXECUTIVE OFFICER MORRIS: What's the contracted  
16 amount for that service? I'm trying to get a ballpark.

17 MS. SMITH: We do limited payroll for the  
18 California Arts Council at \$3,000 a month, \$36,000 a year.

19 EXECUTIVE OFFICER MORRIS: And they have how many  
20 employees?

21 MS. SMITH: They have 18.

22 EXECUTIVE OFFICER MORRIS: Eighteen. So they  
23 have about three times as many employees. And you're  
24 charging them 36,000?

25 MS. SMITH: Per year.

1 EXECUTIVE OFFICER MORRIS: Per year. And by  
2 "limited," are you implying that there's more personnel  
3 activity that you do for the CCHE?

4 MS. SMITH: Right.

5 EXECUTIVE OFFICER MORRIS: Can you elaborate?

6 MS. SMITH: We only do payroll for the California  
7 Arts. We do no classification work. We don't do any kind  
8 of workers' comp for them. We don't do any of those kinds  
9 of things.

10 EXECUTIVE OFFICER MORRIS: I'm trying to get a  
11 sense of --

12 MS. NEWTON: That's the HR portion only; not the  
13 accounting, the budgeting the facilities, the contracts  
14 and procurement.

15 BOARD MEMBER SWINDEN: This kind of brings up a  
16 problem that if you have a small efficiently-run  
17 organization, an organization that presumably runs itself  
18 efficiently and you are under the umbrella of a much  
19 larger organization, when that larger organization is in  
20 good times, then you get the economy of scales. And then  
21 in bad times, you really get hurt. And so it probably  
22 would have been the same thing if we had been under Parks  
23 versus the Library. I don't know. Maybe not. But Parks  
24 has its own problems, too.

25 So I think the original intent of the whole



1 project was that eventually it would become a stand-alone  
2 project on its own and it would be housed under another  
3 agency. I think that might be something that going down  
4 the line in the bond measure we want to definitely  
5 consider so we don't have these problems that arise.

6 CHAIRPERSON ALDRICH: We'll still have to think  
7 about the costs of the facility. You'll still have the  
8 cost of any HR types of recruiting and classification.  
9 It's a government agency. It has to follow all of the  
10 rules. So there are going to be expenses.

11 BOARD MEMBER SWINDEN: I understand you don't  
12 have the flexibility that the outside world does. If we  
13 have a problem, we take care of it pretty quickly.

14 MS. NEWTON: If you have rental space, as you  
15 shrink, you're not going to shrink the cost of what you  
16 pay for a facility if you're renting outside space unless  
17 you move.

18 BOARD MEMBER SWINDEN: Yeah. You also have the  
19 ability to move easier. I mean, we've negotiated our  
20 leases two years ago and that obviously was a very good  
21 time to do it. So it was beneficial.

22 BOARD MEMBER McDONALD: I need a little  
23 clarification, if I can.

24 As I look at the facility's indirect  
25 administration costs paperwork here, are we saying there

1 are no records showing whatsoever in the past on indirect  
2 costs and facility's operation regarding maintenance? All  
3 of a sudden, it started in '07 and then it quadrupled in  
4 '08?

5 CHAIRPERSON ALDRICH: There is no documentation  
6 on the formula and how it was figured out. And that was  
7 very distressing to me, because I really like to know how  
8 everything works and want to do best by the taxpayer and  
9 the voters and trying to be very responsible and, at the  
10 same time, having to meet the needs of our agency as well.

11 And so when we get to the 104, that is a lot. We  
12 all looked at that and said wow. But then you also looked  
13 at \$800,000 worth of building costs going over \$100  
14 million -- one million dollars. So our costs went up, and  
15 we can't just say, well, no. We're just going to absorb  
16 all the costs. If all the costs go up, all the costs --

17 BOARD MEMBER McDONALD: No. I'm fine with that.  
18 I'm looking at this and going, wait a minute. There's  
19 none. And then all of a sudden it shows up as 86,000.

20 CHAIRPERSON ALDRICH: It's distributed among all  
21 these other places and it's not documented how we decided  
22 to --

23 DEPUTY ATTORNEY GENERAL MOE: If I can also just  
24 chime in here, Bobby. It's not unusual for some small new  
25 agencies that the Legislature creates to be housed in a

1 larger organization like some of the new conservancies are  
2 housed in the Natural Resources Agency. And it's not  
3 unusual not to charge indirect costs or even rental  
4 facilities costs in an effort to help get a new agency  
5 going. So it's not unprecedented.

6 BOARD MEMBER McDONALD: Okay. That's fine.  
7 Again, I run a small nonprofit, and if I had something  
8 like this to show to people, there would be a line outside  
9 my door.

10 CHAIRPERSON ALDRICH: It's very distressing for  
11 me, as an Agency head, to go and look at the budget to see  
12 what happened before. We have no documentation. We can't  
13 figure out how any decisions were made is very  
14 distressing. That's why we looked at it and said, okay.  
15 Now we are going to document and we are going to figure  
16 out how we do it. So it's completely documented what  
17 we're doing now. It's not an issue. I'm sorry I don't  
18 have more to tell you on previous years.

19 EXECUTIVE OFFICER MORRIS: I do have a question.  
20 You indicated there was a jump in costs at the Library for  
21 facilities from 800,000 to a million. That's a \$200,000  
22 spread there.

23 It looks like we were overcharged about 87,000 if  
24 you look at the utilization.

25 CHAIRPERSON ALDRICH: It's not overcharged. It

1 literally is a formula in our spreadsheets that when you  
2 put in the number, it would redistribute the money.

3 EXECUTIVE OFFICER MORRIS: You said it's  
4 erroneous to the tune of at least 17,000.

5 CHAIRPERSON ALDRICH: That's based on an error  
6 from the central plant. That wasn't our spreadsheet.

7 EXECUTIVE OFFICER MORRIS: So then your million  
8 dollars is also going to be ramped down because if you  
9 have an error --

10 MS. NEWTON: No. That was a different year.  
11 That was during the 08/09 fiscal year all of a sudden our  
12 costs had jumped.

13 EXECUTIVE OFFICER MORRIS: So in 08/09, what was  
14 the overall cost? Was it 800,000?

15 MS. NEWTON: I don't know off the top of my head,  
16 but I know that we had what appeared to be a half a  
17 million dollar jump in our facilities cost toward the end  
18 of the year, which later got corrected and we ended up  
19 being a little less than that.

20 Last fiscal year, the 09/10 fiscal year, is when  
21 we had a big increase due to -- right over here a couple  
22 blocks away, the General Services built a new central  
23 plant and all the apartments, all the buildings that  
24 benefited from it had some rather significant charges.  
25 And that was an overcharge. That was not the same as the

1 couple hundred thousand dollar one. I don't know what  
2 that amount is. I know it was an overcharge to the  
3 central plant. But the cost did go up. Partially, it was  
4 an error that's been corrected.

5 CHAIRPERSON ALDRICH: That was 7.8 percent. We  
6 were charged 7.8 percent of the whole facilities cost.

7 MS. NEWTON: So the correction was to facilities  
8 as a whole, not specifically just to the CCHE budget.

9 BOARD MEMBER SWINDEN: Well, it seems that once  
10 you get your numbers corrected to as best you can, then it  
11 seems you better have a couple asterisks there explaining  
12 what the extraordinary costs were in particularly the '09  
13 and '10 years. And because somebody looking at this down  
14 the line who has no record or history is going to wonder  
15 what happened here. So that's preempted by explaining it.  
16 Okay.

17 The question now is going forward, right? So  
18 what's the prognosis here in terms of -- I mean, are these  
19 numbers --

20 EXECUTIVE OFFICER MORRIS: These are just my  
21 estimates. So I need the Library to weigh in on what's  
22 doable.

23 CHAIRPERSON ALDRICH: Well, the estimates --  
24 again, I can only guesstimate at this time because we don't  
25 know what the charges for the facility is, one. If it's

1 by facilities, then we're distributing it, depends what  
2 we're charged in facilities. So that's going to be  
3 unclear until we know what the charges are.

4 EXECUTIVE OFFICER MORRIS: Is there any  
5 historical information you have about the overall  
6 facilities costs? Is there a long trend line of costs  
7 rising up or fairly flat? Do you know that?

8 CHAIRPERSON ALDRICH: We've been going up and  
9 down. We're seeing more of a rise than a decline at this  
10 point. So --

11 BOARD MEMBER McDONALD: But you do have the new  
12 formula?

13 CHAIRPERSON ALDRICH: We do have a new formula.  
14 So --

15 BOARD MEMBER McDONALD: So going forward, we do  
16 have a formula?

17 CHAIRPERSON ALDRICH: Yes, we do.

18 EXECUTIVE OFFICER MORRIS: But with regard to  
19 facilities, as we drop from 6 PYs to 5 to 3.5 to 2, and we  
20 shrink, you know, I don't think the budget of the CCHE has  
21 the capacity to be bearing 31,000 for all the years out.  
22 So that's why I suggested 31, 31, and then 20, 15, 10.

23 CHAIRPERSON ALDRICH: I think we'll have to  
24 negotiate. It will have to be how much square footage are  
25 you living in when you have a smaller group of people. So

1 I think that --

2 EXECUTIVE OFFICER MORRIS: What I'm suggesting is  
3 that we contract to a smaller footprint in order to  
4 achieve these price points.

5 CHAIRPERSON ALDRICH: Again, it will be something  
6 we'll have to look at in terms of the overall what are the  
7 possibilities. We'll look into ways of making it more  
8 affordable. We'll have to figure out how much footprint  
9 that really is as you continue to decline in staff.

10 So I can't say yes to all of these numbers. If  
11 you want me to say, yes, we'll agree to all of these  
12 numbers, we can't put into place the exact numbers because  
13 again we won't know what our actual costs are.

14 BOARD MEMBER SWINDEN: These numbers on this  
15 first line is based on essentially square footage and the  
16 89,000 is based on employees.

17 CHAIRPERSON ALDRICH: Yes. That will definitely  
18 go down.

19 BOARD MEMBER SWINDEN: I think that given what's  
20 happened here and even though it may not have been on your  
21 watch, it would really behove you to bend over backwards  
22 going down this side of the slope so when we get up to the  
23 end we come up with something that's reasonable.

24 BOARD MEMBER McDONALD: Is that what you asked  
25 for, Deanna?

1 DELEGATE SPEHN: Well, I think that there is also  
2 an option of looking to see what it would cost to move  
3 outside of the Library.

4 CHAIRPERSON ALDRICH: Absolutely.

5 DELEGATE SPEHN: Because if you continue to  
6 downsize because the State is in such dire condition, then  
7 your costs are going to spread more over, even though -- I  
8 mean, they're not using any more square footage or don't  
9 need the square footage that they have, just because  
10 that's how the accounting is done, which I understand.  
11 And you're sort of stuck in this terrible hard place.

12 CHAIRPERSON ALDRICH: I also feel really  
13 responsible. And I want us to be very accountable for the  
14 costs and to be fair to this program.

15 DELEGATE SPEHN: I think it's good, everything to  
16 be sorted out, you know. I don't know what happened in  
17 this cloudy period.

18 CHAIRPERSON ALDRICH: I don't either.

19 DELEGATE SPEHN: And we may never find out. But  
20 it's good that you're sorting it out and coming up with a  
21 formula that everybody can count on.

22 BOARD MEMBER SWINDEN: Given where we're at, I  
23 think that we should get two proposals. You should go  
24 back and look at your numbers and give a proposal to the  
25 CCHE, what it would be for them to remain here for the



1 next five years. And then maybe you should go out and  
2 pound the street and figure out where to take --

3 EXECUTIVE OFFICER MORRIS: Get commercial space  
4 or whatever.

5 DELEGATE SPEHN: Talk to DGS and see what they  
6 have available at some other facility.

7 BOARD MEMBER SWINDEN: Get the costs, given that  
8 you're going to have to pick up other costs other than  
9 just rental space.

10 DELEGATE SPEHN: Moving and whatever.

11 BOARD MEMBER SWINDEN: That has to be factored  
12 in, too. And then come back to the Board and we can have  
13 a more enlightened discussion.

14 DELEGATE SPEHN: Because it's not going to look  
15 good if the last five years the administrative costs  
16 continue to go up as we're ramping down a program, you  
17 know.

18 BOARD MEMBER SWINDEN: It should be more  
19 efficient.

20 CHAIRPERSON ALDRICH: Any more questions about  
21 administrative costs?

22 EXECUTIVE OFFICER MORRIS: Do you have a  
23 suggested time line on that?

24 BOARD MEMBER McDONALD: April 5th.

25 BOARD MEMBER SWINDEN: That sounds good.

1 I think that 90 days would be reasonable.

2 EXECUTIVE OFFICER MORRIS: Okay. Now, there  
3 won't be another Board meeting until September 29th.

4 BOARD MEMBER SWINDEN: It would be a good idea to  
5 circulate that. Can we do that or not?

6 DELEGATE SPEHN: I want to see what it looks like  
7 first. Isn't this group going to meet again?

8 DEPUTY ATTORNEY GENERAL MOE: That's probably the  
9 best way to do it. All of the materials are available to  
10 the whole Board and the public.

11 DELEGATE SPEHN: I think we need to look at and  
12 then make a recommendation to the Board.

13 BOARD MEMBER SWINDEN: So let's be ready when we  
14 do get to the Board.

15 BOARD MEMBER McDONALD: Sometime in June or July.

16 EXECUTIVE OFFICER MORRIS: So that's number 2 and  
17 number 3.

18 CHAIRPERSON ALDRICH: The workload.

19 DELEGATE SPEHN: Again, I do think that was a  
20 helpful discussion. And it was good that the numbers were  
21 all down. And I know it took a lot of work for everybody  
22 to go back and look through all the years and try to sort  
23 things out. I appreciate that.

24 EXECUTIVE OFFICER MORRIS: So the fourth agenda  
25 item is the Grant Administration Workload. And we talked

1 about the number of active projects under Agenda Item  
2 Number 1. And of those 64 actives, including the  
3 reservations and the active projects, seven are not yet in  
4 grant agreement. That's usually a pretty lengthy process.  
5 And then we've got ten that are likely to be completed  
6 within the next three to six months. And the remaining 47  
7 at varying intervals between now and 2013.

8           So the suggestion was to color code these lists  
9 to show who's in trouble and who's in good shape. And  
10 then also to show the amount expended so that it's easier  
11 to see which projects might actually be stalled and not  
12 making progress.

13           My estimation is that there be a need for all  
14 three Project Managers through December 31st of 2013. And  
15 then in 2014, we would be able to drop down to one Project  
16 Manager, and then take that position down to a half-time  
17 time base for the final fiscal year of 2014/2015. And  
18 then have the Grant Manager stay on through the end of the  
19 project funding to provide the necessary oversight,  
20 close-out, and record retention tasks related to  
21 sunsetting the grant program.

22           What you don't have before you in this, because  
23 it's covered in the staffing workload -- staffing item, is  
24 that I will be leaving at the end of December of 2012.  
25 But I propose that the Executive Officer position not be

1 maintained beyond that point. So I'll leave no later than  
2 that date. And that in my proposal is that the Grant  
3 Manager be the person to go down with the ship, so to  
4 speak.

5 BOARD MEMBER McDONALD: Question. But that's  
6 assuming that the 64 projects we have will probably be  
7 down to what? Ten? Twelve? Fifteen? I don't want a  
8 question mark.

9 EXECUTIVE OFFICER MORRIS: What date are you  
10 talking about? At the end of 2012?

11 BOARD MEMBER McDONALD: Any of them. If you are  
12 going to dump everybody at the end of 2013, I mean, how  
13 many -- we need to be down to how many? How many do we  
14 need -- in other words --

15 EXECUTIVE OFFICER MORRIS: What's a reasonable  
16 level for the remaining staff to be managing, you mean?

17 BOARD MEMBER McDONALD: Hold on a second.

18 I understand the way you put this together. It's  
19 fantastic. But the other piece to it is how many grants  
20 or how many projects do we need to look at to manage? In  
21 other words, if we still have 40 projects out there that  
22 need to be managed at the end of 2013, we've got some  
23 other homework to do, some other things to do. If we only  
24 have one person here or one-and-a-half persons here, that  
25 gets to be a load.

1           So I was looking more at -- the time line is  
2 right, just we ought to have some projects in line so  
3 there is a number of projects that are managed. Because  
4 the last thing, again, we don't want to have to come back  
5 and have to hire people to come in and manage this and  
6 then our administration costs go up.

7           EXECUTIVE OFFICER MORRIS: Right. And right now,  
8 the expectation is, given everybody's end dates, is that  
9 by 2013 they should be done, all of them.

10          BOARD MEMBER McDONALD: Should be.

11          EXECUTIVE OFFICER MORRIS: Okay. So there you  
12 play into this uncertainty factor about what kinds of  
13 issues projects might have. It rains for three months  
14 during the time when it's normally supposed to be dry. It  
15 cuts into their construction time of dropping down to only  
16 three months that they can be doing the work. Maybe they  
17 have to wait another year.

18          BOARD MEMBER McDONALD: I'm fine with that.  
19 That's the unknown. That's the X factor. But we still  
20 have to plan on the X factor. If you're gone at the end  
21 of 2012 -- so we start off '13 and still have 40 projects  
22 out there or 30 projects that haven't been completed and  
23 need help and support, we could -- it could hurt us.

24          EXECUTIVE OFFICER MORRIS: I don't think the  
25 departure of the Executive Officer would be that impactful

1 on the projects themselves, because I think that the  
2 Project Managers and the Grant Manager probably have more  
3 day-to-day contact with the actual project staff.

4 I'm in a little bit more of a 500-foot level in  
5 terms of the project work, doing more outreach and other  
6 types of activities, you know, that push forward the  
7 mission of the CCHE as a whole, not so much the grant  
8 stuff. So I think from the perspective of the EO's  
9 involvement, I'm not too worried about --

10 BOARD MEMBER McDONALD: But you do understand  
11 what I'm trying to say?

12 EXECUTIVE OFFICER MORRIS: I think what you're  
13 worried about is whoever is left behind is going to have a  
14 huge burden of projects potentially, big, big portfolio.

15 BOARD MEMBER McDONALD: Yes.

16 EXECUTIVE OFFICER MORRIS: But I think we'd know  
17 that before you cut everybody loose --

18 BOARD MEMBER McDONALD: Okay.

19 EXECUTIVE OFFICER MORRIS: -- in 2013.

20 BOARD MEMBER SWINDEN: I guess my question goes  
21 the other way in terms of how many projects right now does  
22 the staff handle? One person does 20? Is that --

23 EXECUTIVE OFFICER MORRIS: I think it's a little  
24 higher than that, because you have the ones that are  
25 closing out, which is about ten. Sometimes closing out

1 can be a drawn out process. We have one that's been  
2 trying to close out since July. So --

3 BOARD MEMBER SWINDEN: So you feel that is  
4 reasonable, staffing wise?

5 EXECUTIVE OFFICER MORRIS: Yeah. I think so.

6 CHAIRPERSON ALDRICH: The Library bond, it has  
7 been closing out, I think we had more than 13 projects.  
8 And they can be very in depth. We slowly shrunk from  
9 four, then to three grant people, and now down to two.  
10 And there wasn't a project lead. The grant monitors or  
11 the people managing actually just reported to the State  
12 Librarian. So it's another model to consider for whoever  
13 is overseeing the program.

14 BOARD MEMBER McDONALD: Okay.

15 BOARD MEMBER SWINDEN: I'm assuming that even for  
16 purposes of decorum you can't -- who's going to be left  
17 behind? The Grant Project Manager?

18 EXECUTIVE OFFICER MORRIS: The Grant Manager.  
19 Grant Manager of the Grant Program.

20 BOARD MEMBER SWINDEN: I'm assuming we can't call  
21 them Executive Officer.

22 EXECUTIVE OFFICER MORRIS: I think you call them  
23 an Interim ED.

24 BOARD MEMBER SWINDEN: I think that would be good  
25 to think about that from the standpoint if we are trying

1 to drum up support for this organization, it would be nice  
2 to have somebody come in with a title other than I'm just  
3 the janitor. I don't know how you do that.

4 CHAIRPERSON ALDRICH: I think about the workload  
5 as well -- I know we're going to get to it later in  
6 talking about the license plate project has the potential  
7 for ongoing. I think we need to pay attention to what  
8 that potential impact could be on the staff as well.

9 EXECUTIVE OFFICER MORRIS: So shall we move on to  
10 the survey workload, or did you want to go out of order  
11 and move on to the staffing plan from the --

12 BOARD MEMBER SWINDEN: Finish up with the  
13 staffing plan.

14 EXECUTIVE OFFICER MORRIS: Okay. Let's pull that  
15 one. So we currently have --

16 BOARD MEMBER McDONALD: We are on Item 6?

17 EXECUTIVE OFFICER MORRIS: Yeah, the staffing  
18 plans for the 2015.

19 So we have the 64 active projects, which would  
20 be -- I estimate 47 likely to be in process through 2013.  
21 And the Project Managers currently include one Permanent  
22 Research Program Specialist and two Limited-Term Research  
23 Program Specialists I positions. And the CCHE will need  
24 these three Managers on board through December 31st of  
25 2013. The CCHE's two Limited-Term Project Manager



1 positions end in January of 2012.

2 CHAIRPERSON ALDRICH: One ends in January. One  
3 ends in February.

4 EXECUTIVE OFFICER MORRIS: Okay. So accordingly,  
5 we're going to need to recruit in the late fall of this  
6 year to be able to hire two Limited Project Managers to  
7 replace them to ensure that there are three Project  
8 Managers on board through 2013.

9 I'm glad you brought Phyllis, because, Phyllis,  
10 perhaps you can talk about whether there would be any  
11 issues with that.

12 MS. SMITH: With the hiring of two more  
13 limited-term folks? Not at all. Those would be  
14 recruitments -- limited-term 24-month recruitments for  
15 your temporary employees that you would have that act in  
16 the capacity of at-will employees to perform the work.

17 CHAIRPERSON ALDRICH: Debbie is our Chief, and  
18 Phyllis is our HR.

19 But what about the hiring freeze?

20 MS. SMITH: If the hiring freeze is still in  
21 effect, we would have to get an exemption to make the  
22 appointments. And it's hard to know whether it will be in  
23 effect or whether it will be released at that time. We  
24 are under an Executive Order right now that would require  
25 us to go through the exemption process of which the

1 Department of Finance is trying to figure out how that  
2 process is working. So little added quip there.

3 EXECUTIVE OFFICER MORRIS: So we're in the same  
4 situation with our Grant Manager, which is currently a  
5 Limited-Term Staff Services Manager I with an ending date  
6 of December 31st of 2012. We need to recruit to refill  
7 another 24-month limited Grant Manager position in the  
8 fall of this year as well. And that's to make sure that  
9 the Grant Manager is on board through the end of the  
10 project in 2015.

11 And again, as Phyllis just indicated, these are  
12 24-month windows. So we probably have to do two of those  
13 for the Grant Manager position.

14 And I want to point out, I'm using a term  
15 permanent occasionally on these references. And I missed  
16 it. I didn't include that on this current Staff Services  
17 Manager, who happens to be Francelle right behind me.

18 And Francelle and Linda, you're welcome to join  
19 us at the table.

20 But Francelle actually has permanent status in an  
21 RPS I position at CCHE. And the permanent distinction may  
22 not mean very much to those of you outside of State  
23 service, so I thought it would be good to explain that a  
24 little bit.

25 Phyllis, you want to explain permanent since it's

1 sort of an HR thing?

2 MS. SMITH: Permanent mandatory, when they serve  
3 in the limited-term appointment, it's an at-will  
4 appointment. Both the employee or the employer can at any  
5 point in time terminate that agreement. So you can only  
6 appoint in a limited-term appointment for up to 24 months.  
7 Then the employee, if they have permanent civil service  
8 capacity in another classification, has a mandatory return  
9 right to that classification.

10 And in Francelle's case, she would return back to  
11 the Research Program Specialist I classification for which  
12 she had permanent and stationary rights.

13 EXECUTIVE OFFICER MORRIS: So there is another  
14 permanent position in the CCHE -- I should say a person  
15 who's in a position with permanent return rights; is that  
16 correct?

17 CHAIRPERSON ALDRICH: There's two.

18 MS. SMITH: There's two.

19 EXECUTIVE OFFICER MORRIS: I already mentioned  
20 the Research Program Specialist as being one. Right.

21 So those three, when I started at the Library, I  
22 was told that -- and I should say that originally -- back  
23 up a little bit.

24 Originally, when the CHHE were created, there  
25 were eleven positions that were part of the State Library.

1 And upon passage of the legislation creating the  
2 Endowment, the decision was written into the legislation  
3 that those positions, rather than eliminated from the  
4 State Library during the 02-03 budget cuts, those  
5 positions would be transferred over to the CCHE at the  
6 Library and that the funding source would be changed. So  
7 then those positions dropped eleven to nine to seven to  
8 where we're at now with six.

9 And as the CCHE was operating, there was a  
10 conscious decision to not fill new positions with  
11 permanent, knowing it was going to at some point sunset  
12 out and there would be this residual of employees with  
13 expectations of some kind of permanency. And there are  
14 new three positions that remain that have this permanency.

15 And I would say that there's a case that could be  
16 made that with the elimination of the CCHE, if that  
17 happens, that these positions could be considered SROA.  
18 But the Librarian, who's shaking her head, chooses a  
19 different path, and that is to give the permanent people  
20 the opportunity to come into the Library as library staff.  
21 And so that could happen presumably at any time.

22 DELEGATE SPEHN: What's SROA?

23 EXECUTIVE OFFICER MORRIS: Sorry. SROA is  
24 surplus employees that are in a place that is no longer  
25 doing State business. It's closing its doors. It's

1 ending. So they get on a list and they get preferential  
2 hiring status. And then they are able to find a new home.

3 BOARD MEMBER McDONALD: So ROA is?

4 CHAIRPERSON ALDRICH: It's not just closing.

5 MS. SMITH: State restrictions of appointments,  
6 which is what SROA stands for. For people who are  
7 basically in a displacement or they're surplus employees.

8 And it could be a situation where there is a  
9 program that is gearing down, as CCHE is, and they could  
10 be placed.

11 In this particular situation, the employees are  
12 under the same agency and payroll code as the State  
13 Library. So for all intents and purposes for  
14 administrative purposes, they are considered State  
15 employees. They are considered State Library employees.  
16 So this program or this unit is -- would be gearing down.  
17 So we would be moving them. And we were planning  
18 strategically -- I know the State Librarian is  
19 strategically planning to place them with their skill sets  
20 in an area of the Library, if they so chose to come. They  
21 have that right.

22 BOARD MEMBER SWINDEN: You're just going to  
23 absorb them?

24 MS. SMITH: Exactly.

25 DELEGATE SPEHN: Which is nice.

1           BOARD MEMBER SWINDEN: Presumably, for you,  
2 you're getting employees you already know and employees  
3 that show up.

4           MS. SMITH: We're aware of their skill sets.  
5 Their skill sets have a good cross over in some other  
6 areas.

7           CHAIRPERSON ALDRICH: We made the commitment to  
8 the employee. We're not going to go back, unless there  
9 was some --

10           EXECUTIVE OFFICER MORRIS: So I'm curious then  
11 because we get to the last year of 14/15 or even before  
12 then because what I have here for the OT is a recommended  
13 time-based reduction based on the expectations that the  
14 workload is going to be shrinking on a half-time time base  
15 for the OT. And given the Library's commitment to  
16 absorbing these permanent positions, would the Library be  
17 willing to pick up the other half of that position?

18           CHAIRPERSON ALDRICH: We've done that with the  
19 Library Bond Act.

20           DELEGATE SPEHN: So it's possible to do a real  
21 transition?

22           CHAIRPERSON ALDRICH: Uh-huh.

23           EXECUTIVE OFFICER MORRIS: And then similarly,  
24 when we get down to the other half-time employee -- or I'm  
25 sorry -- when we shift that other permanent person down to

1 a half-time time base, you would be willing to pick up the  
2 other half of that person?

3 CHAIRPERSON ALDRICH: Right. And then it would  
4 be a transition.

5 EXECUTIVE OFFICER MORRIS: That's a nice way to  
6 go for those employees.

7 And then of course when the Grant Manager  
8 finishes up the task of the CCHE, in 2014/15 in 2015/2016,  
9 you'd have an opportunity for that person. Okay.

10 BOARD MEMBER McDONALD: We won't have that  
11 problem. You're going to get more money in '15.

12 EXECUTIVE OFFICER MORRIS: Right. Right.

13 CHAIRPERSON ALDRICH: I had a question about --

14 BOARD MEMBER SWINDEN: Or your license plate  
15 thing may change.

16 BOARD MEMBER McDONALD: License plate is going to  
17 kick in.

18 CHAIRPERSON ALDRICH: I had a question about  
19 Francelle's current limited-term and that is ending.  
20 You're going to have to hire for that position. So where  
21 is -- is Francelle moving into one of the other RPS  
22 positions? I wasn't clear what was happening.

23 EXECUTIVE OFFICER MORRIS: Well, we're going to  
24 need a Grant Manager again. So we'll be recruiting. So  
25 she would, theoretically, if she wants to stay on, apply

1 again and then be considered in the pool of applicants.

2 MS. SMITH: We would have to -- she would have to  
3 be picked up off of another certification. She'll have to  
4 compete in another exam process in order for us to pick  
5 her up for another limited-term, 24-month limited term.

6 EXECUTIVE OFFICER MORRIS: So she basically needs  
7 to be on the list in order to be --

8 MS. SMITH: Right.

9 EXECUTIVE OFFICER MORRIS: Are you saying she's  
10 not currently on a list?

11 MS. SMITH: She is on a list, but I can't make an  
12 appointment off the same list. These are all civil  
13 service rules. I can't pick her up for two consecutive  
14 24-month limited-term appointments off of a list. I can't  
15 do that.

16 DELEGATE LAMB: I wish you could do that.

17 MS. SMITH: I do, too. And so do other people.

18 BOARD MEMBER McDONALD: How long do you have to  
19 wait?

20 MS. SMITH: All I need to do is give another  
21 exam, a new list, and I can make a new appointment. So  
22 that's all I need to do.

23 EXECUTIVE OFFICER MORRIS: So if we are in need  
24 of a new exam --

25 MS. SMITH: I just need a request.



1 EXECUTIVE OFFICER MORRIS: When would you need to  
2 have that exam be done in order to be able to have the  
3 recruitment and the hiring so that there is a continuity,  
4 there's no loss of staff at our end?

5 MS. SMITH: Sixty to 90 days prior to the  
6 expiration of the limited-term.

7 EXECUTIVE OFFICER MORRIS: So then we're talking  
8 about August.

9 MS. SMITH: Three to four months.

10 EXECUTIVE OFFICER MORRIS: So really it wouldn't  
11 be -- and how long does your exam list last? We can do it  
12 now right.

13 MS. SMITH: You could do it now.

14 EXECUTIVE OFFICER MORRIS: We could do it any  
15 time, get this exam going.

16 MS. SMITH: I just need a request from you.

17 EXECUTIVE OFFICER MORRIS: I think we probably  
18 have the same situation. We have two Project Managers who  
19 have been on LTA, limited-term appointment, as Research  
20 Program Specialist I, and we'd like them to be able to be  
21 considered for the position.

22 MS. SMITH: They're going to be a little harder.  
23 And they are not permanent and stationary in our  
24 department.

25 I can give a promotional exam for Francelle

1 because she is a permanent employee of the State Library  
2 and I can give a exam.

3           For the other folks, their permanent and  
4 stationary homes have been -- I think they're both from  
5 Drug and Alcohol is where their permanent appointments  
6 are. So I can't really give a promotional exam for them.  
7 So I would have to go outside to do an open exam, which  
8 potentially could yield -- I don't know -- a 6- to 800  
9 candidate group, which could be a big workload, to pick  
10 them up for a limited-term appointment. So that would be  
11 the only complexity with that.

12           But we could talk about that later. It's  
13 something certainly we could do if you want to retain  
14 those --

15           EXECUTIVE OFFICER MORRIS: Well, I think that  
16 given the learning curve that exists with these projects  
17 when you're talking about capital improvement projects,  
18 historical projects, these people at that point will have  
19 been in the saddle for two years. And I'd say -- and  
20 Francelle, correct me if I'm wrong, I'd say there's  
21 probably at least a six to nine month learning curve. And  
22 you're talking about bringing somebody on --

23           MS. SMITH: They're only functional for eight  
24 months.

25           EXECUTIVE OFFICER MORRIS: So it would really be

1 best if we could recruit and have them be eligible for  
2 applying for that. So the exam that you're talking about,  
3 you're saying you're not able to do a promotional exam for  
4 the RPS I?

5 MS. SMITH: Right. Exactly. I could do an open  
6 exam.

7 EXECUTIVE OFFICER MORRIS: You can do an open  
8 exam?

9 MS. SMITH: Yeah.

10 EXECUTIVE OFFICER MORRIS: And then your  
11 estimation of six or --

12 MS. SMITH: I'm just -- it's open to anybody. So  
13 your candidate group is going to be much, much larger.  
14 And so, you know, there is a lot of gleaning through that.  
15 The exam process will take me longer to accomplish the  
16 appointment that you're desiring from that list.

17 So just by mere factor of the larger candidate  
18 group and the gleaning and the reviewing of applications  
19 going through the exam process, you know, will just take  
20 us longer. But it's not that it isn't impossible. It's  
21 just that it will be a lengthier process.

22 EXECUTIVE OFFICER MORRIS: So we should probably  
23 start on that immediately?

24 MS. SMITH: Absolutely. If that's your desire.

25 EXECUTIVE OFFICER MORRIS: In that 600 to 800

1 figure, that's an estimate?

2 MS. SMITH: Yeah.

3 EXECUTIVE OFFICER MORRIS: Based on --

4 MS. SMITH: Yeah. I mean, there's a lot of  
5 people out of work that are very well skilled that have  
6 good education that are going to meet the minimum  
7 qualifications for that classification. And so I mean --

8 EXECUTIVE OFFICER MORRIS: Is there anything that  
9 can be done in terms of reclassifying the positions that  
10 would make it easier, that would make it less of a  
11 workload for you?

12 MS. SMITH: Well, I could look at ---but I don't  
13 know if I can reclass them without there being a fiscal  
14 impact to the employee. We wouldn't want to do that.

15 EXECUTIVE OFFICER MORRIS: I wasn't talking about  
16 going down.

17 MS. SMITH: I know.

18 EXECUTIVE OFFICER MORRIS: Going up is --

19 MS. SMITH: In the same career path.

20 EXECUTIVE OFFICER MORRIS: Okay. But you think  
21 if we started --

22 MS. SMITH: But I could look at that.

23 EXECUTIVE OFFICER MORRIS: -- in the next month,  
24 we would be able to be in a position next January or  
25 February?

1 MS. SMITH: I hope so.

2 EXECUTIVE OFFICER MORRIS: How long does the exam  
3 list last?

4 MS. SMITH: 24 months, with an extension to 48.

5 EXECUTIVE OFFICER MORRIS: Okay. And you --

6 MS. SMITH: I can only make one 24-month  
7 limited-term appointment off that list.

8 EXECUTIVE OFFICER MORRIS: Off that list. And  
9 that's the position that we find ourselves in now, because  
10 there was a 24-month appointment and that 24-month period  
11 ends in January and February of 2012.

12 MS. SMITH: Exactly.

13 EXECUTIVE OFFICER MORRIS: Okay.

14 CHAIRPERSON ALDRICH: It would be easy if we  
15 could just continue with the people who are already in the  
16 job.

17 MS. SMITH: It's very complex. Over the years,  
18 things have patched on patched and patched. And so the  
19 parameters we have to work with, you know, we have to  
20 be --

21 EXECUTIVE OFFICER MORRIS: I think we chose the  
22 temporary path because of the anticipated closure of the  
23 CCHE. So it's what we have to work with.

24 MS. SMITH: Yeah, it is.

25 EXECUTIVE OFFICER MORRIS: All right. So then I

1 would suggest that I will be getting you some  
2 documentation requesting that the RPS I exam process begin  
3 within the next four to six weeks and also the Manager  
4 position.

5 MS. SMITH: Right. And that's just a mere  
6 request through an e-mail that would go to Stacey and then  
7 we can carry on from there.

8 EXECUTIVE OFFICER MORRIS: All right. And then  
9 the OT position actually, currently Linda, in the office,  
10 as I stated before, would be reducing to half time in  
11 2012/13 State fiscal year.

12 We've actually been working with HR to have that  
13 be reclassified to a Staff Services Analyst to more  
14 accurately reflect the duties that Linda has been  
15 performing since pretty much September when we did a belt  
16 tightening and decided to not utilize the services of a  
17 separate State employee -- State Library employee who had  
18 been working for CCHE once a week. And the cross-training  
19 has probably saved CCHE over 13,000 per year. And we're  
20 reclassifying Linda to a higher level to compensate her  
21 more appropriately for the tasks she's been doing on  
22 fiscal invoice processing.

23 And then the Executive Officer, as I said, will  
24 step down on or before December 31st, 2012. And at that  
25 point, the survey work will have been completed and the

1 Landmarks California Pilot Project will also have been  
2 completed. And the grant management work will be left in  
3 the hands of the Grant Manager and the Project Managers.

4 And I think that's it on the staffing plan. What  
5 you also have here is a chart that lays out sort of the  
6 staffing percentages, the time basis, the costs and the  
7 benefit expense.

8 CHAIRPERSON ALDRICH: The benefits, there might  
9 be increases, so it's not necessary --

10 MS. SMITH: The benefits continue to go up. I  
11 think you have a 38 percent and I think it was just quoted  
12 at 40.

13 MS. NEWTON: 40.1. There was an adjustment since  
14 January.

15 MS. SMITH: Who knows what that would be next  
16 year.

17 EXECUTIVE OFFICER MORRIS: Well, I think that  
18 where that will come into play is I think there's plenty  
19 of money to cover that in the sub-fund for cultural and  
20 historical resources. And then every year as we do either  
21 the budget development process or through a separate  
22 budget change proposal, we'll have to ask for sufficient  
23 funds to cover the anticipated personnel costs that result  
24 from the increased benefit percentages. So that will be  
25 an ongoing task for the years in the summer every year or

1 fall.

2           So any questions on the staffing plan?

3           Survey workload. The Subcommittee, which  
4 consists of Georgette and Jim -- Georgette Imura and Jim  
5 Swinden met on February 2nd and reviewed the survey  
6 requirement that's in the legislation.

7           And shortly after that, the auditors who have  
8 been at the CCHE noted that we are not out of compliance  
9 with regard to the original time line for completion of  
10 the survey report. That was due back in 2005. And that's  
11 because there was a piece of legislation sponsored by the  
12 Assembly Committee on Accountability and Administrative  
13 Review that cleaned up reporting requirements.

14           I think the Legislature is being inundated by  
15 paper, sounds like, so they've got electronic requirements  
16 to members and then also paper requirements to the Leg.  
17 Council. But I think the biggest change is the removal of  
18 reporting requirements from projects that are at least  
19 four years old. And the CCHE fell in that category.

20           So it doesn't remove the requirement, but it does  
21 repeal the reporting requirement. So we're moving  
22 forward. And at the February Subcommittee meeting, we  
23 reviewed the CCHE work plan. You have the 2011 work plan  
24 in your packets. And there are three goals, first of  
25 which is the completion of the survey tasks. And in that,



1 you've got laid out the eight specific elements of the  
2 survey. And to the side of that, you've got the by whom  
3 and then the due date.

4           So the CCHE staff will be completing tasks three,  
5 four, five, six, and eight, which you can see on here are  
6 straight out of the legislation the recommendation for the  
7 manner of transferring the Office of Historic Preservation  
8 in the Department of Parks and Recreation to the  
9 Endowment, consistent with the Legislature's intent  
10 expressed -- I'm sorry, the section got cut off. And also  
11 the steps to better preserve and administer cultural and  
12 historical resources within the state, including a variety  
13 of other elements. And then the survey of the capacities  
14 and fiscal condition of nonprofit and other private  
15 entities in California and recommending future financing  
16 of cultural and historical programs.

17           And then the final one that will be done by CCHE  
18 staff is the study of the economic impact of preservation  
19 and interpretation of cultural and historic resources in  
20 the state.

21           CHAIRPERSON ALDRICH: If there is no reporting  
22 requirement, then who will see how does this information  
23 get transmitted to the right people if there is no  
24 reporting requirement for the survey? Because a lot of  
25 work is going to be done. How does that get --

1 EXECUTIVE OFFICER MORRIS: I think as Deanna  
2 mentioned, there is always the possibility of having  
3 hearings for the Legislature to talk about this, to talk  
4 about our work, and to keep the idea of the importance of  
5 preserving California's cultural heritage in the minds of  
6 the legislators.

7 CHAIRPERSON ALDRICH: Is the intent to try to  
8 gather information?

9 BOARD MEMBER McDONALD: That's a good point. Is  
10 there a way if we are going to go through this we could  
11 not make a presentation or do something? Is there some  
12 way we can set something up to do this so it goes into the  
13 public record?

14 DELEGATE SPEHN: Hearings happen all the time.

15 BOARD MEMBER McDONALD: Is that something we  
16 should set up?

17 EXECUTIVE OFFICER MORRIS: I think we're a year  
18 away from that point.

19 DELEGATE SPEHN: We want to be almost done rather  
20 than --

21 EXECUTIVE OFFICER MORRIS: Right. So right now,  
22 all of these have -- with the exception of the one  
23 contracted out piece that's due in July of this year,  
24 everything will be done by June 30th of 2012. So next  
25 summer or next fall might be a good time. It would be

1 before the fall before members go away after the  
2 legislative cycle ends. It would be a good time to  
3 actually have a hearing, either joint one in Senate and  
4 Assembly or individually in both to talk about what we've  
5 found out.

6           And there was also a proposal to do a culminating  
7 event. So we can do both a legislative hearing, but then  
8 also sort of a public convening of the stakeholders in the  
9 world of cultural and historical preservation. That was  
10 done last in 2002 at the Getty, and it was a nice  
11 opportunity for everybody to come together and to talk  
12 about the commitment to historic and cultural  
13 preservation. So I don't have that on here because it's  
14 not a specific requirement. But it's definitely in the  
15 back of my mind as we start to get into this survey work  
16 to pull something like that together. Perhaps it could be  
17 something that we do in conjunction with our 2011  
18 reception.

19           BOARD MEMBER McDONALD: Let me ask you this then.  
20 Is it something that we could put on the agenda for our  
21 meeting on the 5th and we can talk about it as a Board and  
22 put this down and make it happen?

23           EXECUTIVE OFFICER MORRIS: To talk about the  
24 culminating event or talk about the legislative hearing?

25           BOARD MEMBER McDONALD: Both. Is that too soon?

1 DELEGATE SPEHN: I think it's a little too soon.

2 BOARD MEMBER McDONALD: Okay.

3 CHAIRPERSON ALDRICH: If we have one more  
4 transition group meeting.

5 DELEGATE SPEHN: Another group meeting and then  
6 go to the Board.

7 BOARD MEMBER McDONALD: Okay. All right. I'll  
8 buy that.

9 EXECUTIVE OFFICER MORRIS: I don't think it will  
10 take very much time to get a hearing on the docket. I  
11 mean, I'd say three or four months like -- correct me if  
12 I'm wrong. But I think that if we started working next  
13 February/March to get something, we could get a hearing.  
14 Now putting together --

15 BOARD MEMBER McDONALD: I just don't want it to  
16 slip. I don't want it to go between the cracks. That's  
17 all.

18 DELEGATE SPEHN: Doing a hearing like that only  
19 requires the request by one legislator. And I would  
20 envision in this case we'd get all four to request.  
21 They're not going to say no.

22 BOARD MEMBER McDONALD: I'm worried about us  
23 making the decision. Fine. We're okay. I'm comfortable.

24 BOARD MEMBER SWINDEN: The other will take more  
25 time.

1 DELEGATE SPEHN: The other one is a bigger.

2 BOARD MEMBER SWINDEN: The Getty thing was big.  
3 I attended that.

4 CHAIRPERSON ALDRICH: It's nice to have the  
5 Library invited to any event. I don't think the Library  
6 was invited to that. And we do preserve the cultural  
7 history.

8 EXECUTIVE OFFICER MORRIS: In 2002?

9 CHAIRPERSON ALDRICH: Were we there?

10 EXECUTIVE OFFICER MORRIS: I think Kevin Star was  
11 probably there.

12 BOARD MEMBER McDONALD: I wasn't.

13 EXECUTIVE OFFICER MORRIS: The CCHE had been --  
14 legislation was passed but the members were not on board.

15 BOARD MEMBER McDONALD: I didn't come on board  
16 until April 1st, 2004. So I was a little shot, not a big  
17 shot.

18 BOARD MEMBER SWINDEN: That was a good event.

19 EXECUTIVE OFFICER MORRIS: The Getty has been  
20 supportive of us. They paid a contribution for some of  
21 the preliminary work on the survey. And so I think that,  
22 you know, that would probably be something we could be  
23 starting within the next few months. Because with a  
24 program of that magnitude with what I'm envisioning in  
25 terms of the statewide leaders, you need to have some

1 advance lead time in order to make that happen. But I  
2 don't know that we need to talk about it at the Board  
3 level. I think it can happen at the staff.

4 BOARD MEMBER McDONALD: I just don't want to it  
5 slip. That's all.

6 EXECUTIVE OFFICER MORRIS: So task number 7 we  
7 already have an agreement in place for. And that's the  
8 policy recommendation. And that work is expected to be  
9 completed by the end of July of this year.

10 And we have a written solicitation that's out to  
11 small businesses for task one and task two, which are very  
12 complex and large. And they include the complete  
13 inventory of historical and cultural resources and an  
14 assessment of what stories have not yet been told. And we  
15 estimate that that's going to exceed the \$50,000  
16 delegation authority that the Board has given to the  
17 Executive Officer.

18 So that is on the agenda for the Board meeting to  
19 have the Board actually either approve the procurement of  
20 outside consulting service or increase the delegation  
21 authority of the CCHE Executive Officer for this one  
22 expenditure.

23 So I've also attached the legislation that talks  
24 about the repeal of the reporting.

25 Are there any other questions about the survey

1 work?

2 BOARD MEMBER SWINDEN: On the additional costs,  
3 where do you think those projects might come in at?

4 EXECUTIVE OFFICER MORRIS: You mean like how much  
5 more than 50k? I'm thinking 200k, because I think they'll  
6 be included in the interviewing. There is this component  
7 figuring out what's not being told, and that's going to  
8 require community outreach, a variety of meetings in  
9 communities to talk to people and to figure out what  
10 stories should be told that are part of California. So  
11 that's a component.

12 And then I think the other piece is how this  
13 information gets shared in a widely accessible fashion.  
14 So I think it will be around 200k.

15 BOARD MEMBER SWINDEN: Being shared -- you  
16 envision it will be shared on an ongoing basis even if we  
17 fold up?

18 EXECUTIVE OFFICER MORRIS: Yeah. I mean,  
19 something -- yeah, that's sort of --

20 BOARD MEMBER SWINDEN: If we are going to spend  
21 that kind of money, we should make sure it goes forward.

22 EXECUTIVE OFFICER MORRIS: What I'm thinking is  
23 there will be some kind of web component that can be  
24 archived there maybe under the generosity of the Library  
25 or Parks or some other entity that might carry it on.

1           I think the initial cost of that is going to be  
2 at the outset, and then just the having it there is  
3 probably not going to be much expense.

4           CHAIRPERSON ALDRICH: We can house it here until  
5 it finds its home.

6           DELEGATE LAMB: We did that with our history  
7 plan. Rather than publish a hard copy, which was  
8 prohibitively expensive, we put it on the website with a  
9 page turning software. And it works very well. Gets the  
10 message across.

11           EXECUTIVE OFFICER MORRIS: Ideally, it would be  
12 something searchable, you know, by ethnicity, by region,  
13 by all of that. Something like an expansion of our  
14 existing California's Treasures database that's online  
15 that would be there for everybody to use. Yeah, because  
16 if you're spending that kind of money, you better have  
17 some kind of bang.

18           BOARD MEMBER McDONALD: Big bang. Long term.

19           EXECUTIVE OFFICER MORRIS: I think that's the  
20 point of having spent \$122 million on projects. That was  
21 the push that I felt with regard to that interactive  
22 database is having that information out there available  
23 for people to see, because the projects really are for the  
24 people of California. If what we're doing just sits on  
25 the shelf, it's no benefit.



1           BOARD MEMBER SWINDEN:   Going back to the Board,  
2 what is your suggestion in terms of how it's approached?

3           EXECUTIVE OFFICER MORRIS:   Well, I think it might  
4 be best to delegate to the Executive Officer authority up  
5 to a certain dollar amount, because that's a little more  
6 specific than having the Board approve something before we  
7 get the consulting responses, the proposals back.  And you  
8 can specify that it would be for this one expenditure,  
9 this one procurement situation that I would have the  
10 authority to enter in a procurement agreement up to a  
11 certain level.

12          BOARD MEMBER SWINDEN:   But there are several  
13 different components of this.

14          EXECUTIVE OFFICER MORRIS:   Well, the only  
15 component that costs money -- well, requires a contract or  
16 procurement process is this response to the written  
17 solicitation.  Everything else is going to be handled  
18 in-house.  So it's just that one piece.

19                 And then the other expenditures that would be  
20 potentially related to this, like travel to some of these  
21 events and whatever, those would be just within our normal  
22 spending.  It doesn't require a procurement.  So you could  
23 say the Board delegates expenditure authority of up to 210  
24 or something, 220 for the consulting agreement or  
25 contracting agreement with X, Y, Z or whoever is chosen

1 for this work.

2 BOARD MEMBER SWINDEN: Okay.

3 DELEGATE SPEHN: In terms of ongoing activities,  
4 did we ever talk to the education folks about tying the  
5 whole cultural and historic fabric of California into a  
6 curriculum?

7 EXECUTIVE OFFICER MORRIS: It's never been  
8 something that I've pursued. But I have had conversations  
9 recently with regional art leagues with regard to the  
10 Landmarks California Project. And I was encouraged to  
11 actually talk to Superintendent Torlakson about that. And  
12 I think that conversation could be a nice opportunity to  
13 talk about the curriculum, because I think that has been a  
14 missing piece of the CCHE work in terms of having it get  
15 to the kids. And we're talking about education toolkits  
16 for the Landmarks California piece, but not for the CCHE  
17 work or having something that teachers can use in terms of  
18 being able to tap into the CCHE projects. But I think  
19 that's a really nice --

20 BOARD MEMBER McDONALD: What's your age group?  
21 What are you looking at?

22 EXECUTIVE OFFICER MORRIS: We're looking at a  
23 couple of different grade levels: Four, seven and eleven  
24 right now for this particular pilot project of Landmarks  
25 California because of the social history and the

1 California built environment and how those relate to the  
2 standards for those three grade levels.

3           Okay. I'll follow up and get my appointment with  
4 Superintendent Torlakson.

5           DELEGATE SPEHN: He was very supportive of CCHE  
6 while he was in the Senate.

7           EXECUTIVE OFFICER MORRIS: I know that the  
8 Library had been working to get the Indian curriculum and  
9 that didn't go very far. But I think that there is some  
10 natural fits here with that. That's a great suggestion.

11           Any other comments on the survey workload?

12           I think is that the last one? Does that bring us  
13 to the project stewardship? That one is on there  
14 primarily because we, as a general obligation bond funded  
15 program, have the obligation to retain all of our records  
16 for 30 years. And the auditors brought it up to me as  
17 well about what our plans are and --

18           DELEGATE SPEHN: How many boxes is there?

19           EXECUTIVE OFFICER MORRIS: They're all on  
20 shelves. I'd say it takes up maybe a little less than  
21 half of this room. You know, depending upon the shelving,  
22 it could take up about maybe a quarter of this room.  
23 Because there are the applications and then the funded  
24 files, the closed out files, and then two filing cabinets.

25           So that will have to carry on after the CCHE

1 closes its doors. And Stacey and I talked about this a  
2 little bit, and I suggested the Library. And Stacey was  
3 also thinking the archives might be an appropriate place.

4 CHAIRPERSON ALDRICH: We collect different  
5 things. So I'll talk with Nancy at our next lunch to see  
6 it goes to the right place.

7 DELEGATE LAMB: What about the State Records  
8 Center?

9 CHAIRPERSON ALDRICH: I don't know that I  
10 would --

11 DELEGATE LAMB: Because it depends on what you  
12 mean by retention or by being able to access. I mean, the  
13 archives generally would allow access to researchers to  
14 come in there and use it, but they're really not set up to  
15 do retrieval of records, go someplace, and then come back.  
16 That's more of a records center.

17 I mean, Nancy may say, "Okay, we'll do that."  
18 But it's more of a records center type of operation to  
19 actually gain -- get records back, use them, and then  
20 return them.

21 CHAIRPERSON ALDRICH: It's no problem for us to  
22 keep them here. If people know it was in this agency,  
23 it's here for people to find it. We just wanted to make  
24 sure it gets housed in the right --

25 EXECUTIVE OFFICER MORRIS: I think there are

1 charges that occur with the records center. So I think  
2 that would be sort of an ongoing expense. And I don't  
3 know if having it here -- you know, it's a little unclear  
4 how the State would pay for it if the CCHE does, in fact,  
5 close the ongoing cost of retaining the records. That  
6 part has always been a little fuzzy to me in terms of how  
7 that goes on for a project that's ended to pay 20 years in  
8 advance or something? Anyway, but if the Library does  
9 designate the space to it and holds it for the retention  
10 period, I think that's a nice solution.

11 Then, finally, this takes us to the part that  
12 Ms. Celeste Dewald has been waiting for. This is Celeste  
13 Dewald, Executive Director of the California Association  
14 of Museums. And Celeste brought to the CCHE and the  
15 Library the proposal of partnering with them on a  
16 specialty license plate, a special interest license plate.  
17 And actually they've been working with Parks for some time  
18 on this approach, and I think the situation with Parks is  
19 that it was deemed to be too expensive. And I think that  
20 might be something we probably want to hear about in terms  
21 of our consideration of this as a proposal.

22 I find it to be sort of a redemptive opportunity  
23 to do something for museums, because the CCHE has had  
24 three obligations in its enabling legislation: Giving out  
25 the money, doing the survey, and helping museums. And

1 museums have really been at the backburner for the life of  
2 the CCHE. So I think serving as the State partner for the  
3 license plate would actually be a nice thing to do for  
4 museums, since we have that obligation.

5 I think the question is whether or not we can do  
6 it given the amount of resources that are available to the  
7 CCHE in the proposal.

8 So with that, I think we probably want to have  
9 Celeste tell us a little bit more. Is there anything else  
10 you want to add about the proposal?

11 MS. DEWALD: Well, I appreciate you putting the  
12 full proposal in the packet. This is something that the  
13 California Association of Museums has been working on for  
14 about ten years, as it said in the proposal. We started  
15 when it was a legislative process and lived through the  
16 moratorium and the transition from it being a legislative  
17 process to it being an administrative process and stayed  
18 abreast of all the concerns during that as well.

19 And soon after it became an administrative  
20 process, we went through our own process of trying to  
21 select the State agency partner and spoke to Mimi's  
22 predecessor at that point about it, spoke to the Arts  
23 Council about it, and spoke to State Parks. At that point  
24 in time, it seemed like it was a really good fit with  
25 State Parks with what they were doing and what we were

1 trying to accomplish as well.

2           And we've had a -- we'd been working over that  
3 period of time to get permission from the administration  
4 to move it forward. We've been getting our own marketing  
5 plan in the works. We've been finishing our negotiations  
6 with the Schulz estate, with his wife, and with the  
7 license plate copyright holders -- the license copyright  
8 holders and have been working with State Parks for several  
9 years now on it.

10           But given a couple different things that came  
11 together at one point with State Parks, one being of  
12 course the dire budget crisis that they're facing, it  
13 just -- and looking at what it was going to cost them to  
14 do the program, they really feel that it was not until  
15 there was about a million dollars coming in in the funds  
16 before they could afford to do the grant program.

17           So we are still -- we concurrently at the same  
18 time are talking to CCHE and still talking with State  
19 Parks about how we can work something out. So we are  
20 concurrently looking at both options at this point in  
21 time. But if CCHE is able to do the grant program a  
22 little bit more nimbly than State Parks, it might be a  
23 better fit for us.

24           CHAIRPERSON ALDRICH: There is an -- the charge,  
25 can you tell us about the partnership? And there is a fee

1 for the credit card processing; is that right?

2 MS. DEWALD: That's right. We feel that in order  
3 to be successful that we're going to have to do credit  
4 card transactions online. We don't think if everybody  
5 paid by check we're going to get 7500 people to do that.

6 So we have talked with State Parks about how can  
7 we do that. And our contact there has done some research  
8 on what companies -- because I guess as the State agency  
9 there's certain extra requirements of privacy and things  
10 like that. So we found one potential contractor that we  
11 could work with called Kinsale. And that was about \$3.50  
12 per transaction.

13 Our perspective is that we're willing to -- if  
14 this is a project that CCHE wants to move forward on, we  
15 certainly will be a partner in trying to find the right  
16 fit with that. We're not married to it being Kinsale.  
17 But we understand there's certain requirements you need to  
18 do and we need to look at, you know, if there is a part  
19 that we can play to try to make that more affordable or  
20 easier process, we definitely are open to it.

21 We were hoping that the State agency would absorb  
22 that. And that's part of our relationship with State  
23 Parks is that sometimes it seemed like it was deemed that  
24 was absorbable and now it definitely is not. So that is  
25 something we're hoping the State agency can cover, because



1 we're basically covering all the marketing costs  
2 essentially. But we're willing to talk about that.

3 BOARD MEMBER SWINDEN: You said 3.50 a  
4 transaction. That seems really high.

5 MS. DEWALD: Yeah.

6 BOARD MEMBER SWINDEN: I think we could get that  
7 down more.

8 BOARD MEMBER McDONALD: American Express is high,  
9 too.

10 BOARD MEMBER SWINDEN: He's talking about 3.50 a  
11 transaction. We're not talking about percentage.

12 MS. DEWALD: That includes the vendor fee but it  
13 includes the credit card transaction fee. The cost from  
14 the credit card in order to do that.

15 BOARD MEMBER SWINDEN: We're just going through  
16 this whole thing in the museum and we're talking about  
17 three and a half percent per transaction is substantially  
18 less than that.

19 EXECUTIVE OFFICER MORRIS: Our transaction  
20 costs -- or the transaction costs on a plate vary from 70  
21 to \$100; is that right?

22 MS. DEWALD: Yeah. We don't get to choose what  
23 we charge for the plates. It's a set price of \$55 -- or  
24 \$50 and \$98. \$98 is for the personalized, if you want to  
25 have your own set of numbers and figures.

1 EXECUTIVE OFFICER MORRIS: And the 50 is just for  
2 a serialized.

3 MS. DEWALD: Sequential.

4 BOARD MEMBER SWINDEN: I'm saying with these  
5 numbers you're talking, three and a half seems --

6 EXECUTIVE OFFICER MORRIS: Well, the \$50 --

7 MS. DEWALD: Like I said, we're not married to  
8 it. That was deemed to be -- we're more than happy to  
9 shop around. But that was the company that seemed to be  
10 able to comply with the special conditions that State  
11 agencies have.

12 EXECUTIVE OFFICER MORRIS: For privacy.

13 MS. DEWALD: Privacy issues.

14 DELEGATE LAMB: The privacy issue. And there was  
15 the issue of -- not that we were expecting this, but what  
16 happens if this did not work and we would have to refund  
17 money back.

18 DELEGATE SPEHN: Then it's another 3.50 per  
19 transaction; right?

20 EXECUTIVE OFFICER MORRIS: To give them a refund?

21 DELEGATE LAMB: To do a refund? I don't think  
22 so.

23 DELEGATE SPEHN: It's another transaction.

24 MS. DEWALD: I'm not sure about that, actually.  
25 I think it would be another transaction.

1           DELEGATE SPEHN: It would be a year later. It's  
2 another transaction.

3           EXECUTIVE OFFICER MORRIS: It might be helpful to  
4 back up just a little bit and talk about the steps that  
5 need to occur in order to get to that point where people  
6 actually get charged for this registration of -- license  
7 registration.

8           And I can start, and then you can clarify if I've  
9 got any of it wrong. But my understanding is that a  
10 partner or a nonprofit partners with the State agency and  
11 then accumulates 7500 prospective license purchasers. And  
12 then once those are in place, then you go to the  
13 Department of Motor Vehicles together. And then the  
14 Department of Motor Vehicles receives this listing of all  
15 the 7500 names and those payments and then starts the  
16 process. That's about as far as I know.

17           DEPUTY ATTORNEY GENERAL MOE: Does DMV have to  
18 approve it?

19           MS. DEWALD: We first would have to go to DMV and  
20 have them approve it. The plate itself has already been  
21 approved.

22           DEPUTY ATTORNEY GENERAL MOE: By DMV?

23           MS. DEWALD: By DMV and by CPH. The plate design  
24 is already set. We've done all this work. We've even  
25 gone as far as the GOR. I don't know what stands for but

1 a GOR with State Parks.

2 But my understanding is that we probably would  
3 need to go back to DMV and say that we're just switching  
4 State agency partners from State Parks to CCHE. And we  
5 already have 8,000 people who have said they will purchase  
6 a plate. We know we need to convert them into actually  
7 paid applications, which is what we built into our  
8 marketing plan.

9 So the State agency with the nonprofit would need  
10 to collect all the applications and all of the checks or  
11 the credit card payments up to 7500. And then the money  
12 gets transferred from the State agency to DMV.

13 CHAIRPERSON ALDRICH: So the State agency though  
14 technically would be the State Library and not a program,  
15 because CCHE is a program; it's not a State agency. So we  
16 have to figure out the relationship of how that would flow  
17 through CCHE. I want to figure it out. I mean -- but we  
18 have to -- that's something to consider.

19 BOARD MEMBER SWINDEN: Why don't you explain a  
20 little bit of the expectation in terms of the 60 percent  
21 of the money going towards grants? Are you thinking that  
22 you use a program similar to what you've instituted as far  
23 as competitive grant programs? And would that be totally  
24 administered by CCHE? Or are you talking about we're  
25 going to have a joint Board or how is that all envisioned?

1 MS. DEWALD: We've never gotten to that level of  
2 detail with State Parks. So our Committee and our Board  
3 hasn't had those conversations.

4 But what we have talked about is our vision is  
5 that it's like a mini start of an Institute of Museum and  
6 Library Services. The Institute of Museum and Library  
7 Services has a grant project called Museums for America.  
8 That's for operating expenses or project expenses. So  
9 it's not -- it is a competitive grant process, but what's  
10 different than what you've been doing is it's not capital.  
11 It doesn't have all the strings attached that you have for  
12 a capital project or the bond funding. This would just be  
13 project based money or for operating expense.

14 And they have -- IMLS has ways that we can  
15 emulate the criteria that we can use on how you can  
16 evaluate that. But essentially, it's sort of a capacity  
17 building grant is what it would be. So whatever the  
18 museum needs to build its capacity and better serve its  
19 community, they need to demonstrate that and demonstrate a  
20 work plan. And there is essentially a criteria review  
21 process.

22 And the other thing that we have, our Committee  
23 has talked about they like that with the IMLS process,  
24 there is a peer review process and a panel review process.  
25 So there is some sort of way for the field as a whole to

1 look at it. And I don't think it would be as complicated  
2 as the process you've been having, because the process  
3 you've been having is kind of a lot of different types of  
4 organizations, historic preservation as well as museum.  
5 This would be just museum. And it seems to be working  
6 fine with the Institute of Museum and Library Services.

7 So that's the process that we have talked about  
8 wanting to emulate. But we've never sat down with State  
9 Parks and talked about what's doable and what it costs.  
10 So I can't really respond and give you a response I have  
11 the backing of my Board or Committee.

12 BOARD MEMBER SWINDEN: You would be looking to us  
13 to do the actual process?

14 MS. DEWALD: Yes. And we would -- I think in the  
15 draft agreements that we have worked on that we would be a  
16 partner in helping to develop that. But we wouldn't be --  
17 we wouldn't have like an equal stake in it. We don't want  
18 to be a granting agency.

19 DEPUTY ATTORNEY GENERAL MOE: So you're thinking  
20 about the CCHE being a granting agency under your rules?

21 MS. DEWALD: Well, we would have some sort of an  
22 agreement in place where there would be some sort of  
23 understanding of what that process is.

24 BOARD MEMBER SWINDEN: I think it would have to  
25 be our rules that you have --

1           DEPUTY ATTORNEY GENERAL MOE: I think that also  
2 kind of -- I don't know whose money you're talking about.  
3 This would have to be CCHE's money for CCHE to do that as  
4 opposed to being part of the CAM's money. So that wastes  
5 a lot of other --

6           BOARD MEMBER SWINDEN: I think 60 percent of the  
7 license plate would have to come to the CCHE.

8           DELEGATE SPEHN: Into our accounts.

9           BOARD MEMBER SWINDEN: The other thing that gets  
10 raised is the other split. That's probably the same  
11 problem you had with State Parks and probably I would  
12 raise that, too. And that is that seemed more equitable  
13 that the expenses get covered out of the moneys and then  
14 we come up with a split after that and what the residual  
15 is. Because you're going to take the money and use it for  
16 certain things. And we want to be able to have some sort  
17 of profit margin to be able to take the money and use it  
18 in order to fulfill developing this into something that  
19 continues. That would be the reason to do this.

20           And so just to get the money to run the  
21 organization and have nothing left over, there is not a  
22 lot of incentive to just do that. So I think that  
23 covering your costs and then splitting it is appropriate  
24 and make more sense. And that would include the credit  
25 card costs, the operation of the grant program, everything

1 that takes place, the advertising. I think that we have  
2 to look at that.

3 MS. DEWALD: How do you propose looking at that?

4 BOARD MEMBER SWINDEN: I don't know. I'm  
5 throwing it out on the table. At the end of the day, if I  
6 look at this and say okay, fine. But you know we don't  
7 know what it's going to be. May cost us 22 percent of the  
8 overall thing to do this, which is 2 percent of the whole.  
9 That doesn't work. So I would say if we are going to do a  
10 shared thing, we have to have shared risks. Shared risk,  
11 you cover all your expenses and then split what you've got  
12 left over.

13 EXECUTIVE OFFICER MORRIS: Jim, I want to point  
14 out the credit card transaction cost is only the first for  
15 the first 7500. That's a one time.

16 BOARD MEMBER SWINDEN: I understand that. That's  
17 irrelevant from what I'm proposing, because it would be  
18 part of the deal anyway. It's part of the overall  
19 expenses. That doesn't matter. It just comes out first.

20 And the other expenses of running the grant  
21 program comes out. And then whether it's administration  
22 or everything else gets tacked in there comes out and  
23 whatever is left over gets split.

24 MS. DEWALD: There is something in the statute  
25 that controls the special interest license plates that



1 specifically says you can't spend more than 25 percent on  
2 administration. So there is a cap on that.

3 BOARD MEMBER SWINDEN: As you can see from the  
4 earlier discussion, that might be a problem. I mean, we  
5 might not be able to administer your grant program when  
6 you factor in that and the credit card cost and everything  
7 else. So that could be a problem.

8 DEPUTY ATTORNEY GENERAL MOE: The grants would  
9 have to be for purposes that are in the CCHE statute,  
10 which may be narrower or different than what your Board is  
11 interested in doing.

12 MS. DEWALD: Well, when I looked at the enabling  
13 legislation for CCHE, it seemed like there was a pretty  
14 clean nexus, because it says in there that a priority is  
15 enhancing opportunities for superior museum and cultural  
16 program services.

17 DEPUTY ATTORNEY GENERAL MOE: I'm not saying it  
18 can't be done. You seem not real clear on exactly what  
19 kind of grant program you wanted this to be. And it would  
20 have to be spelled out in detail before really --

21 DELEGATE SPEHN: This is just a starting place  
22 with discussion.

23 EXECUTIVE OFFICER MORRIS: I think you were  
24 talking about capacity building grants for museums. I  
25 think you told me previously, if you didn't state it here,

1 that Ms. Schulz' desire is to have the money not be a year  
2 after year thing that a museum would get accustomed to.  
3 Every other year, switch and somebody else would get  
4 funded. So it would be this infusion of cash into the  
5 organization on an occasional basis to give them a little  
6 lift.

7 DELEGATE SPEHN: On a grant basis rather than  
8 a --

9 EXECUTIVE OFFICER MORRIS: Rather than an  
10 operating expenditure thing.

11 I do have a question though about any match  
12 requirement. Is there any anticipation of requiring an  
13 applicant to have the funding to have a share they are  
14 able to contribute or not --

15 MS. DEWALD: If there have been any discussions  
16 about that, it's been a long time. All of these are  
17 details I think we absolutely would be willing to talk  
18 about. And we've sort of been in more of the mode of how  
19 to try to make it work financially and not so much talking  
20 about the details of whether there is a match or  
21 programmatically what those are, because there just seems  
22 like we've hit sort of bigger hurdles first is kind of  
23 where we've been.

24 But I think we're absolute -- I'm less sort of  
25 the model that we were looking at. But we're open to

1 talking about it. And we have talked at that level with  
2 Jean Schulz, but I don't think that -- I think that us  
3 coming to some sort of conclusion with the State agency on  
4 how that would be run and proposing that to her would be  
5 the appropriate tact to take.

6 BOARD MEMBER SWINDEN: Also, I'm assuming there  
7 is no pre-disposition that it's going to be solely for CAM  
8 member museums.

9 MS. DEWALD: Of course not. As a matter of fact,  
10 that's why from my personal perspective I wouldn't want us  
11 to be the granting agency because that doesn't seem  
12 appropriate.

13 EXECUTIVE OFFICER MORRIS: And I just want to add  
14 that California Arts Council is very interested in helping  
15 doing this with them. But California Arts Council can't  
16 do it because their statute is limited specifically to art  
17 museums. And this is intended to be much broader than  
18 just that.

19 But as a sidebar to that, the Arts Council -- I  
20 talked to folks over at the Arts Council, and they are  
21 very happy with their license plate program, which I think  
22 has been around '93. An 18-year track record of that.  
23 They get a sizable amount of money. And they're doing a  
24 big push right now, a million plates campaign, to try to  
25 augment that dollar amount. So --

1           BOARD MEMBER SWINDEN: I think it's a fine idea.  
2 People get behind this. The whale tail, you see that all  
3 over the place.

4           DEPUTY ATTORNEY GENERAL MOE: That had problems.  
5 The artist who did the whale tail didn't actually -- the  
6 Coastal Commission did not have legal rights to that.  
7 It's just a handshake kind of thing.

8           MS. DEWALD: We have a signed agreement in place.

9           DEPUTY ATTORNEY GENERAL MOE: It would have to be  
10 a CCHE or the Library, whatever State agency.

11          DELEGATE SPEHN: So really the sticking point  
12 right now is to come up with the almost \$28,000 to up  
13 front the credit card processing or find a different  
14 credit card company that will facilitate it.

15          EXECUTIVE OFFICER MORRIS: And I can tell you  
16 that CCHE doesn't have that. I think it translates to  
17 about 26,000. We don't have that in our budget for 10/11.  
18 We might have wiggle room in 11/12. And if it is, in  
19 fact, the Library that has to be the partner, I don't know  
20 what your situation is in terms of 26,000.

21          CHAIRPERSON ALDRICH: We would have to look at  
22 what our final budget is and have to figure out what the  
23 partnership is and how it flows.

24          BOARD MEMBER SWINDEN: I think the partnership  
25 question is more critical right now. And so maybe you can

1 take some of this discussion back to your Board and see  
2 how they feel.

3 I don't know what -- you guys chime in. I've  
4 given my idea in terms of how it should be. Do you have  
5 any thoughts differently or --

6 DELEGATE LAMB: Well, everybody is looking at me.  
7 You know, we are in somewhat of an unusual  
8 position in that we've been working with Celeste on this  
9 and trying to make this work.

10 You know, some of our concerns were the fact that  
11 the initial amount, while it seems rather small,  
12 20-something-thousand-dollars, you know, what we're  
13 looking at is just trying to figure out where we're going  
14 to get that. Our budgets were so tight that was even a  
15 real issue.

16 EXECUTIVE OFFICER MORRIS: Blaine, you're talking  
17 about the 20,000 for the credit card thing?

18 DELEGATE LAMB: Yeah. Set it up. Start it up.

19 Our other issue was the fact that it would had to  
20 have gone through our Office of Grants and Local Services,  
21 which they're the people who are the grant administration  
22 specialists. And that they are quite expensive. I don't  
23 have the figures in front of me to see how their expense  
24 corresponds to your grant, per your/our grant management  
25 folks. But you have to -- those people are going to have

1 to be paid somehow. And we figured that it was about two  
2 grant managers to administer this program. Now, if you  
3 all -- if CCHE looks at it and the State Library looks at  
4 it and says we don't need that, that's one thing. I'm  
5 just saying what our folks in our granting operation said.

6 CHAIRPERSON ALDRICH: Really depends on the  
7 number of grants, because we manage several grant projects  
8 now. And we have a full blown -- we manage over 300  
9 grants.

10 DELEGATE SPEHN: You have a much bigger shop.

11 CHAIRPERSON ALDRICH: So we have processes in  
12 place that we could help. But it would be the cost of  
13 having somebody run the program. And depending on what  
14 happens with CCHE, if it thrives, it goes on. If it  
15 doesn't, then the State Library agency that would take on  
16 that. I don't know that that would be a problem since we  
17 get our funding from the Institute of Museum and Library  
18 Services, but we have to think about long term the  
19 scenarios of how it plays out.

20 DELEGATE LAMB: Another issue that we had was the  
21 20 percent which would go back to CAM as to how we would  
22 administer that. Some of our attorneys looked at that and  
23 administrators looked at that and said that's a grant -- a  
24 non-competitive grant to a private organization and how do  
25 we do that. And we couldn't come up with a satisfactory

1 way of doing it.

2           And you know, all these -- when this came to the  
3 front, the person who had been your liaison left Parks.  
4 And I foolishly said, we'll work with CAM because it's  
5 museums. And we really tried to work -- there's some very  
6 smart people tried to figure this thing out. It just  
7 didn't work for us. I'm not saying it couldn't -- you  
8 probably do a lot more of that.

9           CHAIRPERSON ALDRICH: We would have to figure  
10 that out if there would be any legal issues around --

11           MS. DEWALD: I know the way we left it last was  
12 the option was looking at a sole source exemption, because  
13 what we listed -- and I don't know that process. I know  
14 it's lengthy. But I know where we left it was that was  
15 the one avenue that would work. And that it was because  
16 of the language that we would have in the agreement had to  
17 do with supporting -- state that it would go towards a  
18 nonprofit organization that provides professional  
19 development opportunities and services that benefit the  
20 statewide museum field. It was -- the language was very  
21 narrow in order to support that sole source exemption.

22           EXECUTIVE OFFICER MORRIS: Do you know of any  
23 models for how other special license plate funds direct  
24 funds back to the nonprofit partner? Is there any kind of  
25 track record on that or precedent?

1 MS. DEWALD: Well, I know at one point that State  
2 Parks was looking at how the Coastal Conservancy does it.  
3 And I know they do have a local grants category that at  
4 one point we were looking into that was -- didn't seem to  
5 be as bureaucratic perhaps, as onerous as there seems like  
6 there was more flexibility. But I could look into that.

7 BOARD MEMBER McDONALD: What about the veterans?  
8 I mean, doesn't the Department of Veterans Affairs, they  
9 had a license plate. I have one. Okay. I mean, there  
10 may be fights between the Navy and the Army and the  
11 Marines and the Air Force. But my license plate is a  
12 veteran license plate.

13 DELEGATE LAMB: Do they make grants from that?

14 BOARD MEMBER McDONALD: I don't know. That's the  
15 question I'm asking.

16 DELEGATE LAMB: Some of these plates go to  
17 support organizations. They don't -- they're  
18 non-granting.

19 MS. DEWALD: Right.

20 DELEGATE LAMB: Our issue is the grants here. If  
21 we were just trying to do this to raise money --

22 BOARD MEMBER McDONALD: I know they just came out  
23 with one called the Gold Star license plate that may have  
24 gone to a granting group. May have gone to the group  
25 because that's the one that's for those families that had



1 a serviceman that has passed away in the service or  
2 something like that or got killed in service. They can  
3 get a special license plate. That may go somewhere. I'm  
4 just throwing that out.

5 DELEGATE LAMB: That would probably be less of a  
6 grant. It's a benefit more than a grant because we're  
7 looking at a competitive grants program. There would be  
8 no competition there. Your family lost a serviceman; you  
9 would get that.

10 BOARD MEMBER McDONALD: You could buy it. You  
11 have the option to buy it.

12 DELEGATE SPEHN: Is this something legislation  
13 can fix rather than going to straight administrative  
14 route? I know there's complications with legislation.

15 EXECUTIVE OFFICER MORRIS: I think there are a  
16 lot of questions here. And I know that your time line is  
17 you're hopeful to move forward quickly because you do have  
18 those 8,000 people committed. And to the extent that  
19 lingers on, you have the potential of losing their  
20 interest. And we have the Board meeting coming up on  
21 April 5th and nothing until September 29th. So I'm  
22 thinking if we wait until September 29th it wouldn't be an  
23 ideal situation for you.

24 MS. DEWALD: We were ready to launch February  
25 1st. So, I mean, we need to make sure that all of

1 everything -- there is due diligence done here of course  
2 on both ends. But we were ready to go. We have a new  
3 website done. We have the brochure done.

4 DELEGATE SPEHN: You just want to plug in the  
5 name.

6 So who makes the decision on something like this?  
7 Is it the Governor's office? Is it some administrative --

8 DEPUTY ATTORNEY GENERAL MOE: Are you talking  
9 about the program itself?

10 DELEGATE SPEHN: Or whether we can move forward  
11 or not and under what situation.

12 CHAIRPERSON ALDRICH: I think it's the agency.  
13 It would probably be me, which there are different ways we  
14 can approach this. We can say our agency is dedicated to  
15 doing it, and CCHE decides whether or not it's going to be  
16 the program that takes it on within the State Library.

17 DELEGATE SPEHN: There's a lot to be worked out.  
18 I didn't know where the buck stopped.

19 EXECUTIVE OFFICER MORRIS: I think that's an  
20 interesting point. I presumed it was the Board that would  
21 make the decision that the CCHE would take on. But you're  
22 saying it's agency.

23 BOARD MEMBER SWINDEN: Sounds like it's Stacey,  
24 and she's going to have to get us to agree to do it.

25 CHAIRPERSON ALDRICH: That's pretty much how it

1 works.

2 BOARD MEMBER McDONALD: Is there a possibility we  
3 can partner? Couldn't we partner with the Library on  
4 this?

5 BOARD MEMBER SWINDEN: I have a question though.  
6 How do you envision these grants? And what dollar  
7 amounts? After four years, we're talking about another  
8 \$400,000 here. This is not a lot of money for the entire  
9 state. And are the big guys going to weigh in and just  
10 soak it up and the little guys out in Redding are going to  
11 have no shot at this at all? What's going to happen?

12 MS. DEWALD: I think we are open to all the ideas  
13 that you have and bring to the table as well. I don't  
14 think that we're thinking that -- we want as many museums  
15 to benefit from this as possible. And I think the tiered  
16 system that you've developed over the years from my  
17 personal perspective is a good model. But, you know, I  
18 think that having maybe a group of people from your end  
19 and a group of people from our end and sit down and talk  
20 about this would be a good way of going.

21 BOARD MEMBER SWINDEN: Because if you end up  
22 giving ten grants 25,000, does that benefit? Won't  
23 benefit the big guys. It would be a huge thing for the  
24 little guys. Are you just going to give three \$100,000  
25 grants, in which case you don't need much of a staff to do

1 that?

2 DELEGATE SPEHN: I'm assuming that you're  
3 thinking more than -- that you'll get enough plates and  
4 it's a recurring expense every year.

5 MS. DEWALD: I think that what we expect is like  
6 the other plate programs, it's going to grow. It's going  
7 to take off. And in ten years, we'll have a million, if  
8 not more, to give out. So I think that's our hope, even  
9 though it's kind of baby steps in the beginning, that it's  
10 going to really take off, especially once it starts to  
11 be -- we get over that -- it's that barrier. It is a  
12 barrier to get over that 7500. But when we make it, it's  
13 just going to automatically grow over the years because  
14 it's going to be on that DMV renewal. And the marketing  
15 won't be as difficult to have the program.

16 BOARD MEMBER SWINDEN: I don't question that  
17 aspect. I just would like to have you guys give some  
18 thought as to how you envision this in terms of dollar  
19 amounts that you're going to give to the museum. I think  
20 from the State standpoint, it's to have more museums  
21 inconclusive in this is better for the State to be  
22 involved in this as opposed to just a couple big guys.

23 DEPUTY ATTORNEY GENERAL MOE: I'd like to weigh  
24 in a little bit, if it's appropriate. Give some advise.

25 I don't know what the Library's issues with this

1 would be, but I know from CCHE's point of view we would  
2 recommend strongly that you have, as Jim is suggesting,  
3 decisions made on how the grant program will go forth.  
4 Because in addition to the statutory requirements that --  
5 CCHE only has authority to issue competitive grants, make  
6 competitive grants, along with you've got the government  
7 contacting kind of issues as well. So I think before  
8 entering into a partnership, you'd want to know exactly  
9 what that -- as well as the financial thing are going  
10 forward.

11 BOARD MEMBER SWINDEN: Plus, the philosophical  
12 point that we made a special effort to try to help the  
13 little guy actually get his grant to the table. And so is  
14 that going to be part of this component, too?

15 MS. DEWALD: The technical assistance.

16 BOARD MEMBER SWINDEN: The technical assistance  
17 or --

18 DELEGATE SPEHN: Or the planning.

19 BOARD MEMBER SWINDEN: I mean, obviously we are  
20 not going to be talking about a lot of money in those  
21 instances. Even for a small museum, they're going to need  
22 help to participate in this process.

23 EXECUTIVE OFFICER MORRIS: I think another --

24 MS. DEWALD: May I make one comment on that? I  
25 definitely see your point. And I think though that this

1 grant process will be a lot less onerous than the process  
2 that you've been experiencing.

3 DELEGATE SPEHN: Anything would be less onerous.

4 EXECUTIVE OFFICER MORRIS: And my thought,  
5 especially with the Mexican Museum on our agenda here is  
6 with regard to documentation of expenditures and whether  
7 or not you just say here, this is your grant, and you  
8 don't have to demonstrate how the money was spent or  
9 whether you have an auditing requirement.

10 CHAIRPERSON ALDRICH: We don't have any programs  
11 that don't have any requirements like that here at the  
12 State Library. So there would be reporting requirements  
13 and --

14 DEPUTY ATTORNEY GENERAL MOE: There's also one of  
15 the built-in protections that CCHE's program has is  
16 invoicing after the money is spent. And that's I think  
17 helped the program have accountability. But it also  
18 requires the ongoing grant managers.

19 DELEGATE LAMB: So it's going to be a permanent  
20 staff requirement for this.

21 One thing, Celeste, is the amount of money for  
22 these grants, is that solely limited to income from the  
23 license plate or would someone -- say you had a donor who  
24 said I would like to give \$100,000 to your granting.  
25 Would you be able to commingle those funds, or does it all

1 have to go -- or is it solely limited to the amount of  
2 money that you get from the license plate?

3 MS. DEWALD: You know, I don't think that we  
4 have -- we haven't discussed that. But I think that would  
5 be more of an issue for the agency that's giving out the  
6 grants more than CAM. I would say from CAM's perspective,  
7 the more, the better. So I think it would be more of an  
8 issue of whether that could be commingled on the State  
9 agency side.

10 EXECUTIVE OFFICER MORRIS: And I think this is a  
11 special fund that gets created. There are like 800  
12 special funds at the State. And I think that at least  
13 with the creation of the CCHE's special fund that has  
14 never had any deposits into it, any money could be  
15 deposited into it. Once it's there, you then have to  
16 follow the State rules in terms of competitive grant  
17 process and what have you. But I think if somebody wants  
18 to make a donation, the path into that pot is fine.

19 DELEGATE SPEHN: We never return the money.

20 MS. PHILLIP: Mary, I have a question. Even  
21 though the funds source would be private funds, people  
22 buying the plates, because it would be going through a  
23 State agency, it would be --

24 DEPUTY ATTORNEY GENERAL MOE: It would be State  
25 agency program. I think that's the partnership is sort of

1 a --

2 MS. PHILLIP: Because often we are limited to  
3 what we can allow because of our fund source with this  
4 bond program. But those would be private. The source  
5 would be different. I was just wondering.

6 DEPUTY ATTORNEY GENERAL MOE: It would be general  
7 fund money. The restrictions on like having to spend it  
8 on capital improvement would not be there.

9 EXECUTIVE OFFICER MORRIS: Francelle has the  
10 distinction of having done some work with the Arts Council  
11 on the license plate program.

12 MS. PHILLIP: It was limited though. I was an  
13 accountant. So I just --

14 EXECUTIVE OFFICER MORRIS: But I wonder -- I  
15 mean, this goes back to Deanna's question about  
16 legislation. I do wonder if there's anything that states  
17 that revenues from license plate funds that are then  
18 deposited into State coffers have some flexibility, you  
19 know, in terms of how the money is distributed. I would  
20 think there would be something like that.

21 DEPUTY ATTORNEY GENERAL MOE: Tahoe for the  
22 Conservancy, their license plate funds, they have a lot  
23 more flexibility than the bond money.

24 EXECUTIVE OFFICER MORRIS: Did that come up at  
25 all in the consideration of how to redirect a portion --



1 DELEGATE LAMB: The flexibility?

2 EXECUTIVE OFFICER MORRIS: Yeah.

3 DELEGATE LAMB: No, that didn't come up. I think  
4 because we hadn't really gotten to that level of  
5 discussion yet, because we were still in the weeds with  
6 how do we get the credit card transactions to work and how  
7 could we fund the grants administration portion of it, as  
8 opposed to actually the setting up of the grants program  
9 and how the money could be -- the restrictions on  
10 expenditure of the money.

11 EXECUTIVE OFFICER MORRIS: Well, I think that we  
12 need to spend a little more time on it. I'm thinking -- I  
13 had hoped that we would be putting it on the Board agenda  
14 for discussion at least. And I don't know if there is  
15 interest in that or, Stacey, if you want to just as Agency  
16 head pursue the concept on your own and then maybe come  
17 back to the Transition Working Group after the 90-day  
18 window that we talked about for the other issues.

19 CHAIRPERSON ALDRICH: Yeah. We can keep the ball  
20 rolling. We can take into account the issues we have.  
21 And then I need to check with our attorneys.

22 DELEGATE SPEHN: Do you have public/private  
23 partnerships right now? Because if you look at it that  
24 way, maybe it's more of that and it's not so much giving a  
25 grant to CAM but doing --

1           CHAIRPERSON ALDRICH: We have a foundation that  
2 does our money making provision. And I've been talking  
3 with Celeste that there might be some ways that we could  
4 work through our foundation to actually find money to fund  
5 or if there was money we could find to work through our  
6 foundation. There might be some ways that we can do that.

7           I think it might be the issue is the way the  
8 money is split and then how it's run and figuring out if  
9 CCHE stays intact then how do we fund that if this program  
10 is being run or is that something that the State Library  
11 can take on. So we'll play out a couple scenarios. But I  
12 would really like to continue to pursue to help.

13           DELEGATE LAMB: Well, I guess one of the  
14 questions I would have is, is this -- is CCHE going -- if  
15 the CCHE is going to be a partner in this, there needs to  
16 be some kind of a commitment to making sure CCHE stays  
17 around. Or is this going to become a program of the State  
18 Library?

19           CHAIRPERSON ALDRICH: Or is it sort of the if  
20 CCHE has to be dormant for a while, keeps it around so  
21 that it can come back more easily.

22           DELEGATE SPEHN: At least visible.

23           BOARD MEMBER SWINDEN: Visible. That's where I  
24 see this being to us is the visibility and keeping the  
25 program ongoing.

1 DELEGATE SPEHN: Until the State, you know, goes  
2 up like this again with revenue and bonding capacity and  
3 thinking forward again.

4 BOARD MEMBER SWINDEN: Discuss with your Board  
5 some of the things that have come up here. And why don't  
6 we meet in 90 days at the next meeting and you bring back  
7 what your thoughts are so we have a clear idea. And in  
8 the mean time, we'll figure out whether this is possible  
9 or not under the rules the State has to follow.

10 MS. DEWALD: So I'm hearing the more detail that  
11 you're interested in is more the detail on how the grant  
12 would work and the criteria and the review process.

13 BOARD MEMBER SWINDEN: That, plus also the split  
14 I think would have to be different. Is that acceptable or  
15 not?

16 EXECUTIVE OFFICER MORRIS: But there is that cap  
17 of 25 percent. So that's high --

18 BOARD MEMBER SWINDEN: We have to figure out how  
19 that works.

20 EXECUTIVE OFFICER MORRIS: So no interest in  
21 having it discussed at the Board meeting?

22 BOARD MEMBER SWINDEN: I think it's premature.

23 DELEGATE SPEHN: We could discuss it within our  
24 group before 90 days, don't you think, if you are ready to  
25 come back and talk about it again?

1           BOARD MEMBER SWINDEN: I think 90 days was  
2 because --

3           EXECUTIVE OFFICER MORRIS: That would be the next  
4 planned Transition Working Group after we get proposals.

5           DELEGATE SPEHN: Never mind.

6           MS. DEWALD: So 90 days.

7           BOARD MEMBER SWINDEN: I'm assuming you guys --  
8 will take them some time to work out what their questions  
9 are.

10          EXECUTIVE OFFICER MORRIS: Okay.

11          CHAIRPERSON ALDRICH: I don't think we have any  
12 public or any public comments.

13          MS. DEWALD: I have one public comment. Well,  
14 just when you were talking about having an event where  
15 you're bringing all the stakeholders together and it  
16 potentially could be at the Getty, I would be happy to be  
17 a resource for that, the general counsel for the Getty  
18 Trust is on my Board. I would be happy to assist with  
19 that in any way you see fit.

20          CHAIRPERSON ALDRICH: Are there any other  
21 comments from the Transition Group? I think we're  
22 adjourned. Thank you very much.

23                 (Thereupon the CCHE Transition  
24 Working Group adjourned at 4:11 p.m.)

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE OF REPORTER

I, TIFFANY C. KRAFT, a Certified Shorthand Reporter of the State of California, and Registered Professional Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing hearing was reported in shorthand by me, Tiffany C. Kraft, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of April, 2011.

\_\_\_\_\_  
TIFFANY C. KRAFT, CSR  
Certified Shorthand Reporter  
License No. 12277