

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

**Thursday, September 29, 2011  
2:52 P.M.**

**Location:** California State Railroad Museum  
Stanford Gallery  
111 I Street  
Sacramento, CA 95814

**Members of the Board in attendance:**

Ms. Stacey Aldrich, Chairperson  
Ms. Georgette Imura  
Mr. John Laird, represented by Mr. Bryan Cash  
Ms. Carmen Martinez  
Mr. Bobby McDonald  
Senator Kevin de Leon, represented by Ms. Claire Conlon

**Staff in attendance:**

Ms. Mimi Morris, Executive Director  
Ms. Marian Moe, Deputy Attorney General  
Ms. Carol Carter, Project Manager  
Ms. Lynnda Fair, Office Coordinator  
Ms. Francelle Phillips, Office Manager  
Ms. Diane Sousa, Project Manager

**Also present:**

Ms. Katherine Donovan, City of Santa Cruz Redevelopment Agency  
Ms. Karen Francioni, Isleton Brannan Andrus Historical Society  
Mr. Chuck Hasz, Isleton Brannan Andrus Historical Society  
Mr. Steve Hood, Millennium Partners  
Dr. Ann Muscat, Santa Catalina Island Conservancy  
Ms. Amy Neches, San Francisco Redevelopment Agency  
Ms. Kasey O'Conner, representing Speaker Pro Tem Fiona Ma  
Ms. Genevieve Shiroma, Institute for Advancing Unity  
Dr. Jonathan Yorba, The Mexican Museum

**1. Roll Call**

Project Manager Carter called the roll.

**\*\*Chair Aldrich noted that, as a quorum was not available, action would not be taken on any items and this would be an information-only meeting.\*\***

## **2. Approval of Minutes from April 5, 2011**

No changes were noted for the April 5, 2011 Minutes.

## **3. Chairperson's Report**

Chair Aldrich expressed her excitement about the current renovation of the California State Library.

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

Executive Officer Morris reported the following:

- The recently-passed 2011-12 State budget included a budget for CCHE of \$1.1 million, thus providing the resources needed to manage the remaining elements of the survey requirement.
- Several additional projects have been completed: the South Windmill in Golden Gate Park in San Francisco; the Maritime Center in Richmond; the Warner-Carillo Rancho House in Imperial County; and the Point Arena Lighthouse in Mendocino.
- Senator Christine Kehoe invited CCHE to present its book, Preserving California's Treasures, to the State Senate on the Senate floor last month. The book was also distributed to Assembly Members.

Options are being explored for a larger printing of the book as well as additional dissemination paths, such as museum stores and gift stores within CCHE's own projects; and making the book available as a print-on-demand option through Amazon or other on-line publishers.

Discussions are ongoing with the California Department of Education about how to get the book into the hands of more teachers of history in California.

Ms. Morris also emphasized that CCHE is not a licensed retail operation, so its goal is not to be in the business of fulfilling these potential orders, but in enabling the book to be as widely available as possible. Any net proceeds from the book are being deposited in the special fund account that was authorized by CCHE's enabling legislation, which is established within the State's accounting system.

## **5. Audit Report**

Executive Officer Morris reported that the Department of Finance initiated an audit of CCHE and a confidential draft report was provided to CCHE and the State Library on September 27. The final report will be available within the next month, following submission of the State Library's and CCHE's responses to the report. After that, CCHE and the Library have 60 days to make corrective actions to the findings included in the Audit.

The report praises CCHE for its establishment of several key accountability processes, including comprehensive grant guidelines, a competitive awarding process, and a database developed to track and monitor their projects.

However, it also noted four issues:

1. The lack of consistency in adhering to established scoring procedures back in Round One, and the funding decisions made in 2004 for three projects that were in conflict with the actual scores.
2. Project monitoring deficiencies for nine of the 29 projects that were reviewed.
3. The identification of planning grants that are unlikely to result in capital projects.
4. Some facility costs allocated to bond funds were not equitable or properly supported, and overcharge of CCHE's facility costs was included there and not proportionate to the space occupied.

CCHE staff is working with Library staff to produce a response to those specific issues included in the draft report and then will develop a corrective action plan and address the monitoring concerns in that.

## **6. Review of Round Two Projects (as noted previously, no quorum was available and thus no Action taken)**

**6.1 Applicant: Mexican Museum (R2-39)**  
**Project: Mexican Museum**  
**Location: San Francisco**

Executive Officer Morris reviewed many of the details of the Applicant's progress towards meeting CCHE criteria for funding. She indicated that despite the completion of the necessary milestones – hiring an executive director, completing a financial audit, and correcting 990 tax forms – staff continues to have concerns regarding the financial capacity of the Mexican Museum as confirmed by the financial audit.

She indicated that CCHE staff believes the Mexican Museum appears to have made progress substantiating expenditures made with the CA Arts Council grants that had been written up in the financial audit and cited by the Department of Finance.

Executive Officer Morris noted two letters of support for the Museum, one from the Fort Mason Center, which is actually the site where the museum is currently housed; and from the San Francisco Redevelopment Agency, which reiterated its previously communicated support of \$10.5 million for pre-development activities and tenant improvements for the new museum.

She discussed a letter received from the museum's Executive Officer, Dr. Yorba, detailing the many efforts undertaken to develop support for the museum, as well as projected cash flows from September 2011 through the next 12 months.

Board Member Martinez remarked that it was clear that, under Dr. Yorba's leadership, things have turned around for the better, and he was happy to see that the museum has done what it said it would do.

Ms. Kasey O'Conner, representing the Office of Speaker Pro Tem Fiona Ma, noted that the City and County of San Francisco is committed to the museum, with over \$11 million in tax increment bonds already authorized and sold, and an additional almost \$8 million in hotel tax bonds in process. The Assembly Member reiterated her request that CCHE approve the \$800,000 CCHE grant to help move the project forward.

Dr. Jonathan Yorba, the Museum's Executive Officer, reported on many of the activities of the Museum. Some highlights:

- The museum has received a \$300,000 grant from Tequila Don Julio.
- They have submitted an application to become the very first Smithsonian affiliate in San Francisco, which will allow them to enter into partnership with a significant national museum while simultaneously infusing the Smithsonian with a level of diversity that it has been seeking for several years.
- They have completed a major renovation at the Fort Mason Center, which includes a brand new visual arts gallery and an education lounge.
- An adjunct curator, previously with the museum as the second director, is now back and working on the programmatic and curatorial side of the museum.
- Dr. Sandra Hernandez, the President and CEO of the San Francisco Foundation, requested a meeting with him in which she invited the Mexican Museum to submit a proposal to the Foundation.

Ms. Amy Neches, Project Area Planning and Development Manager, San Francisco Redevelopment Agency, read a letter from her Executive Director, Mr. Fred Blackwell,

which discussed some of the specific chronology of the Agency's workings with the Museum and concluded by reiterating the Agency's commitment to the Museum and asking that CCHE retain the proposed \$800,000 project grant funding.

She then provided further detail on how the overall funding would be utilized, including the specific use of the proposed \$800,000 CCHE grant monies, and then answered Board Member questions regarding some of the details.

Mr. Steve Hood, Millenium Partners, reiterated Millenium's commitment to the project.

**6.2 Applicant: N. California Indian Development Council, Inc. (R2-27)**  
**Project: Carson Block and Ingomar Theater Restoration Project**  
**Location: Eureka**

Executive Officer Morris reported that the grantees are requesting a one-year grant extension due to the ongoing economic impacts on the City of Eureka's Redevelopment Agency budget; and that CCHE staff recommends approval of an extension to December 31, 2012 to enable grantees to proceed with the project and to obtain the necessary match funding.

**7. Review of Round Three Projects (as noted previously, no quorum was available and thus no Action taken)**

**Applicant: Capital Unity Council (R3-11)**  
**Project: California Unity Center**  
**Location: Sacramento**

Executive Officer Morris provided some of the history of the project. Due to severe structural instability found in the renovated warehouse where the Center was to be built, it was not deemed feasible to renovate the warehouse, and demolition and new construction were required. The Board approved a request for a material change to the \$2.2 million Round One CCHE grant in April of 2007. The change allowed CCHE funds to be spent on design and construction documents for the new building instead of on rehabilitation of the existing building. The Round One funds, totaling close to \$2.2 million, have been fully expended and the CCHE grant was closed out, but the building has not yet been constructed.

In early September 2011 the grantee reported that the major pledge anticipated to provide the majority of the funding for construction of the new building was not received and the organization will not be able to move forward on construction at the original 16<sup>th</sup> and N Streets location at this time. Previously, a Round Three grant of \$1.4 million was approved for exhibits to be installed at the 16<sup>th</sup> and N Streets location.

The grantee is requesting approval of a material change to the Round Three grant, to be used for installation at an alternate location 10 miles outside of downtown Sacramento.

Executive Officer Morris and some Board Members commented on the troublesome nature of the new project and expressed concerns about potential violations of the CCHE charter should such a material change be approved. The Round Three money was granted for exhibits but there no longer exists a capital asset project. In addition, the nature of the exhibits themselves is not the type allowable by bond funds.

She concluded that the staff reluctantly recommends that the Board terminate the grant agreement and allow the \$1.4 million to be allocated to other eligible projects on the Round Four waiting list.

Capital Unity Council Board President Genevieve Shiroma expressed the CUC's wish that the CCHE give the CUC the opportunity to explore an alternative location for the project.

**8. Round Four Project Previously Approved for Funding (as noted previously, no quorum was available and thus no Action taken)**

**Applicant: Catalina Island Conservancy**  
**Project: Eagles Nest Lodge Restoration**

Executive Officer Morris reported that the grantee has requested a material change to relocate the Eagle's Nest Lodge 1.7 miles--from its original site to higher ground; and CCHE staff finds that the revised project qualifies for an exemption under CEQA Guidelines Section 15303, that the grantees have demonstrated they have more than the required match of 60 percent of CCHE funds and, accordingly, recommends approval of the material change.

Dr. Ann Muscat, President and CEO of the Catalina Island Conservancy, clarified the reasons for the relocation and concluded that they think they can do a much better job of telling the story of the lodge and the various human uses of the island in the new location. Also, the footprint and the reconstruction and restoration process will be exactly the same in both locations.

**9. Round Four Projects with a Reservation Pending Available Resources (as noted previously, no quorum was available and thus no Action taken)**

**9.1 Applicant: Isleton Brannan Andrus Historical Society (R4-38)**  
**Project: Bing Kong Tong Phase 1 Stabilization**  
**Location: Isleton**

Executive Officer Morris briefly discussed the history of the project.

Ms. Karen Franscioni, Isleton Historical Society President, and Mr. Chuck Hasz, Isleton Brannan Andrus Historical Society, spoke on behalf of the project.

**9.4 Applicant: City of Santa Cruz Redevelopment Agency (R4-24)**

**Project: Tannery Arts Center**  
**Location: Santa Cruz**

Executive Officer Morris briefly discussed the history of the project.

Ms. Katherine Donovan, City of Santa Cruz Redevelopment Agency, expressed their support for the project.

## **10. Comprehensive Survey Update**

Executive Officer Morris remarked that the outside consultant, Donna Graves, had finished her report on the policy recommendations. The report identifies potential revisions to five existing programs and suggests three new programs that could help support historic preservation in California.

Expending funds of up to \$200,000 for completion of the work was authorized by the Board in April 2011 and a service contract in the amount of \$146,000 was approved by the Office of Legal Services of the State Department of General Services on September 26, 2011.

All work is expected to be completed and the various results posted to the CCHE website by June 30, 2012.

Staff is also working to organize a culminating event to be held in the fall of 2012, at which time the results of the survey can be shared with the broader cultural and historic resource preservation community.

## **11. Transition Planning Work Group Update**

Executive Officer Morris reported that the Group met on July 7<sup>th</sup> and primarily considered two issues:

1. The proposal for a partnership with the California Association of Museums (CAM) for a special interest license plate. State Librarian and CCHE Board Chair Aldrich announced that she had met with the CAM representatives and had developed a plan in which the Library would move forward as the partner with CAM instead of the CCHE.
2. More affordable options for CCHE facilities and administrative services, given its limited resources. After consideration of outside options and submission of reduced accounting and administrative support costs from the Library, the decision was made that CCHE would stay at the Library. The Library also agreed to move the CCHE to smaller space, saving the CCHE over \$18,000 per year in facilities costs.

There was also a brief discussion of CCHE staffing, specifically progress on the recruitments for temporary positions to replace other temporary positions expiring in January of 2012. Since that July meeting the Governor has authorized certain departments

to hire if certain budgetary reductions were made, eliminating the need for additional justifications. The Library has made the required reductions and is authorized to fill the vacating positions. Hiring for the positions can occur before the expiration of the current positions in January.

It is still assumed that there will be a need for two Board meetings a year for the foreseeable future. The possibility of teleconferencing in order to keep meeting costs down was discussed.

**12. Funding Pilot Publication of the Landmarks California Program (as noted previously, no quorum was available and thus no Action taken): to consider funding publication of Julia Morgan book**

The Board tabled this Item to the next meeting.

**13. Public Comments**

Dr. Ann Muscat commented on the great job that was done on the CCHE projects book.

**14. Board Member Comments**

Board Members discussed the feasibility of teleconferencing at future Board meetings, as well as potential future meeting dates.

**15. Closed Session**

(The Board then moved into Closed Session. Deputy Attorney General Moe reminded the Board that, as a quorum was not available, no action could be taken.)

**16. Adjournment**

The meeting was adjourned at 5:07 p.m.