

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

Tuesday, April 5, 2011

11:08 A.M.

Location: Winters Building
East Bay Center For The Performing Arts
339 11th Street
Richmond, California

Members of the Board in attendance:

Ms. Stacey Aldrich, Chair
Ms. Georgette Imura
Mr. John Laird, represented by Mr. Bryan Cash
Ms. Carmen Martinez
Ms. Carla Sands (via teleconference)
Mr. James Irvine Swinden
Mr. Jon Vein
Senator Christine Kehoe, represented by Ms. Deanna Spehn

Staff in attendance:

Ms. Mimi Morris, Executive Officer
Ms. Marian Moe, Deputy Attorney General
Ms. Carol Carter, Project Manager
Ms. Lynnda Fair, Office Coordinator
Ms. Francelle Phillips, Office Manager
Mr. Tony Planchon, Project Manager
Mr. Frank Ramirez, Project Manager
Ms. Diane Sousa, Project Manager

Also present:

Ms. Elena Anaya, The Mexican Museum
Mr. Fred Blackwell, San Francisco Redevelopment Agency
Ms. Erica Dellwo, Discovery Science Center
Mr. Mario Diaz, The Mexican Museum
Ms. Diane Filippi, San Francisco Planning and Urban Research
Ms. Karen Francioni, Isleton Historical Society
Mr. Robert M. Harris, Capital Unity Council
Mr. Chuck Hasz, Isleton Historical Society
Mr. Luis Herrera, San Francisco Public Library
Mr. Roy Hirabayashi, San Jose Taiko

Also present (continued):

Mr. Sean Jeffries, Millennium Partners
Ms. Ludmyrna Lopez
Mr. Victor Marquez, The Mexican Museum
Ms. Amy Neches, San Francisco Redevelopment Agency
Ms. Jean Pasco, Orange County Archives
Mr. Tom Peterson, The Mexican Museum
Mr. Geoffrey Ross, Sacramento Housing and Redevelopment Agency
Ms. Nora Wagner, The Mexican Museum
Dr. Jonathan Yorba, The Mexican Museum

1. Roll Call

Prior to Roll Call, Mr. Jordan Simmons, East Bay Center for the Performing Arts, welcomed the Board to the Winters Building and expressed his thanks for their presence and support.

Chair Stacey Aldrich brought the meeting to order; Project Manager Tony Planchon called the roll.

2. Approval of Minutes from November 9, 2010 Meeting

Upon motion by Board Member Swinden, seconded by Board Member Vein, the November 9, 2010 Minutes were approved (Delegate Cash-abstained).

3. Chairperson's Report - None

4. Executive Officer's Report

Executive Officer Mimi Morris reported the following:

- CCHE is in the middle of an audit of its program by the Office of State Audits and Evaluations, a branch of the Department of Finance. The audit began in late January and field work is scheduled for completion in late April. A preliminary report is expected in mid-May. Results will be shared with the Board as soon as they are received.
- The governor's proposed '11-'12 budget includes an appropriation from the Proposition 40 subfund for historical and cultural preservation. The item was not cut in legislative hearings, and it is hoped that the CCHE budget for '11-'12 will be approved at close to \$1.1 million.
- As of the end of June 2011, it is expected that CCHE will have expended all but \$400,000 of the original \$6.4 million operating budgeted awarded in 2003. The remaining \$400,000 will be applied to next fiscal year, providing part of the \$1.1 million budget for '11-12.

- The operating budget for CCHE drops sharply in '12-'13 to \$624,000; then to \$430,000 in '13-'14; then to \$237,000 in the final year of operations, '14-'15.
- One hundred two of CCHE's 173 projects are completed; another ten are in process of closing out, and 61 are active.
- Since the last Board meeting the following projects have been completed and are now open to the public: the Palace of Fine Arts; the San Jose Quilt and Textile Museum; Santa Rosa's Gem; the DeTurk Round House; and today's meeting location, the Winters Building of the East Bay Center for the Performing Arts.
- In the next few weeks the La Plaza De Cultura y Artes (LPCA) will open in Los Angeles. Also, the renovation of the Farm House, part of the Wakamatsu Silk Farm, will be completed.
- Two CCHE projects received awards for their excellent rehabilitation of historic resources: The Casa de Bandini, also known as the Cosmopolitan Hotel, in Old San Diego; and the Rancho Los Alamitos in Long Beach.
- The next board meeting is scheduled for September 29, 2011 in Sacramento. The annual reception will be held immediately following this meeting.
- Since November, CCHE staff has worked diligently on a special project recommended by former legislative representative Hector De La Torre—a publication of all CCHE projects in a book format organized by California's tourist regions. The final printed version, with an initial print run of 500 copies, will be available in the next few weeks.

5. **Review of Round Two Project**

Applicant: Mexican Museum
Project: Mexican Museum

Executive Officer Morris introduced the Review by noting that the Mexican Museum has come before the Board several times since 2006, and most recently was given about 5 months to determine the outcome of a gala fundraiser held in late November that, according to the management response in the 2010 audit, was to have netted \$300,000 for the organization. The event ended up providing the Museum with only \$51,000, or roughly 17 percent of anticipated revenues.

She further remarked that, since the last Board meeting, the Department of Finance had released a report on the Museum's unsubstantiated expenditures for two California Arts Council (CAC) grants in 2000-01 and 2001-02 in the amount of \$625,000.

The Department of Finance (DOF) recommended that the CAC require the Museum to return the funds to them, and also recommended that this obligation be taken into consideration before any future state awards are made.

Accordingly, staff recommends that the Board remove the reservation of funding in the amount of \$800,000.

Dr. Jonathan Yorba, Chief Executive Officer of the Mexican Museum, introduced a variety of documents, recently presented to Board staff, that responded to the DOF report.

Mr. Victor Marquez, immediate past President for the Museum and current General Counsel, briefly discussed the CAC grants and assured the Board that they have complete empirical information that thoroughly refutes the DOF report.

He also noted that the complaint was originally lodged in 2009 and had been shelved until December 2010, when the Museum staff became aware of it for the first time. The Museum responded quickly. After consultation with various counsel and discussion at their January 2011 Board Meeting, the Museum implemented a forensic study with its CPA; the outcome of that study is part of the documentation presented.

Dr. Yorba and Mr. Marquez then answered various Board Member questions related to the documents.

Mr. Mario Diaz, Museum Co-Chair of the Board, gave an accounting of the monies earned and spent at the recent gala. He concluded by noting that, although the Museum failed to reach its stated fundraising goal, it was an evening of healing for a lot of the attendees and the Museum Board felt that, excepting the money, they had fulfilled everything they intended to do with the gala.

Dr. Yorba discussed a series of documents that were hand-delivered to CCHE staff during the month of March, including:

- The pre-development plan for the new building, which includes every deliverable the Museum is required to meet;
- Specifics about an extensive fundraising plan;
- A plan to create the five-year operating pro forma;
- A collections assessment plan;
- A new publication on the Mexican Museum that will speak about the importance of the institution.

In addition, Dr. Yorba stated that the Museum is working with a pro bono firm called Philanthropy By Design that is redesigning their space at Fort Mason.

The Museum has applied and is under consideration to be the very first affiliate of the Smithsonian Institution in San Francisco. They have tremendous support in that effort from Senator Feinstein, Congresswoman Pelosi, Senator Boxer, and many others.

Currently there are a number of museum works in Mexico City and transnational relationships are being formed with Mexico.

He concluded that what is really needed now is the opportunity to finally build a permanent home, so that they can continue these kinds of transnational and cultural exchanges; and also so there is a proper place for the collection of Mexican, Chicano, and Mexican-American art.

Mr. Fred Blackwell, San Francisco Redevelopment Agency Director, expressed his agency's support and commitment to the project. He stressed that there have been tremendous strides in developing the building and strengthening its capacity over the last few years. During that time the Museum has gone from a fledging organization that couldn't identify its board membership, leaders, or even what the 1090's should look like, to a spot where it now has a great executive director, very strong leadership from the San Francisco Board of Supervisors, and support from the Arts Commission within the City and County of San Francisco.

In December of 2010 an exclusive negotiation agreement was concluded with Millennium Partners, one of the strongest development partners in the City of San Francisco, which included a \$10.5 million grant to the Museum for pre-development design and ultimate construction.

The EIR is now underway.

There is tremendous community support in San Francisco for the project, not only from the people in the arts but also from the Latino community generally.

Many years have been spent turning the Yerba Buena area of San Francisco into an arts and culture district. Currently, a contemporary Jewish Museum, the Museum of the African Diaspora, the Center for the Arts, and a children's museum all reside there. The Mexican Museum will complete the area.

Ms. Amy Neches, Senior Project Manager, San Francisco Redevelopment Agency, noted that the City of San Francisco has been working with the Mexican Museum since 1993 on the development of a new home in the Yerba Buena area. She delineated some of the history of that site.

She reiterated that the \$10.5 million grant from Millennium Partners is specifically for design and construction of the interiors of the Museum.

She noted that the city is ready to enter into a design contract with Enrique Norten, an eminent Mexican architect, for the museum portion of the project.

The EIR is expected to be completed for the overall project in the summer of 2012. All regulatory approvals are scheduled to be in place by the end of 2012.

Construction would start in the summer of 2013 and the entire project completed by 2016.

Mr. Sean Jeffries, Millennium Partners, stated that they have three people, two full-time, dedicated to this project. Millennium Partners is actively in the pre-construction phase. It has secured an architectural team. It meets with the city planning department twice monthly, once on design and once on the environmental impacts.

Museum Board Members Mr. Tom Peterson, Mr. Mario Diaz, and Ms. Elena Anaya spoke on behalf of the project.

Mr. Luis Herrera, City Librarian of San Francisco, noted that the San Francisco Library has been working in partnership with the Mexican Museum in a variety of endeavors. They look forward to helping catalog the impressive resource collection of the Museum, which is currently housed in the Library. They see the Museum as an amazing educational resource in the community.

Ms. Ludmyrna Lopez, former council member, City of Richmond, urged the Board's continued support for the Museum, remarking that it is really an investment, not only in today's market but for future generations.

Board Member Swinden asked Dr. Yorba how the Museum anticipates funding its staff, and how it will keep the Museum open while it is under construction. Dr. Yorba responded by detailing several potential funding sources that they are currently negotiating with, and added that he has all confidence that the Museum will be sustainable for a long time after he's gone.

Board Members deliberated on how best to proceed. Deputy Attorney General Moe remarked that part of the issue is the level of detail for how the day-to-day operations are going to happen and those aren't spelled out in the current documentation. Also, there is not enough known about the structure of the way the Museum and the Redevelopment Agency's respective responsibilities are laid out to allow for a final representation to the Board.

Board Member Martinez commented that she has seen tremendous progress during the last four months and she is very encouraged by that; however, the Waste Watchers report is still bothersome. Board Member Imura and Delegate Cash echoed his comments.

Board Member Swinden suggested that the Museum develop a more simplified form, showing where CCHE's money is going to be used and what the timeline is for that use.

Delegate Spehn added that the regular reports from the Museum have been very helpful in keeping track of what's going on with the project.

Upon motion by Board Member Swinden, seconded by Delegate Cash, the Board unanimously agreed that the funding of the Mexican Museum shall remain reserved for the time being with the following conditions: that the director of the Museum put forth a sustainability plan for a five year outlook as to not only costs but also fundraising projections; and that the director put forth a budget as to exactly how the CCHE's money is going to be used, in terms of their planning grant, and the anticipated timeline for that use of funding, in terms of going through the whole process with the city.

6. Review of Round Three Projects

6.1 Applicant: Capital Unity Council (R3-11) Project: California Unity Center Award funding: \$1.45 million

Executive Officer Morris stated that the Applicant has requested a material change. Originally, the funding was for fabricating and installing several galleries of multi-sensory interactive exhibits on broad-based diversity-related social issues in a new building. Delays in construction make it unlikely that installation of the exhibits can occur in a timely manner; thus, the Applicant is asking approval to use the funds for construction of the facility. She concluded with the staff recommendation for approval of the material change request.

Dr. Robert Harris, former Sacramento City College President, provided background information on the request, and asked that the Board table their decision until the September Board Meeting, which will allow him time to obtain full approval from his board.

Upon motion by Board Member Swinden, seconded by Board Member Vein, the Board unanimously agreed to table the issue until the September Board Meeting.

6.2 Applicant: Sacramento Housing and Redevelopment Agency (R3-41) Project: Locke Boarding House Award funding: \$290,000

Executive Officer Morris reported that this is a material change request. Originally, the Applicant asked for funding to create a parking lot and restroom for the rehabilitated Locke Boarding House that is now a visitor's center. The project came in under budget and the grantee is requesting that the residual funds be used for a related project, the replacement of a water tank that provides water for the building. She concluded with the staff recommendation for approval of the material change request.

Mr. Geoffrey Ross, Redevelopment Manager, Sacramento Housing and Redevelopment Agency, provided additional details.

Upon motion by Board Member Swinden, seconded by Board Member Imura, the Board unanimously approved the material change request.

7. Round Four Projects Previously Approved for Funding (Action):

7.1 Applicant: San Jose Taiko (R4-08)
Project: Okida Hall
Award funding: \$500,000

Executive Officer Morris reported that the Applicant has asked the Board to consider elimination of grant funding due to their inability to purchase the Okida Hall. She concluded with the staff's reluctant recommendation that the Board accept the decision of the Applicant and return the funds previously awarded to San Jose Taiko to the CCHE general grant fund.

Mr. Roy Hirabayashi, Executive Director, San Jose Taiko, thanked the Board for all its help and support during this process, and especially the staff for being so patient and helpful with them.

Upon motion by Board Member Swinden, seconded by Board Member Vein, the Board unanimously agreed to accept the return of the \$500,000 previously awarded.

7.2 Applicant: Discovery Science Center (R4-13)
Project: Completion of the Delta Rocket Historic Exhibit Program

Executive Officer Morris reported that the applicant has requested a material change. The original work plan was to create three exhibits. The cost estimate for the top priority exhibit, the rocket control room, is over budget by \$150,000. The Applicant would like to postpone the other two exhibits in order to complete their top priority of that primary exhibit. She concluded with the staff recommendation for approval of the material change request.

Mr. Erica Dellwo, Discovery Science Center, explained that the challenge has been that this is a high technology project and at the time the grant was submitted the technology was different than what will be included in the exhibit today. The Center does plan to install the other two exhibits at some future date.

Upon motion by Board Member Swinden, seconded by Board Member Imura, the Board unanimously approved the material change request.

8. Round Four Projects with a Reservation Pending Available Resources (Action, pending availability of funding)

Executive Officer Morris noted that the available funding is \$500,000.

- 8.1 Applicant: Orange County Clerk Recorder-OC Archives (R4-10)**
Project: OC Archives and History Center
Award funding amount: \$150,000

Upon motion by Board Member Swinden, seconded by Board Member Imura, the Board unanimously approved the full award funding amount.

- 8.2 Applicant: San Francisco Planning and Urban Research (SPUR) (R4-07)**
Project: SPUR Urban Center
Award funding amount: \$249,976

Upon motion by Board Member Swinden, seconded by Board Member Vein, the Board unanimously approved the full award funding amount.

- 8.3 Applicant: Isleton Brannan Andrus Historical Society (R4-38) 106**
Project: Bing Kong Tong Phase 1 Stabilization
Original Award amount requested: \$140,000
Award funding amount: \$100,024

Executive Officer Morris commented that the original award amount requested was \$140,000, which exceeds the \$100,024 of remaining available resources. However, the grant agreement could be amended later if more money came back into the general grant fund, to make the Applicant whole with their original request.

Upon motion by Delegate Cash, seconded by Board Member Martinez, the Board unanimously approved award funding in the amount of \$100,024. Further, the Board instructed staff to come back before them to revise the budget if more money becomes available.

- 8.4 Applicant: BRIDGE Economic Development Corporation (R4-43)**
Project: 16th Street Train Station Restoration and Adaptive Reuse

No available funding.

- 8.5 Applicant: Vallejo Community Arts Foundation, Inc. (R4-21)**
Project: Empress Theatre Improvements

No available funding.

9. Comprehensive Survey Requirement and Contract Authorization

Executive Officer Morris reported that, after discussion within the survey subcommittee, a decision was reached to recommend that the Board increase the delegation authority of the CCHE Executive Officer to \$200,000 for the one-time procurement of consulting contractual services to fulfill Tasks 1 and 2 of the survey requirement.

Board Member Swinden added that the subcommittee felt that the \$50,000 was inadequate to accomplish the tasks that were mandated by the Legislature.

Upon motion by Board Member Swinden, seconded by Board Member Imura, the Board unanimously approved the delegation authority of the Executive Officer to \$200,000 for the fulfillment of Tasks 1 and 2.

10. Transition Planning Work Group Update

Executive Officer Morris provided the update:

- The Group met on March 24 and considered a variety of factors requiring attention as the work of the CCHE winds down, including bond funding expenditures to date; the timeline for CCHE projects and staff; proposed budgets through 2015; administrative costs; grant administration workload; staffing plan; survey workload; record retention and management after June 2015; and a proposed partnership with the California Association of Museums (CAM) for a special interest vehicle license plate.
- There was considerable interest and discussion regarding facility and administrative charges, especially considering the limited resources available to the CCHE as the program winds down. A follow-up meeting of the Group will be scheduled for late June or early July to consider options.
- A staffing plan was outlined that will address the needs of the organization through the anticipated end date of June 30, 2015. The plan includes the resignation of the Executive Officer position on or before December 31, 2012, and the reduction in time base to half-time for the Office Technicians starting on July 1, 2012. The Library committed to finding positions for those individuals as their CCHE-funded time bases diminish or are eliminated.
- The Group also considered the possibility of projects not finishing and asked that staff update the reporting format to code projects that are at risk of not finishing. It was also requested that the report include the amounts invoiced to date for active grantees. Currently there are three projects that have been identified as potentially being at-risk for not finishing, and another five for which there are concerns about their ability to complete. The remaining projects that are active are deemed to be in good shape.
- The Group considered a partnership proposal from CAM, who is looking for a State partner for their specialty vehicle license plate (SILP). The Board asked CAM to report back at the late June, early July meeting. There is no recommendation at this time.

11. Amendment to CCHE Policy Regarding Grant Agreement Extensions

Upon motion by Board Member Swinden, seconded by Board Member Imura, the Board unanimously agreed to extend the previously approved grant extension deadline date of June 30, 2008 to June 30, 2013.

12. Public Comments - None

13. Board Member Comments - None

14. Closed Session

The CCHE Board will meet in closed session, pursuant to the Bagley-Keene Act, Government Code Section 11126(a)(1), regarding personnel issues.

15. Adjournment

The meeting adjourned at 1:50 p.m.