

MEETING  
STATE OF CALIFORNIA  
CULTURAL AND HISTORICAL ENDOWMENT BOARD

CALIFORNIA STATE LIBRARY  
900 N STREET  
ROOM 501  
SACRAMENTO, CALIFORNIA

MONDAY, OCTOBER 17, 2011  
1:32 P.M.

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

APPEARANCES

BOARD MEMBERS

Ms. Stacey Aldrich, Chairperson

Ms. Georgette Imura

Mr. James Irvine Swinden, telephonic

Senator Christine Kehoe, represented by Ms. Deanna Spehn,  
telephonic

Mr. John Laird, represented by Mr. Bryan Cash

Ms. Carmen Martinez

Ms. Ana J. Matosantos, represented by Mr. Pedro Reyes

Mr. Bobby McDonald, telephonic

Senator Alan Lowenthal, represented by Ms. Kim Waterman

Ms. Carla Sands, telephonic

STAFF

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

Ms. Diane Sousa, Project Manager

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Kerry Benthall, Vallejo Community Arts Foundation

Mr. Terry Coltra, Northern California Indian Development Council, Inc.

Ms. Katherine Donovan, City of Santa Cruz Redevelopment Agency

Ms. Karen Franscioni, Isleton Brannan Andrus Historical Society

Mr. Nick Hardemann, Assembly Member Fiona Ma

Dr. Robert Harris, Capital Unity Council

Mr. Chuck Hasz, Isleton Brannan Andrus Historical Society

Mr. Sean Jeffrier, Millenium Partners

Mr. John Lesak, Peage & Turnbull

Ms. Christine Maher, San Francisco Redevelopment Agency

Ms. Frankie Whitman, Bridge Housing

Dr. Jonathan Yorba, The Mexican Museum

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PROCEEDINGS

1  
2           CHAIRPERSON ALDRICH: Good morning. My name is  
3 Stacey Aldrich. I'm the State Librarian and the Chair of  
4 the California Cultural and Historical Endowment. And we  
5 are having a second meeting as a follow-up to our  
6 September 29th meeting. Because we didn't have a quorum,  
7 we could not take any action. And so today is an action  
8 meeting.

9           Let's begin with the roll call.

10          PROJECT MANAGER SOUSA: Stacey Aldrich?

11          CHAIRPERSON ALDRICH: Present.

12          PROJECT MANAGER SOUSA: Bryan Cash?

13          DELEGATE CASH: Here.

14          PROJECT MANAGER SOUSA: Georgette Imura?

15          BOARD MEMBER IMURA: Here.

16          PROJECT MANAGER SOUSA: Carmen Martinez?

17          BOARD MEMBER MARTINEZ: Here.

18          PROJECT MANAGER SOUSA: Pedro Reyes?

19          DELEGATE REYES: Present.

20          PROJECT MANAGER SOUSA: We would like to  
21 recognize Kim Waterman from Assembly Member Lowenthal's  
22 office. She's not here yet.

23          And also would like to recognize Claire Conlon  
24 from Senator De Leon's office.

25          Conference calling from Carson, California, Carla

1 Sands? Not on yet.

2 Conference calling from Newport Beach, Robert  
3 McDonald?

4 BOARD MEMBER MC DONALD: Here.

5 PROJECT MANAGER SOUSA: James Swinden?

6 BOARD MEMBER SWINDEN: Present.

7 PROJECT MANAGER SOUSA: We'd like to also  
8 recognize Deanna Spehn from Senator Kehoe's office.

9 DELEGATE SPEHN: Present.

10 CHAIRPERSON ALDRICH: Okay. Welcome, Pedro  
11 Reyes. Thank you for joining us from the Department of  
12 Finance. We're happy to have you here.

13 So let's move on to Item 2, which is the approval  
14 of the minutes from April the 5th, 2011.

15 And, actually, let me go back just one moment.  
16 On process, since we have two remote sites, the voting  
17 will be easy. But in between, when we have decisions to  
18 be made and questions, I'll be sure to recognize each  
19 location to give you all an opportunity to ask any  
20 questions that you might have. So that's how we'll work  
21 in terms of the process today.

22 So moving from there, let's go with the approval  
23 of the minutes. Are there any changes?

24 At our remote location, do you have any questions  
25 or changes?

1 BOARD MEMBER SWINDEN: I don't believe we have  
2 any here.

3 CHAIRPERSON ALDRICH: I just need a motion.

4 BOARD MEMBER IMURA: I move we adopt the minutes.

5 BOARD MEMBER MARTINEZ: Second.

6 CHAIRPERSON ALDRICH: We have to do a vote. So  
7 maybe we can do this room first and then we'll go to  
8 remote locations.

9 PROJECT MANAGER SOUSA: Bryan Cash?

10 DELEGATE CASH: Aye.

11 PROJECT MANAGER SOUSA: Georgette Imura?

12 BOARD MEMBER IMURA: Aye.

13 PROJECT MANAGER SOUSA: Carmen Martinez?

14 BOARD MEMBER MARTINEZ: Aye.

15 PROJECT MANAGER SOUSA: Pedro Reyes?

16 DELEGATE REYES: I will abstain since I was not  
17 here.

18 PROJECT MANAGER SOUSA: Stacey Aldrich?

19 CHAIRPERSON ALDRICH: Aye.

20 PROJECT MANAGER SOUSA: James Swinden?

21 BOARD MEMBER SWINDEN: Aye.

22 PROJECT MANAGER SOUSA: Carla Sands?

23 BOARD MEMBER SWINDEN: Who was that?

24 PROJECT MANAGER SOUSA: And Robert McDonald?

25 BOARD MEMBER MC DONALD: Yes.



1 CHAIRPERSON ALDRICH: Did you get Mr. Swinden's  
2 vote?

3 PROJECT MANAGER SOUSA: Yes.

4 CHAIRPERSON ALDRICH: Do we have a quorum if  
5 Carla is not here?

6 EXECUTIVE OFFICER MORRIS: We have seven without  
7 her.

8 CHAIRPERSON ALDRICH: The next agenda item is the  
9 Chairperson's report. I have nothing to report, except  
10 this is an action meeting, so we have to move forward.

11 Marian, would you like to say a few words?

12 DEPUTY ATTORNEY GENERAL MOE: Since several  
13 members of the Board were not here at the last meeting but  
14 will be participating in the action today, it would be  
15 appropriate for them to say on the record that they have  
16 read the transcript and are familiar with all the  
17 materials from the last meeting, which was September 29th.  
18 So each of those that it applies to -- I think that would  
19 be Jim and Pedro and Carla.

20 DELEGATE REYES: So we read the materials for  
21 purposes of voting and issues today, as opposed to read  
22 the material from the minutes; right?

23 DEPUTY ATTORNEY GENERAL MOE: Correct.

24 DELEGATE REYES: Yes, I have read the material in  
25 preparation for this meeting today.

1 DEPUTY ATTORNEY GENERAL MOE: And you're familiar  
2 with it?

3 DELEGATE REYES: I'm familiar with it.

4 DEPUTY ATTORNEY GENERAL MOE: Thank you.

5 CHAIRPERSON ALDRICH: Thank you.

6 Jim?

7 BOARD MEMBER SWINDEN: Also me, too.

8 DEPUTY ATTORNEY GENERAL MOE: Could you please  
9 repeat that, Jim, for the record?

10 BOARD MEMBER SWINDEN: I have read the  
11 transcript, and I understand the issues that were  
12 presented.

13 DEPUTY ATTORNEY GENERAL MOE: Thank you.

14 CHAIRPERSON ALDRICH: And Mr. McDonald?

15 DEPUTY ATTORNEY GENERAL MOE: He was here.

16 CHAIRPERSON ALDRICH: You were here. How could I  
17 forget that. Okay. Good.

18 BOARD MEMBER MC DONALD: I'm awake.

19 DELEGATE SPEHN: This is Deanna, and I know I'm  
20 not a voting member, but I did read the minutes. And if  
21 you could, when they come forward to the floor for  
22 approval, make the change that the Korea House is not in  
23 Imperial County, but is in fact a Vista Irrigation Project  
24 in San Diego County, I would appreciate it.

25 DEPUTY ATTORNEY GENERAL MOE: Yes. You could ask

1 the Board if they would consent to that change.

2 CHAIRPERSON ALDRICH: Okay.

3 DEPUTY ATTORNEY GENERAL MOE: And then we have to  
4 have a vote.

5 CHAIRPERSON ALDRICH: So for process, we have to  
6 get everyone on the Board to approve that change. We'll  
7 need to take a vote.

8 PROJECT MANAGER SOUSA: Bryan Cash?

9 DELEGATE CASH: Aye.

10 PROJECT MANAGER SOUSA: Georgette Imura?

11 BOARD MEMBER IMURA: Aye.

12 PROJECT MANAGER SOUSA: Carmen Martinez?

13 BOARD MEMBER MARTINEZ: Aye.

14 PROJECT MANAGER SOUSA: Pedro Reyes?

15 DELEGATE REYES: For purposes of the amendment,  
16 yes.

17 PROJECT MANAGER SOUSA: For Newport Beach, James  
18 Swinden?

19 BOARD MEMBER SWINDEN: Aye.

20 PROJECT MANAGER SOUSA: Robert McDonald?

21 BOARD MEMBER MC DONALD: Yes.

22 PROJECT MANAGER SOUSA: At Carson, Carla Sands?

23 CHAIRPERSON ALDRICH: Okay.

24 DEPUTY ATTORNEY GENERAL MOE: Do you want to see  
25 if we could get Carla on?

1           CHAIRPERSON ALDRICH:  If we could just take a  
2 minute to make sure that we -- we're going to take just a  
3 five-minute break to see if we can get Carla Sands on the  
4 line.

5           (Whereupon a recess was taken.)

6           CHAIRPERSON ALDRICH:  Thank you for your  
7 patience.  It looks like Carla is going to be calling in  
8 right now, and we will begin momentarily.  Carla?

9           BOARD MEMBER SANDS:  Yes, hi.

10          CHAIRPERSON ALDRICH:  How are you?

11          BOARD MEMBER SANDS:  I'm good.  Thanks for the  
12 call, Mimi.

13          EXECUTIVE OFFICER MORRIS:  Sure thing.

14          CHAIRPERSON ALDRICH:  Thanks for joining us.

15          I'd also like to welcome Kim Waterman from  
16 Assemblywoman Bonnie Lowenthal's office.

17          DELEGATE WATERMAN:  Sure thing.

18          CHAIRPERSON ALDRICH:  Next on the agenda is --  
19 before that, we probably should go back.

20          Carla, each of the Board members, we want to make  
21 sure that everybody had time to review the meeting minutes  
22 from the last meeting and we just need to verify that.  
23 Did you have an opportunity --

24          BOARD MEMBER SANDS:  I read through the whole  
25 thing.

1 CHAIRPERSON ALDRICH: Okay. All right.

2 DEPUTY ATTORNEY GENERAL MOE: Just for the  
3 record -- Carla, this is Marian Moe. If you could just  
4 say that you're familiar with all the materials and you  
5 read through the transcript.

6 BOARD MEMBER SANDS: I'm having a hard time  
7 hearing you.

8 CHAIRPERSON ALDRICH: For the record, if you  
9 could just state that you're familiar with all the  
10 materials and all the issues.

11 BOARD MEMBER SANDS: I'm, indeed, familiar with  
12 all the materials and all the issues.

13 CHAIRPERSON ALDRICH: Okay. Thank you very much.

14 BOARD MEMBER SANDS: Pleasure.

15 CHAIRPERSON ALDRICH: So next on the agenda is  
16 the Executive Officer's report. And again this should be  
17 anything new. I don't think we need to rehash from the  
18 last meeting.

19 EXECUTIVE OFFICER MORRIS: Duly noted. I have a  
20 very brief report today.

21 Two more projects have completed their grants:  
22 The Kennedy Mine in Jackson is finished, as is the Crystal  
23 Cove Beach House in Newport Beach.

24 I also wanted to note that we had a wonderful  
25 turnout for our annual reception, and we are grateful to

1 our sponsors and our keynote speaker for their  
2 contributions.

3 CHAIRPERSON ALDRICH: Okay. Great. Thank you.

4 At the last meeting, we had a discussion of the  
5 audit report. Are there any questions regarding the  
6 audit?

7 So first, Carla, are there any questions?  
8 Do you have any questions regarding the audit report?

9 BOARD MEMBER SANDS: Did everything get settled  
10 out with the issues with the rent and the space that the  
11 CCHE was using that belongs to the library?

12 CHAIRPERSON ALDRICH: We're currently working on  
13 that right now. And I know that Mimi has looked at two  
14 smaller spaces within our building. So I think we're  
15 working it out right now.

16 EXECUTIVE OFFICER MORRIS: Just for your benefit,  
17 Carla, I know this was stated in the minutes, or the  
18 transcript rather, we're in the process of having our  
19 response incorporated into the draft report. And so that  
20 communication has gone to OSAE, and they're looking at it  
21 now. And then there will be a final decision made about  
22 all the issues.

23 But if I could add, if no other Board member  
24 has --

25 CHAIRPERSON ALDRICH: We're not done. We have to

1 go to other locations.

2 Are there any other questions from Jim Swinden at  
3 your site?

4 BOARD MEMBER SWINDEN: I don't believe we have  
5 any questions.

6 CHAIRPERSON ALDRICH: Thank you. Are there any  
7 questions here?

8 You can continue.

9 EXECUTIVE OFFICER MORRIS: Thank you.

10 Just with regard to the audit report, we had  
11 received it a couple of days before last month's Board  
12 meeting. And I wanted to note an item that is I think  
13 critical to two discussions that will happen today.

14 In the draft report, which is still confidential,  
15 there was generous praise to CCHE for a variety of  
16 accountability processes, including grant guidelines, a  
17 competitive awarding process, and a database to track and  
18 monitor projects. But the OSAE also included four  
19 observations in their audit results. And the first and  
20 third results pertain to the discussion today for two of  
21 our projects, and I want to state those results for the  
22 record.

23 The first observation is that in Round 1, CCHE  
24 did not consistently adhere to the established scoring  
25 procedures, did not document funding decisions for three

1 projects, and in some cases, it was unclear what financial  
2 analysis was performed to support assigned financial  
3 capacity scores.

4           The audit includes two projects, which the CCHE  
5 funded for a combined total of over two and a half million  
6 dollars, which declared bankruptcy within a short period  
7 of having received CCHE funds.

8           The auditors also noted that the CCHE grant  
9 guidelines require applicants to demonstrate financial  
10 sustainability with three years of financial information.

11           The third observation from OSAE relates to  
12 planning grants that might not result in a capital  
13 project. The auditors again state that the CCHE, when  
14 awarding planning grants, did not assess the grantee's  
15 financial capacity to complete the project beyond the  
16 planning phase.

17           The report states, "For example, the Capital  
18 Unity Council received a Round 1 grant to develop building  
19 construction plans and a Round 3 grant for construction  
20 costs. The Division of the State Architect approved their  
21 construction plans in June of 2008. The construction  
22 plans are valid for four years. However, if they are not  
23 under construction by June of 2012, the plans will need to  
24 be updated and re-submitted for approval. Currently, the  
25 Council has not started construction, because they are



1 still trying to secure matching funds to meet Round 3  
2 grant requirements. Additionally, the Council stated that  
3 it only has enough funding to remain in business through  
4 October of 2011 and may not be able to complete the  
5 project."

6 CCHE staff shared this quote from the  
7 confidential draft report with the Council and invited  
8 them to address the concerns raised in the report. And we  
9 or the Council can share their response when the Board  
10 considers Agenda Item Number 7.

11 CHAIRPERSON ALDRICH: Okay. Any questions?  
12 Any questions from the Newport Beach location?

13 BOARD MEMBER SWINDEN: We're good.

14 CHAIRPERSON ALDRICH: And Carla, do you have any  
15 questions?

16 BOARD MEMBER SANDS: No. Thank you.

17 CHAIRPERSON ALDRICH: Thank you.

18 So we're on to Item Number 6. And again, I don't  
19 know that we need to read the full report, but just an  
20 overview. And I know we have some folks from the Mexico  
21 Museum here.

22 CHAIRPERSON ALDRICH: Thank you, Stacey.

23 I'm not going to read through the staff report  
24 submitted at the September meeting, as everyone present  
25 either heard it or has read the transcript.

1 I want to start by thanking Mr. Yorba for coming  
2 to Sacramento last week. Pursuant to the directive of the  
3 Chair, CCHE staff met with Mexican Museum Chief Executive  
4 Officer Jonathan Yorba and the CPA for the Mexican Museum  
5 Hugo Delgado last Wednesday to clarify items included in  
6 both their five-year pro forma and the operating budget  
7 provided for 2011.

8 I'd like to ask Board members to refer to the  
9 five-year budget document in your packet entitled, "The  
10 Mexican Museum."

11 And actually, before I direct your attention to  
12 that, I want to also note that last-minute letters have  
13 come in from both Supervisor David Campos of San Francisco  
14 and Senator Mark Leno. And those have been either put on  
15 the table and you can pass them down. Or -- sorry for the  
16 folks at the remote site. These got handed to us at the  
17 last minute or faxed in just within the last half hour.  
18 But they are basically letters of support from both of  
19 those entities for the Mexican Museum.

20 So now if you have the annual budget in front of  
21 you, I want to point out the items which were unclear to  
22 CCHE staff. This document shows projected revenues for  
23 the period from July 2011 to June of 2016 and expenses for  
24 the same period. The items which were unclear to staff  
25 included the revenue to be contributed from both

1 governmental and corporate sources and the revenue to be  
2 earned from the annual event.

3           The five-year window for government support,  
4 which is about six or seven lines down on the left, where  
5 it says "government," shows a total of 2.7 million  
6 starting with a \$700,000 grant in 2011 and then followed  
7 by five years of \$400,000 support.

8           The Mexican Museum was able to clarify that this  
9 funding of 700,000 comes from the \$200,000 residual in the  
10 Memorandum of Agreement between the SF Redevelopment  
11 Agency and the Mexican Museum, which was updated last in  
12 May of 2010. And from a portion of the ten-and-a-half  
13 million previously committed to the Mexican Museum by the  
14 Redevelopment Agency of San Francisco for the project.

15           This \$700,000 will be spent on pre-development  
16 expenses, including portions of the CEO's time on the  
17 construction project.

18           The remaining governmental funding, listed at  
19 400,000 per year, is expected to come from bonds issued in  
20 anticipation of hotel occupancy taxes. That amount,  
21 currently listed at \$2 million in total, the five years at  
22 400,000 computes to \$2 million, was elevated to \$7.8  
23 million in the letter from the San Francisco Redevelopment  
24 Agency which Ms. Amy Neches read at the last meeting.

25           In our meeting last week, Mr. Yorba indicated

1 that the museum was researching the status of these bond  
2 funds and he hoped to have an answer for us today  
3 regarding their authorization and approval, as well as any  
4 restrictions on the usage of those bond funds. That is,  
5 whether or not they can be used, in fact, for operating  
6 expenses or whether they're restricted to construction  
7 costs.

8 Staff's concern is that these governmental funds  
9 are primarily for construction-related expenditures rather  
10 than operating expenditures and they should be removed  
11 from the pro forma if the funds are not allowed for use as  
12 operating expenditures.

13 The corporate contributions included in the pro  
14 forma include \$75,000 for 2011, and Mr. Yorba indicated  
15 that at least 25,000 of this amount had been provided  
16 already by Wells Fargo and that they would provide the  
17 2011 financials through September 30th to demonstrate  
18 receipt.

19 We also discussed the upcoming fund-raiser, La  
20 Katrina, which is expected to net \$95,000 for the museum.  
21 Mr. Yorba indicated that they had expenses anticipated in  
22 the \$90,000 range and that their corporate contributions  
23 for the event approximated 66,000 as of last week. The  
24 tickets range in price from \$60 to \$150, and the venue has  
25 a capacity of \$600. They were unable to share how many

1 tickets had been sold as of last week, but indicated they  
2 could provide that information today. Last year's  
3 fund-raising event included between 250 and 300 guests.

4 Staff appreciates the momentum generated by Mr.  
5 Yorba among statewide and national organizations to gather  
6 support for the Mexican Museum. Mr. Yorba is dynamic and  
7 capable and well respected in the arts community.

8 Staff remains, however, concerned about the lack  
9 of a track record of fund-raising and general operation  
10 funding for the recent past. The audit for the period  
11 ending in December of 2008 stated that the organization  
12 was not a growing concern due to a variety of financial  
13 liabilities. There has not yet been an audit released for  
14 2009 and 2010 to dispel that finding.

15 Staff greatly appreciates the value of the  
16 collection in the Mexican Museum, but also feels very  
17 strongly the fiduciary responsibility placed on the CCHE  
18 to ensure that bond funds are awarded to viable entities  
19 as reiterated in the recent Department of Finance audit  
20 report. Accordingly, staff very reluctantly cannot  
21 recommend approval of this funding.

22 CHAIRPERSON ALDRICH: Okay. I know Dr. Yorba is  
23 here. Would you like to say a few words?

24 DR. YORBA: Yes. Thank you, Chair Aldrich.

25 Before I do, I know we have some elected official

1 representation. And if they're not here, when they do  
2 show up, I'd like to make sure they're able to speak.

3 First of all, thank you, Chair Aldrich, members  
4 of the Board and staff and members of the audience.

5 The Mexican Museum -- I think really to cut to  
6 the chase in terms of sustainability, because the Board  
7 members have all the documentation that they can read all  
8 of the history.

9 The basic question that really needs to be  
10 addressed is: Is the Mexican Museum better off today than  
11 it was in 2006? Yes, it is. 2007? Yes, it is. '08,  
12 '09, '10 -- in 2010, we received \$10.5 million from the  
13 Redevelopment Agency.

14 I want to read just briefly a portion of  
15 Supervisor David Campos's so we can talk a little bit  
16 about the 7.8 million. In Supervisor Campos's letter, he  
17 says:

18 "The Mexican Museum, with the full support of  
19 the Redevelopment Agency, is engaged with my  
20 office in ongoing efforts to secure  
21 reauthorization of the San Francisco Board of  
22 Supervisors for the issuance by the City of hotel  
23 tax bonds in the approximate amount of 7.8  
24 million for the new museum facility. Please note  
25 that these funds were previously authorized and

1 we are now in the process of re-authorizing and  
2 updating the previously approved ordinances."

3 And this is how we're working with the Supervisor  
4 and the Redevelopment Agency in terms of the deployment of  
5 those funds. Of the \$7.8 million in hotel tax bonds --  
6 already they've been authorized. Copies of ordinances  
7 have been provided to staff. This will be a new action as  
8 part of the next year's budget to re-authorize and approve  
9 the issuance of the bonds. And this is how they are to be  
10 spent:

11 Five million of the 7.8 will be for bricks and  
12 mortar for the interior tenant improvements.

13 2.8 million will specifically be for operations  
14 through the Arts Commission. The Arts Commission oversees  
15 the hotel tax expenditures on public art for nonprofit  
16 organizations. That comes out to be about \$560,000 per  
17 year over five years, for a total of 2.8 million.

18 The other thing that I want to say is that I know  
19 there is concern about sustainability, and rightly so.  
20 You have a very good Executive Officer doing her due  
21 diligence.

22 But I want to remind the Board that in March of  
23 this year, I schlep pre-development plans that include how  
24 the museum is going to sustain itself. I want to take a  
25 minute and reiterate where this comes from. This is not

1 something new. We completed this plan in January of 2011.  
2 Tomorrow, we are going to be before the Redevelopment  
3 Agency where we expect passage of the plan, which will not  
4 only say proceed as planned, but it also comes with  
5 funding for the museum to do this.

6 So if you bear with me one minute, this  
7 particular portion is going to be -- the whole plan is  
8 going to be reviewed by the Redevelopment Agency. But in  
9 particular, for today's purpose, this particular  
10 deliverable is the plan. It says a plan with specific  
11 performance milestones for completing a detailed five-year  
12 operating budget pro forma for FY 2014 to 2019  
13 demonstrating the financial feasibility and sustainability  
14 of the new museum facility, which shall include a demand  
15 analysis, staffing requirements, fund-raising needs,  
16 membership, and earned revenue and expense projections.

17 Despite the fact that the museum is in many ways  
18 in a holding pattern until tomorrow to fully implement  
19 according to the Memorandum of Understanding, we have had  
20 a number of members -- previous members return to the  
21 Mexican Museum that become general members.

22 We've had one member that gave us \$100,000. He  
23 is a renewed member.

24 We have Nora Wagner, who is a community  
25 representative, more than 25,000.



1           We've had a number of other people give to their  
2 capacity. And so, you know, we're on track with  
3 everything.

4           This coming Wednesday, a letter goes out to our  
5 previous members. And all of this is detailed in this  
6 plan. And this is where we say because there has been a  
7 long dormancy period of individuals, the source of most  
8 donations -- which we recognize -- right now, the Mexican  
9 Museum greatly appreciates the help of the government. We  
10 need a leg up, just like they did during the WPA. We need  
11 a leg up. But we are going back to our previous donors.

12           The source of most donations will need  
13 cultivation. These general donations versus the campaign  
14 prospects will increase when the campaign goes public. A  
15 modest direct mail informational program will be started  
16 as soon as possible to re-engage former donors, potential  
17 donors, and to keep in touch with existing donors. As I  
18 said, we're on track. That launches this Wednesday.

19           The Mexican Museum will consider proposing a  
20 mailing list swap with partnering organizations, which can  
21 be done to protect the anonymity of each organization's  
22 donors. Electronic newsletters and e-solicitations will  
23 be refined and implemented. We've been sending out  
24 e-newsletters to over 4,000 people. We have begun this  
25 process. And we have been getting feedback. And not only

1 feedback, but we've been generating revenue as a result of  
2 that.

3 Activity in social media will be exploited for  
4 fund-raising purposes, as well as for outreach.

5 Initially, this aspect will be managed by a  
6 knowledgeable volunteer under staff supervision.  
7 Coordinated marketing and communications will mesh with  
8 development plans for individual solicitation, through  
9 more sophisticated direct mail efforts, on and on.

10 This was presented before you in March. And  
11 again, we expect that this will be passed. This was a  
12 lugubrious effort by a team of professionals, not only  
13 among the staff, but also a number of consultants that are  
14 engaged in this project working in tandem with the  
15 Redevelopment Agency, working in tandem with the  
16 San Francisco Arts Commission.

17 We believe that we've laid out the plan. And  
18 what we're asking is for the CCHE to approve the \$800,000,  
19 which is a planning grant. It is not a build it grant.  
20 It is not the capital grant. It is allowing us to get to  
21 the next level. That grant is so critical to us because  
22 that will further demonstrate to the community on whose  
23 behalf we're doing this that the building is coming on  
24 line.

25 And so, you know, I'm not really sure what else

1 we can do. This is a tome that talks about how we're  
2 going to do this.

3 So I think I'll hold my comments there, unless  
4 there are any questions.

5 CHAIRPERSON ALDRICH: Are there any questions  
6 here?

7 Mr. Reyes.

8 DELEGATE REYES: You referenced the Redevelopment  
9 Agency a couple of times.

10 DR. YORBA: Yes.

11 DELEGATE REYES: I presume that the Redevelopment  
12 Agency will proceed past right -- now bills 26 and 27 --  
13 26 eliminated Redevelopment Agencies; 27 that allow the  
14 supporting local government for the sponsoring local  
15 governments to pay for the -- contribute towards local  
16 schools. I'm assuming San Francisco will continue, will  
17 take advantage of 27 and that's why you're --

18 DR. YORBA: What I'd like to do -- I used to work  
19 in redevelopment and economic development, but I worked  
20 for a different city. I think the better move would be to  
21 ask Christine Maher, who is representing the Redevelopment  
22 Agency, to speak about that.

23 MS. MAHER: Hi. I'm Christine Maher, Development  
24 Specialist with the San Francisco Redevelopment Agency.

25 And yes, pending resolution of the lawsuit with

1 the Supreme Court, the City of San Francisco does intend  
2 to operate the --

3 DELEGATE REYES: Get a little bit closer.

4 BOARD MEMBER SWINDEN: We missed that whole  
5 section.

6 MS. MAHER: Christine Maher, Development  
7 Specialist with the San Francisco Redevelopment Agency.

8 And the question was whether the City of  
9 San Francisco, pending resolution of the lawsuit with the  
10 Supreme Court, does intend to remit payment to continue  
11 operating. And the answer is emphatically yes, we do plan  
12 to do so. In the event that doesn't happen for whatever  
13 reason, the Agency already does have the \$10.5 million in  
14 the account, and it would transfer over to the City for  
15 disbursement.

16 DELEGATE REYES: And you were talking about the  
17 hotel occupancy tax as a source of revenue from the  
18 Redevelopment Agency.

19 MS. MAHER: It would not be from the  
20 Redevelopment Agency. It would be from the City of San  
21 Francisco.

22 DELEGATE REYES: I want to make sure we were on  
23 the same page as that. Thank you.

24 CHAIRPERSON ALDRICH: Are there -- Carla, do you  
25 have any questions?

1 BOARD MEMBER SANDS: How much did the last  
2 fund-raiser raise last year in total net?

3 DR. YORBA: Total net was about \$51,000. But we  
4 also had a tremendous in-kind contribution from Millennium  
5 Partners and from Web Corp that brought up the total to  
6 about 81,000.

7 And I just want to say that I personally think  
8 that's pretty remarkable for an organization that has been  
9 dormant with two staff people prior to Audiana Svantas and  
10 me. It was the blood, sweat, and tears of the Board of  
11 Trustees and community volunteers. So for an organization  
12 to have been dormant for three years to still net  
13 something I think needs to be recognized.

14 CHAIRPERSON ALDRICH: Mr. Swinden, are there any  
15 questions?

16 BOARD MEMBER SWINDEN: Stacey, I have a question,  
17 and then I'll let my cohorts here speak, too.

18 On the annual budget under individuals, it's  
19 steady at 34,000. Given that this was prepared before you  
20 started thinking about how you're going to increase your  
21 numbers, can you give us an idea of what your new  
22 projection would be going forward in terms of what  
23 individuals might contribute to your organization?

24 DR. YORBA: Thank you, Mr. Swinden.

25 Actually, what we did after we met with Mimi

1 Morris, Hugo Delgado and I -- I had to run off and go  
2 speak at the Ford Foundation. But Hugo and I worked to  
3 re-tool the pro forma so that it met the requirements that  
4 Mimi Morris asked us to do.

5 We haven't had a chance to present it to her  
6 because it still needs to go internal to our own  
7 organization. I, as the CEO, need to review it. It needs  
8 to go according to our own protocol through the Finance  
9 Committee and then to the full Board.

10 However, what it does do is it breaks it down in  
11 terms of operating expenses versus capital expenses. And  
12 it does have the area laid out for revenue from --  
13 contributed revenue from individuals.

14 What we've decided to do because, you know, we  
15 understand that it's very -- it can be very easy, quite  
16 frankly, to over-inflate a budget with unrealistic  
17 results. And so the amount that you see there, 34,000, is  
18 really the base line that we are projecting. It doesn't  
19 mean that as we implement the pre-development plan that  
20 those numbers may not -- will not go up. We are going to  
21 do our very best. But we didn't want to put anything in  
22 here that we couldn't actually return to a detailed  
23 schedule on. So as soon as the Mexican Museum reviews  
24 this new document, we will make sure it goes to Mimi  
25 Morris as well as to the CCHE Board.

1 BOARD MEMBER SWINDEN: Thank you.

2 BOARD MEMBER MC DONALD: I have one question,  
3 Stacey.

4 Bobby McDonald.

5 I'm looking at the annual budget, and I'm  
6 assuming this is a proposal or a draft. It doesn't say  
7 that on here.

8 But it says the beginning cash in 2011 is  
9 \$222,028. And then it shows the beginning cash for 2012  
10 will be 709, and it goes up incrementally. And I'm a  
11 little confused, because usually when it says beginning  
12 cash on hand, that's how much money it has in the bank,  
13 and at the end of the year, they're going to have X  
14 amount. That throws me off a little bit. Is \$222.28 in  
15 the bank right now?

16 DR. YORBA: Is there what?

17 CHAIRPERSON ALDRICH: He's looking at I think  
18 this budget right here. And he's asking if there's  
19 \$228,028 the bank right now.

20 DR. YORBA: You know what I'm going to do? I'd  
21 like to bring up our CPA to address that.

22 Basically, what you're looking at is a snapshot  
23 of the window that we were directed to provide to the  
24 CCHE. So that first amount I believe is looking at July  
25 through December. That's the last two quarters of this

1 fiscal year. That's where that starts.

2 MR. DELGADO: Hugo Delgado representing Mexican  
3 Museum.

4 The balance on hand was about 50,000 at the end  
5 of June -- excuse me -- 200,000 at the end of June. So  
6 through the end of the year, we expected to re-increase up  
7 to another 222,000.

8 BOARD MEMBER SWINDEN: So these are projections  
9 again?

10 MR. DELGADO: I'm sorry?

11 BOARD MEMBER MC DONALD: These are projections?

12 MR. DELGADO: These are projections. This is pro  
13 forma.

14 BOARD MEMBER SANDS: What do they have in the  
15 bank right now?

16 MR. DELGADO: As of the end of September, the  
17 balance was approximately \$50,000.

18 DR. YORBA: It doesn't take into account the  
19 moneys that we have received from corporate sponsors that  
20 will be reflected in the October financials, which will  
21 not be presented to the Board until November.

22 BOARD MEMBER IMURA: So you actually have more  
23 than \$50,000 in the bank right now?

24 MR. DELGADO: As we were collecting additional  
25 funds from the Katrina event, we have more funds coming



1 in. At the end of the month, we had \$50,000.

2 DELEGATE CASH: What's your current burn rate?

3 MR. DELGADO: Current burn rate about 50,  
4 \$60,000. Little less than that.

5 BOARD MEMBER SWINDEN: Can you repeat that,  
6 please?

7 MR. DELGADO: Approximately 50,000 and the --

8 DELEGATE CASH: The question was what's your burn  
9 rate per month.

10 BOARD MEMBER SWINDEN: And the answer?

11 MR. DELGADO: Approximately \$50,000. We've just  
12 invoiced the Redevelopment Agency \$200,000 under the  
13 pre-development plan. So we anticipate receiving that  
14 money shortly.

15 CHAIRPERSON ALDRICH: Any further questions, Mr.  
16 Swinden, from your site?

17 BOARD MEMBER SWINDEN: I don't believe we have  
18 any right now.

19 CHAIRPERSON ALDRICH: Ms. Sands, do you have any  
20 further questions?

21 BOARD MEMBER SANDS: No. No questions. Thank  
22 you.

23 CHAIRPERSON ALDRICH: Any further questions?

24 I know we do have a representative from  
25 Assemblywoman Fiona Ma's office, Nick Hardeman.

1 MR. HARDEMAN: Thank you. And thank you, Mr.  
2 Chairwoman Aldrich and Board members.

3 I know Fiona has a relationship with many of you  
4 and worked with you in the past. She just would like to  
5 come once again and reiterate her support. She's stuck in  
6 the airport right now, otherwise, she would be here.

7 I can say off the bat, as a CPA and somebody who  
8 has that background, there's no person who's more  
9 interested and more -- is going to hold the museum to  
10 financial and fiscal accountability. She's going to be a  
11 watchdog for the museum. She has been. She's worked with  
12 them since she was on the Board of Supervisors in  
13 San Francisco and has now since her -- this is now her  
14 third term in the Assembly. All three years, she's worked  
15 closely with the museum.

16 Just want to say quickly the City of  
17 San Francisco has made a commitment, as you've already  
18 heard, \$11 million and previously encumbered -- or to be  
19 encumbered in increment financing dollars and then in  
20 addition to the almost \$8 million in hotel tax money. So  
21 there is that local commitment. And there is a commitment  
22 from the city and county of San Francisco.

23 Finally, just in closing, in addition to  
24 supporting the \$800,000 grant, she also would like to make  
25 sure that the project's funds move into the contract phase

1 so that this museum could really keep their momentum going  
2 that they've garnered over the last year to get into the  
3 construction phase.

4 So with that, I just want to thank all of you for  
5 allowing me to have the opportunity and allowing  
6 Assemblywoman Ma to be heard today. Thank you.

7 CHAIRPERSON ALDRICH: I don't know if, Christine,  
8 do you have any further remarks you'd like to make?

9 MS. MAHER: Sure. Just a few. Good afternoon  
10 again. Christine Maher, Development Specialist with the  
11 San Francisco Redevelopment Agency.

12 I'll here today on behalf of the San Francisco  
13 Redevelopment Agency and the City and County of  
14 San Francisco to express our continued support and  
15 commitment to building a new home for the Mexican Museum  
16 as part of a mixed use project in the cultural district.

17 A detailed letter of support from the Agency was  
18 read in the record at the meeting of September 29th. So  
19 today I'd just like to highlight a couple of key points.

20 The first of which is the Agency's financial  
21 support at the museum. As you've heard from Jonathan,  
22 last December, the Agency did approve a grant agreement  
23 with the museum that commits approximately ten-and-a-half  
24 million dollars of Agency funding for the museum to be  
25 used for pre-development activities and design and

1 construction of tenant improvements for the new museum.

2 This is in addition to the \$750,000 in grant  
3 funds previously authorized for the museum pursuant to an  
4 MOU between the Agency, the museum, and the San Francisco  
5 Arts Commission.

6 The second point I'd like to mention is the  
7 museum's obligation relative to construction of the  
8 museum. Under the Agency's current agreement with  
9 Millennium Partners, the developer of the mixed use  
10 project, Millennium will develop the core and shell of the  
11 museum and provide a \$5 million operating endowment. The  
12 museum will be responsible for funding the design and the  
13 construction of the interior at a cost of approximately 13  
14 1/2 to \$14 1/2 million.

15 It is the Agency's belief the museum will be able  
16 to meet this obligation through use of the CCHE planning  
17 grant, reasonable fund-raising, and the Agency's  
18 fund-rising.

19 The third point I'd like to mention is the  
20 progress made over the last year on the design of the  
21 project and the components of the environmental review  
22 process. Receipt of all regulatory approvals is currently  
23 anticipated by the end of 2012.

24 To that end, the Agency anticipates releasing up  
25 to \$500,000 in funds to the museum over the next several

1 months pursuant to the grant agreement for project  
2 management, staffing, space planning, and architectural  
3 design surfaces for the museum.

4           The Agency anticipates releasing approximately  
5 \$200,000 to the Mexican Museum pursuant to the MOU for  
6 implementation of the pre-development plan that Jonathan  
7 Yorba was referring to earlier. That item is scheduled on  
8 our Commission agenda for tomorrow evening.

9           In closing, on behalf of the Agency and the City  
10 and County of San Francisco, I ask that you continue to  
11 show your support for the museum by making an approval of  
12 funding for the \$800,000 planning grant. Thank you.

13           CHAIRPERSON ALDRICH: And we have one more  
14 person, Mr. Sean Jeffries, Millennium Partners.

15           MR. JEFFRIES: Good afternoon. My name is Sean  
16 Jeffries with Millennium Partners. I'm the joint metro  
17 developer. Together with the Redevelopment Agency and the  
18 Mexican Museum, we've been working on this project for  
19 several years.

20           I'm here today again to express our support for  
21 your support for your project. We are making tremendous  
22 progress with the City. And what we've seen is a variety  
23 of sources come together over the last several months that  
24 really over the last several months to come forward from  
25 beyond pledges but to actual support. While our project

1 team has been working together for three or four years  
2 through privately supported funding, we are really very  
3 excited to see the public support and pledges now start to  
4 come to the aid of the museum to facilitate their  
5 introduction to the museum project.

6           The project is a very exciting project in  
7 San Francisco. It will be our third significant  
8 residential mixed use project in downtown San Francisco.  
9 So based upon the success of our last project as we start  
10 to wind up sales and start to move forward with investors  
11 and banks working through that scheduling together with  
12 the Scheduling and Planning Department with the city of  
13 San Francisco. We look forward to the active involvement  
14 of Mexican Museum to represent the best museum possible  
15 for that phase of the project.

16           To that end, we're seeing the funding coming from  
17 the Agency. We're seeing Dr. Yorba's great work working  
18 on the continued operations and increased support for the  
19 museum. And we look forward to again the museum utilizing  
20 the full amount of the support pledges that we've seen  
21 today. So thank you.

22           CHAIRPERSON ALDRICH: Thank you.

23           So I'm going to check in with our remote sites  
24 again. Ms. Sands, do you have any further questions?

25           BOARD MEMBER SANDS: No. Thank you.

1           CHAIRPERSON ALDRICH: Mr. Swinden, any further  
2 questions?

3           BOARD MEMBER SWINDEN: Yes. I have a question,  
4 and Bobby has a question also.

5           Can somebody refresh my memory as to when they're  
6 actually going to break ground on this project and then  
7 what the projection for building out this project to its  
8 finished stage?

9           CHAIRPERSON ALDRICH: Mr. Jeffries is  
10 approaching.

11          MR. JEFFRIES: Yes. This is Sean Jeffries again  
12 with Millennium Partners.

13          The project should receive all of its approvals  
14 from the City of San Francisco in the end of 2012. We  
15 anticipate breaking ground in early to mid 2013.

16          Again, the project completion again as far as the  
17 phasing side of it, we're working through with the city.  
18 We hope to deliver space, because the museum will be on  
19 the lower floors of the tower. It will be a portion of an  
20 existing tower that will be tied into a rehabilitated  
21 structure, both new and old. And we hopefully will be  
22 able to turn that project over to the museum in 2014.

23          The overall completion of the residential tower  
24 piece will be expected to be 2015.

25          BOARD MEMBER SWINDEN: And then I have a question

1 regarding the present tenancy of the museum. Given that  
2 you won't move until 2014, is your present site secure for  
3 that period of time? Are we on a month-to-month? Or we  
4 have sewed up a lease agreement so that the exhibitions  
5 continue to take place and you all have a place to have  
6 your fund-raising events?

7 DR. YORBA: This is Jonathan Yorba with the  
8 Mexican Museum.

9 With respect to our lease at Fort Mason Center,  
10 we are secure. As a matter of fact, in your packet, is a  
11 very strong letter of support from Rich Hillis, who is the  
12 new Executive Director of Fort Mason Center. He  
13 understands that the Mexican Museum's 14,000 works of art  
14 need to be seen by a broader audience. And he's going to  
15 be sad when we leave, because quite frankly, we are among  
16 the non-profits that are at Fort Mason center right now  
17 that are reactivating that space.

18 We recently had an overflowing crowd for a  
19 exhibition reception for Tequila Don Julio. We have built  
20 out a new exhibition gallery, a new education room. We  
21 are leaving Fort Mason Center in better shape than it was  
22 when we got there 25 or so years ago.

23 Those are capital improvements that are something  
24 that the museum knows it needs to do in order to attract  
25 new members, not only for the current membership, but new



1 members and new audiences. We have a very good  
2 relationship, quite frankly, with Fort Mason Center.

3 BOARD MEMBER SWINDEN: Thank you.

4 BOARD MEMBER MC DONALD: Stacey.

5 CHAIRPERSON ALDRICH: Yes?

6 BOARD MEMBER MC DONALD: There was a lady that  
7 just spoke from the Redevelopment Agency. My question to  
8 her is: When is the City Council and Supervisors going to  
9 vote on the redevelopment funds for the museum? I heard  
10 from the Board at the Board meeting almost every meeting  
11 that they're going to vote, they're going to vote, and the  
12 vote hasn't gone off yet. When are we going to the  
13 finality to the vote?

14 MS. MAHER: I didn't hear the last part of the  
15 question.

16 CHAIRPERSON ALDRICH: When is there going to be a  
17 finality to the vote?

18 MS. MAHER: This is Christine Maher, San  
19 Francisco Redevelopment Agency.

20 The \$10.5 million grant was approved in December  
21 of 2010 by the Redevelopment Development Commission. That  
22 money is set aside for the museum.

23 There was \$745,000 previously approved under an  
24 MOU with the Agency, the museum, and the Arts Commission.  
25 The museum has received all of that, but for \$200,000

1 which is tied to the pre-development plan that's up for  
2 approval tomorrow night. I anticipate after tomorrow  
3 night all of that money will go over to the museum and  
4 then the 10.5 will be disbursed as needed throughout the  
5 project.

6 EXECUTIVE OFFICER MORRIS: Madam Chair --

7 DELEGATE SPEHN: This is Deanna.

8 So has the City Council, Board of Supervisors  
9 actually voted, or has it been the Redevelopment  
10 Commission?

11 MS. MAHER: Christine Maher again.

12 The 10.5 and the 745,000 are the San Francisco  
13 Redevelopment Agency. Dr. Yorba mentioned hotel tax  
14 bonds. That would be the San Francisco Board of  
15 Supervisors, not the Redevelopment Agency.

16 CHAIRPERSON ALDRICH: So you'd have the  
17 redevelopment money?

18 MS. MAHER: Yes.

19 DELEGATE SPEHN: But the final decision is made  
20 by the City Council/Board of Supervisors; right?

21 EXECUTIVE OFFICER MORRIS: For the \$7.8 million  
22 in hotel occupancy tax bonds. It's not the Redevelopment  
23 Agency's decision. It's the City Council. You're right,  
24 Deanna.

25 DELEGATE SPEHN: When is that vote to take place?

1 DR. YORBA: Would you repeat the question,  
2 please? This is Jonathan Yorba.

3 DELEGATE SPEHN: Sure. When is the vote by City  
4 Council/Board of Supervisors supposed to take place on the  
5 hotel tax?

6 DR. YORBA: We're in negotiations or discussions  
7 right now with the help of Supervisor Campos and the  
8 Redevelopment Agency. It is intended to be part of the  
9 2012 budget moving forward. I'm not familiar, quite  
10 frankly, with when the City is on its schedule. When I  
11 was with Redevelopment, we used to have our budgets in  
12 around December. And then I think they maybe get voted on  
13 until shortly thereafter.

14 But again, I want to reiterate, these were moneys  
15 that were already approved years ago.

16 MS. MAHER: 2002. It would be a re-authorization  
17 at the Board of Supervisors presumably before July.

18 DR. YORBA: Right.

19 CHAIRPERSON ALDRICH: Could you just reiterate  
20 the vote? There was a vote that's going to be tomorrow.  
21 We just wanted to -- if you could reiterate what that vote  
22 is tomorrow.

23 DR. YORBA: Yes. The vote that's going to take  
24 place tomorrow is on this heavy tome called the  
25 pre-development plan, which we provided for you in March

1 of 2011.

2           And the reason why it's taken a little while to  
3 get calendared is we were working with the San Francisco  
4 Arts Commission, and the San Francisco Arts Commission  
5 then asked us to do a number of re-writes, et cetera. It  
6 then went to the Redevelopment Agency, and they reviewed  
7 it. And now they have presented it as the plan that is  
8 worthy to move forward with. And that happens tomorrow at  
9 4:00.

10           MS. MAHER: Again, that will release \$200,000 of  
11 the \$745,000 previously.

12           DELEGATE CASH: Given the state of the finances  
13 of many municipalities and the State at this time, what  
14 are the chances that the re-authorization is actually  
15 going to happen of those hotel taxes? Right now,  
16 authorizing new taxes or even re-authorizing things that  
17 have been previously approved -- we learned this year in  
18 the budget that's not really a given.

19           DR. YORBA: Well, I don't think anything is a  
20 given, quite frankly. You can't look into a crystal ball.  
21 None of us sitting here could do that.

22           What we can do is work very closely to shore up  
23 the kind of community support, the kind of elected  
24 official support that is needed for passage. And we are  
25 currently doing that literally every single day. And

1 there is, as you've heard, strong commitment to make this  
2 happen.

3 DELEGATE CASH: How did the other Board of  
4 Supervisors -- not Board of Supervisors -- but the City  
5 leaders feel about this? I mean, we've heard from one.  
6 Did you get a feel how the others --

7 DR. YORBA: I have a good feeling. I can't go on  
8 record, because I'm going to present something that is  
9 factual in the letter to you. We have very good support  
10 from the other elected officials in the city, I would say.

11 BOARD MEMBER MARTINEZ: Madam Chair, didn't we  
12 have a letter from Gavin Newsom?

13 CHAIRPERSON ALDRICH: Yes.

14 BOARD MEMBER MARTINEZ: I have a lot of letters.

15 CHAIRPERSON ALDRICH: Ms. Morris, you had a  
16 question?

17 EXECUTIVE OFFICER MORRIS: My only intent was to  
18 clarify Bobby McDonald's question, but it wasn't directed  
19 to Ms. Maher. But it was, in fact, with regard to the  
20 \$7.8 million in tax bonds. We don't have a representative  
21 from the city here.

22 CHAIRPERSON ALDRICH: Ms. Sands, do you have any  
23 further questions?

24 BOARD MEMBER SANDS: No. Thank you.

25 CHAIRPERSON ALDRICH: Mr. Swinden, any further

1 questions on your end?

2 BOARD MEMBER SWINDEN: I don't think we have at  
3 this time.

4 BOARD MEMBER IMURA: I just wanted to make a  
5 comment.

6 You know, we've been down the road, quite a long  
7 road with you, with the Mexican Museum project. And I  
8 just want to say that I've seen I think a lot of  
9 improvement over the past several months in this project.  
10 And I just want to say that I'm feeling better about this  
11 project right now.

12 I'm really encouraged I think and -- I'm  
13 encouraged by the amount of local support that you've been  
14 able to garner. I know how difficult it is to do that  
15 kind of outreach and get that kind of support.

16 So I really appreciate all of the hard work that  
17 all of your leadership and your Board members have put  
18 into this. So I just wanted to say that I think you've  
19 come a long way from when we first started.

20 BOARD MEMBER MARTINEZ: I would also like to --

21 BOARD MEMBER IMURA: I'm kind of leaning in your  
22 direction. Don't make me sorry.

23 DR. YORBA: Keep leaning.

24 CHAIRPERSON ALDRICH: Ms. Martinez.

25 BOARD MEMBER MARTINEZ: I'd just like to say in

1 some of my remarks I've made at the last meeting, I first  
2 saw this museum when the collection had barely been  
3 organized to open at Fort Mason in the 70s. I'm not going  
4 to tell you how long ago that was for me.

5 But fast forward many, many years, here I am on  
6 this incredible Board really. And my first couple years  
7 on the Board, I struggled with the project. I mean, it  
8 just -- there were some issues and some problems, et  
9 cetera.

10 But I think at the heart of the project, the  
11 project tugged at all of our hearts, rather, because of  
12 the collection. I mean, this is an incredible, incredible  
13 collection. And now it has an opportunity to move into  
14 its own home soon in the next couple years.

15 You know, Dr. Yorba has done every single thing  
16 that this CCHE Board has demanded of the Mexican Museum.  
17 Everything, as outlined especially in his letter to Mimi  
18 September 19th. Submitted his completed audit. They  
19 hired an ED, as required. They amended and submitted  
20 revised 990s. They submitted a report showing progress on  
21 the pre-redevelopment plan, of which he has a huge  
22 five-pound notebook today. And he reported to Mimi and  
23 the CCHE staff on a monthly basis, as required.

24 We didn't say do all of that and come back and  
25 we're going to ask you to do more. We're going to ask you

1 to justify and substantiate every single penny and more.

2 And yet, that's what we're doing.

3 And I don't know -- you know, they're good  
4 questions, questions of funding and fiduciary matters.  
5 Okay. But, you know, I'm getting a little emotional here,  
6 because we've been through this, as Georgette said for  
7 several years. We've been down the road with the  
8 different ED or whoever came to talk to us. I think it's  
9 time to let this project succeed, go forward with our  
10 blessing, with our funds and move on.

11 And that's all I'm going to say.

12 CHAIRPERSON ALDRICH: Any further comments here?

13 Mr. Swinden, are there any comments from your  
14 location?

15 BOARD MEMBER SWINDEN: No. We have no comments  
16 here.

17 CHAIRPERSON ALDRICH: Ms. Sands?

18 BOARD MEMBER SANDS: No. No comments.

19 DEPUTY ATTORNEY GENERAL MOE: Stacey, could you  
20 ask Jim to check with the public?

21 CHAIRPERSON ALDRICH: Are there any comments from  
22 the public, Mr. Swinden?

23 BOARD MEMBER SWINDEN: No, not on this item.

24 CHAIRPERSON ALDRICH: Thank you.

25 Well, I have to say I did receive a call from



1 Senator Leno and Assemblymember Fiona Ma had called me.  
2 And, unfortunately, we were playing phone tag.

3 And I think over and over again you've shown  
4 support and improvement in moving forward. And I  
5 appreciate all the efforts that you all have made in  
6 meeting all the requirements, including this large tome  
7 here.

8 And given that these are very difficult times to  
9 raise any money for anything, I think that we have to take  
10 that into consideration when we're thinking about these  
11 issues, that this is very difficult. And what you've  
12 managed to accomplish is really impressive. Very  
13 impressive. So we need --

14 DELEGATE REYES: What's the action, Madam Chair?  
15 Because the staff recommendation is to remove the  
16 authority. So if we do nothing, they keep the funding?  
17 Do we need to take a positive action?

18 CHAIRPERSON ALDRICH: I think we have to have a  
19 motion to move forward on the funding, to approve the  
20 funding.

21 DEPUTY ATTORNEY GENERAL MOE: It's a reservation  
22 of funding. They have no grant from you. They have no  
23 approval from you at this point.

24 So it would require a motion to either approve  
25 the funding or a motion to remove the reservation of

1 funding. Or the third option would be to continue the  
2 reservation of funding.

3 DELEGATE REYES: Are they in a position where  
4 they could start using the money if the funding was  
5 provided? Or we're at the point -- this is my first  
6 meeting, so please excuse my ignorance.

7 Is this the time when we would either -- I'm not  
8 in a position to remove the reservation. I don't want to  
9 support. I want to support continuation of the  
10 reservation or the -- providing the grant.

11 CHAIRPERSON ALDRICH: Just for the Board members  
12 who are remote, when the question was asked could they  
13 spend the money, now are they ready, all the heads from  
14 the support for the Mexican Museum were shaking yes. So  
15 it sounds --

16 BOARD MEMBER SWINDEN: Say that again, please.

17 CHAIRPERSON ALDRICH: All of the heads were  
18 shaking yes, that they're ready to --

19 BOARD MEMBER SWINDEN: To what, though? We  
20 didn't get the question.

21 CHAIRPERSON ALDRICH: Ready to spend the money on  
22 the planning, the planning grants. They're ready to move  
23 forward on planning.

24 BOARD MEMBER SANDS: We haven't taken a vote.

25 CHAIRPERSON ALDRICH: Right. The question from

1 Mr. Reyes was what do we vote on. And we need a motion to  
2 either approve the funding --

3 BOARD MEMBER MARTINEZ: There's two Resolution.

4 CHAIRPERSON ALDRICH: Two in the packet.

5 BOARD MEMBER MC DONALD: Stacey. The Resolution  
6 we have in front of us, the one Resolution we have in  
7 front of us states that we should remove funding. And I  
8 guess the other one is of course B, which would be to give  
9 the funding. Which one are we -- what's the motion?

10 CHAIRPERSON ALDRICH: So we have to have someone  
11 from the Board move to either approve the funding or to  
12 remove the reservation.

13 DELEGATE REYES: I move to approve the funding.

14 BOARD MEMBER MARTINEZ: I second it.

15 CHAIRPERSON ALDRICH: So we have -- Mr. Reyes has  
16 put forward to approve the funding, and Carmen Martinez  
17 has seconded.

18 BOARD MEMBER SWINDEN: I would like to add an  
19 amendment to the approval, though.

20 This is Mr. Swinden.

21 I think that the there should be something,  
22 some -- during the funding process, some way to show good  
23 faith in the -- ability to the increasing of their  
24 contributions from individuals and corporates as opposed  
25 to strictly from governmental entities. I'm not quite

1 sure how that would be placed.

2 DELEGATE CASH: Maybe a monthly reporting on  
3 revenues coming in or a quarterly reporting.

4 DELEGATE REYES: Quarterly, biannual, something.

5 DELEGATE REYES: Quarterly.

6 BOARD MEMBER SWINDEN: We don't want biannual.  
7 We would be in 2012 then.

8 CHAIRPERSON ALDRICH: So quarterly?

9 BOARD MEMBER SWINDEN: I would accept quarterly  
10 reports as to their funding of their contributions  
11 successes to justify the money.

12 DELEGATE REYES: The maker of the Resolution  
13 accepts that amendment.

14 BOARD MEMBER IMURA: Could we say a first report  
15 at the end of the year and then quarterly thereafter?

16 BOARD MEMBER SWINDEN: That would be fine.

17 DELEGATE REYES: Yeah. That would work.

18 CHAIRPERSON ALDRICH: Okay. So it would be the  
19 first report at the end of the year regarding the funding  
20 of contributions successes and then quarterly after that.

21 And Mr. Reyes?

22 DELEGATE REYES: I accept that amendment.

23 DEPUTY ATTORNEY GENERAL MOE: I recommend that be  
24 added into the Resolution before it becomes final.

25 DELEGATE REYES: Yes.

1 CHAIRPERSON ALDRICH: So that will need to be  
2 added.

3 BOARD MEMBER IMURA: Do we vote on it today  
4 though?

5 DEPUTY ATTORNEY GENERAL MOE: Yes.

6 CHAIRPERSON ALDRICH: Is there any further  
7 discussion?

8 BOARD MEMBER SWINDEN: I'll so move it.

9 CHAIRPERSON ALDRICH: I think we're ready to  
10 vote.

11 PROJECT MANAGER SOUSA: Bryan Cash?

12 DELEGATE CASH: Yes.

13 PROJECT MANAGER SOUSA: Georgette Imura?

14 BOARD MEMBER IMURA: Aye.

15 PROJECT MANAGER SOUSA: Carmen Martinez?

16 BOARD MEMBER MARTINEZ: Aye.

17 PROJECT MANAGER SOUSA: Pedro Reyes?

18 DELEGATE REYES: Aye.

19 PROJECT MANAGER SOUSA: In Newport Beach, James  
20 Swinden?

21 BOARD MEMBER SWINDEN: Aye.

22 PROJECT MANAGER SOUSA: Robert McDonald?

23 BOARD MEMBER MC DONALD: No.

24 PROJECT MANAGER SOUSA: In Carson, Carla Sands?

25 BOARD MEMBER SANDS: No.

1 PROJECT MANAGER SOUSA: Stacey Aldrich?

2 CHAIRPERSON ALDRICH: Aye.

3 And how many -- I think we passed. Passed. The  
4 funding will be awarded with the reporting required.  
5 Thank you very much.

6 We are going to move on to the next item, which  
7 is 6.2.

8 EXECUTIVE OFFICER MORRIS: This is a request for  
9 an extension from the Northern California Indian  
10 Development Council.

11 And I'm not going to go into any details on this,  
12 other than it is an extension, given everybody's prior  
13 hearing of the information.

14 DELEGATE REYES: Move staff's approval -- staff  
15 recommendation.

16 CHAIRPERSON ALDRICH: Do we have a second?

17 BOARD MEMBER IMURA: I second.

18 CHAIRPERSON ALDRICH: Ms. Imura seconds.

19 Any discussions?

20 BOARD MEMBER SWINDEN: We didn't hear what's  
21 going on.

22 CHAIRPERSON ALDRICH: So we're on 6.2, which is a  
23 request to consider an extension for the Northern  
24 California Indian Development Council project, the Carson  
25 Block project. And Mr. Reyes has moved to approve and Ms.

1 Imura has seconded.

2 Are there any questions or discussion? If not, I  
3 think we can move on the vote.

4 PROJECT MANAGER SOUSA: Bryan Cash?

5 DELEGATE CASH: Yes.

6 PROJECT MANAGER SOUSA: Georgette Imura?

7 BOARD MEMBER IMURA: Aye.

8 PROJECT MANAGER SOUSA: Carmen Martinez?

9 BOARD MEMBER MARTINEZ: Aye.

10 PROJECT MANAGER SOUSA: Pedro Reyes?

11 DELEGATE REYES: Aye.

12 PROJECT MANAGER SOUSA: James Swinden in Newport  
13 Beach?

14 BOARD MEMBER SWINDEN: Aye.

15 PROJECT MANAGER SOUSA: Robert McDonald?

16 BOARD MEMBER MC DONALD: Aye.

17 PROJECT MANAGER SOUSA: In Carson, Carla Sands?

18 BOARD MEMBER SANDS: No.

19 PROJECT MANAGER SOUSA: And Stacey Aldrich?

20 CHAIRPERSON ALDRICH: Aye.

21 Okay. We're on the Item 7.

22 EXECUTIVE OFFICER MORRIS: Thank you.

23 This is to consider a material change or removal  
24 of funding due to changes in the project.

25 I'm not going to go through the entire staff

1 report. But I did want to go back to my reference during  
2 Agenda Item 5 with regard to the citation and the results  
3 of the audit regarding the Capital Unity Council's  
4 capacity to remain in business through October 2011.

5 As I stated, CCHE staff gave the Council the  
6 opportunity to respond to the inclusion in the audit and  
7 their response was as follows:

8 "We have reviewed the draft report from the  
9 Department of Finance and would like to provide some  
10 updates. If we are not able to construct the Unity Lab by  
11 June of 2012, it would cost about \$300,000 to update the  
12 plans and submit them to the Division of State Architect  
13 for approval.

14 "In addition, we have enough funding to remain in  
15 business through December of 2011."

16 The IAU -- the Council has changed its name to  
17 the Institute for Advancing Unity, or the IAU.

18 "The IAU Board is maintaining our lease agreement  
19 for the 16th and N Street property. And it is our  
20 intention to construct the Unity Lab by December of 2015."

21 I just wanted to incorporate that into your  
22 thinking on this.

23 CHAIRPERSON ALDRICH: Are there any questions  
24 from the remote sites? Mr. Swinden?

25 BOARD MEMBER SWINDEN: I don't believe so.



1 CHAIRPERSON ALDRICH: Ms. Sands?

2 BOARD MEMBER SANDS: No.

3 CHAIRPERSON ALDRICH: Are there any questions?

4 BOARD MEMBER MARTINEZ: I have a question. I'm  
5 confused. Mimi, help me.

6 Just a few weeks ago when we met, was the project  
7 on its way out? I mean, the Unity Council, correct?

8 EXECUTIVE OFFICER MORRIS: Right. I didn't read  
9 the whole staff report again. But basically the reason  
10 that staff is recommending that the grant agreement be  
11 terminated is because the grantee lost its major donor for  
12 the construction.

13 BOARD MEMBER MARTINEZ: Oh, that was it. Okay.

14 EXECUTIVE OFFICER MORRIS: And in addition to  
15 that, the exhibits that are proposed are not eligible  
16 exhibits.

17 DELEGATE REYES: They're no longer part of the  
18 capital outlay project. In the response you just read, it  
19 says they think they can get the construction still going  
20 by 2015.

21 EXECUTIVE OFFICER MORRIS: Right. There are two  
22 things that I cited.

23 One is that they really only envisioned being in  
24 business through the end of December of 2011 because of  
25 their financial situation. But there have been many years

1 that have been devoted to this project, as with many of  
2 our grantees. Many Board members have been committed for  
3 a decade trying to make this happen. And so I think there  
4 is still optimism.

5 BOARD MEMBER MARTINEZ: Thank you.

6 CHAIRPERSON ALDRICH: So it's to consider  
7 material change or to remove funding; is that right?

8 EXECUTIVE OFFICER MORRIS: Sorry. I don't know  
9 that the agenda was updated to correct it. It's that we  
10 proposed a material change back in December of 2010.  
11 Given the inability of the grantee to move forward on the  
12 construction project at this time and the unallowability  
13 of the proposed exhibits, staff reluctantly recommends  
14 that the Board terminate the grant agreement and allow the  
15 money to be used for other eligible projects on the wait  
16 list.

17 BOARD MEMBER IMURA: So nothing has actually  
18 changed since your recommendation?

19 EXECUTIVE OFFICER MORRIS: No. Well, I mean, the  
20 only change is that we had more time to go through the  
21 audit report, and we found the citation in the results  
22 section that brings into jeopardy their viability beyond  
23 the calendar year 2011.

24 BOARD MEMBER IMURA: But I mean, what they're  
25 proposing to use the money for is still not allowable,

1 right?

2 EXECUTIVE OFFICER MORRIS: Right.

3 BOARD MEMBER IMURA: Under the provisions of the  
4 bond act.

5 EXECUTIVE OFFICER MORRIS: As Board Member Reyes  
6 indicated, there is no building. There is no more capital  
7 asset projects related to the overall grant from CCHE.

8 DELEGATE CASH: Move approval.

9 CHAIRPERSON ALDRICH: Mr. Cash is moving approval  
10 of the recommendation to terminate the agreement.

11 DEPUTY ATTORNEY GENERAL MOE: You need to hear  
12 from the public.

13 CHAIRPERSON ALDRICH: I don't have any cards from  
14 the public.

15 DEPUTY ATTORNEY GENERAL MOE: You don't have  
16 anything down? Could you just say that for the record?

17 CHAIRPERSON ALDRICH: I don't have any public  
18 comments. Is there anyone in the audience? Okay. Thank  
19 you.

20 BOARD MEMBER SWINDEN: We have no public comments  
21 down here either.

22 CHAIRPERSON ALDRICH: Thank you. So call the  
23 vote.

24 DELEGATE CASH: We didn't have a second.

25 BOARD MEMBER MARTINEZ: Second it.

1 CHAIRPERSON ALDRICH: So Mr. Cash moved to  
2 approve the termination of the agreement and Carmen  
3 Martinez has seconded.

4 If there is no further discussion, we'll take a  
5 vote.

6 PROJECT MANAGER SOUSA: Bryan Cash?

7 DELEGATE CASH: Aye.

8 PROJECT MANAGER SOUSA: Georgette Imura?

9 BOARD MEMBER IMURA: Aye.

10 PROJECT MANAGER SOUSA: Carmen Martinez?

11 BOARD MEMBER MARTINEZ: Aye.

12 PROJECT MANAGER SOUSA: Pedro Reyes?

13 DELEGATE REYES: Aye.

14 PROJECT MANAGER SOUSA: James Swinden?

15 BOARD MEMBER SWINDEN: Aye.

16 PROJECT MANAGER SOUSA: Robert McDonald?

17 BOARD MEMBER MC DONALD: Aye.

18 PROJECT MANAGER SOUSA: Carla Sands?

19 BOARD MEMBER SANDS: Aye.

20 PROJECT MANAGER SOUSA: Stacey Aldrich?

21 CHAIRPERSON ALDRICH: Aye.

22 That's unfortunate.

23 Okay. We are moving on to number 8.

24 DR. HARRIS: I thought you were on 6.2.

25 CHAIRPERSON ALDRICH: No. We were on 7.

1 DR. HARRIS: You know, I didn't realize that.

2 CHAIRPERSON ALDRICH: If you'd like to say a few  
3 words.

4 What's the process?

5 DEPUTY ATTORNEY GENERAL MOE: My recommendation  
6 would be to allow him to speak. And then if any Board  
7 member wishes to have a vote for reconsideration, it would  
8 still be timely.

9 CHAIRPERSON ALDRICH: Thank you very much. So we  
10 do have someone who didn't hear which number we were on  
11 who's representing number 7. So we're going to go back to  
12 number 7.

13 According to process, we could have a Board  
14 member recommend reconsideration and take another vote.

15 So if you'd like to come forward and state your  
16 name.

17 DR. HARRIS: Yeah. I thought you were on 6.2. I  
18 went to the rest room real quick. So I didn't actually  
19 get to hear what Ms. Morris said. So could I hear that  
20 again?

21 EXECUTIVE OFFICER MORRIS: Yes.

22 What I said was that I wanted to pick up on my  
23 comments at the beginning of the meeting on Agenda Item  
24 5.0 in which we had shared the communication from OSAE,  
25 the Department of Finance OSAE, regarding the Council's

1 capacity to stay in business until October of 2011, and  
2 that we had given the Capital Unity Council the  
3 opportunity to respond. And I read your response, which I  
4 can't find right now.

5 DR. HARRIS: That's okay. So that's it. Okay.  
6 So anyway, I'm going to stand up for just a second, but  
7 then sit back down.

8 CHAIRPERSON ALDRICH: If you'd like to sit  
9 down --

10 DR. HARRIS: That's okay.

11 I have letters here from Senate Pro Tem Darrell  
12 Steinberg in support. I'd like to be able to give those  
13 out. And here's two for you.

14 CHAIRPERSON ALDRICH: Would you like to address  
15 the concern expressed by Ms. Morris, please?

16 DR. HARRIS: Yeah. So lots has happened this  
17 week. And the Board's made a commitment to stay in  
18 business until at least December 31st, 2015. And that's a  
19 critical date for us.

20 And then second, we just on Friday received  
21 \$65,000 in funding. And so you know, that's our  
22 commitment and the commitment of the Board to again raise  
23 enough funds so that we can stay in business to that time.

24 And now Susan McKee -- was there a question? No.  
25 Just a noise. Anyway, I'm listening to everything now.

1           Anyway, Susan McKee was to be here, but she has  
2 jury duty. So I'm going to represent her. She was going  
3 to present the letter from Darrell Steinberg. And  
4 basically, you know, what Darrell is talking about is  
5 leasing property. We had a meeting already, included the  
6 superintendent, Darrell, our Chair, et cetera, to lease  
7 property at the school district site on 47th and continue  
8 with the project. And then, you know, we have a lease  
9 agreement already with the school district for the 16th  
10 and N property. What we're looking at is the time line  
11 for the DSA authorization that we have, the permit that  
12 runs out in June of 2012. And I got an estimate of what  
13 it would take to update the plans to current code. It was  
14 about 300,000.

15           So basically, we're asking to extend the project  
16 and go ahead and work with staff to do a proposal about  
17 the leasing of the space and continue to work towards  
18 construction.

19           Now, our project is totally shovel ready. It has  
20 been since 2008. You know, DSA permitted. So it's fully  
21 there. It's about a 14-month building schedule. So gives  
22 you an idea of where we are.

23           Within the lease agreement, it does say that we  
24 need to be substantially constructed by December 31st,  
25 2015. So that's where we're getting that date. The lease

1 agreement for the property itself is two 25-year  
2 agreements.

3 EXECUTIVE OFFICER MORRIS: Madam Chair, may I ask  
4 a question of Dr. Harris?

5 Dr. Harris, in your response here, you indicated  
6 that you had funding remaining to remain in business  
7 through December of 2011.

8 DR. HARRIS: I know.

9 EXECUTIVE OFFICER MORRIS: But in your comment,  
10 you said you have money to stay in business until 2015.  
11 Is that a change in your situation?

12 DR. HARRIS: Yes. Yes. I said a lot happened  
13 this week and that on Friday as an example, 65,000 just  
14 came in. So we devised a plan working with Darrell and  
15 the Board to stay in business until 2015, yes.

16 CHAIRPERSON ALDRICH: So you would have the  
17 organizational structure to continue this project?

18 DR. HARRIS: Yes. Partly because the building is  
19 shovel ready. So, yes, we did.

20 DELEGATE CASH: But the project under  
21 consideration is for exhibits that are not eligible;  
22 correct?

23 EXECUTIVE OFFICER MORRIS: There are a couple of  
24 issues here. One is that the nature of the exhibits is in  
25 conflict with allowable expenditures under the CCHE



1 grants. That is, the exhibits are for software-related  
2 exhibits, which were not ever a thing that was considered  
3 to be allowable under CCHE grants.

4 The other problem is that the loss of funding for  
5 the construction of the building removes from the project  
6 that connectivity to a capital assets project that's  
7 necessary for our funding. So those are the two issues  
8 that make it not allowable for CCHE funds.

9 DR. HARRIS: So we would not be asking for  
10 anything that was computer-related, interactive. It would  
11 be strictly content-related as far as the exhibits. It's  
12 the same, and it would just be content related. We're not  
13 asking to purchase computer equipment, software,  
14 interface, whatever.

15 EXECUTIVE OFFICER MORRIS: I think one of the  
16 issues is we can't do content development. But then even  
17 regardless of the exhibits, the overarching problem is the  
18 lack of a capital assets project. Back in the earlier  
19 days of the CCHE when decisions were made about allowing  
20 the sponsorship of exhibits, that was always made in  
21 conjunction with a building project. And that the  
22 building project was at least a super majority of the  
23 funding. In this situation, there is no more building.  
24 So that's the issue that staff raises.

25 CHAIRPERSON ALDRICH: So that was the material

1 change, the beginning material change. What was the  
2 original?

3 EXECUTIVE OFFICER MORRIS: The material change  
4 goes back to a conversation in July of 2010 and then  
5 further conversation in December of 2010 staff, having  
6 identified the unallowability of the exhibits, proposed  
7 instead that the applicant approach the Board and request  
8 a material change so that the \$1.5 million could be  
9 utilized for construction instead of the exhibits so that  
10 the grantee would be still allowed to use the CCHE money.

11 And then that was brought before the Board in  
12 April, but the applicant requested that the issue be held  
13 over until the fall until this meeting. And then just  
14 before the September meeting, the applicant informed staff  
15 that they had lost their major donor so they would not be  
16 able to proceed with the construction. In the absence of  
17 their ability to proceed with the construction, our  
18 ability to participate in that also dropped out.

19 DR. HARRIS: I'd like the Board --

20 DELEGATE SPEHN: It sounds like there is new  
21 information today, however, that staff haven't had time to  
22 work through with the applicant.

23 CHAIRPERSON ALDRICH: Uh-huh.

24 DR. HARRIS: So I'd like the Board to recall the  
25 last time I was at the Board meeting in Richmond, and we

1 were going to move forward on the approval of that. And  
2 I'm the one who said as a Board member I wouldn't move  
3 forward on it. I would table it, because developers are  
4 difficult to predict. And I just want you to know that to  
5 say that, you know, I try to be as transparent and honest  
6 and up front as I can. And this is the commitment that we  
7 have today. It isn't the commitment that we had last  
8 Wednesday. So it is a significant change. And I  
9 recognize that.

10 DELEGATE CASH: So I have a question. Is there  
11 going to be a construction project?

12 DR. HARRIS: That's -- you know, what Darrell  
13 articulates in the first paragraph that the construction  
14 project itself is again shovel ready. It's a matter of  
15 getting the pledges in order to do it. As you identified  
16 earlier in the meeting, it's a difficult time for  
17 fund-raising.

18 Basically, what we're asking is that you give us  
19 that time so that we can continue to work to get what we  
20 need to move forward.

21 CHAIRPERSON ALDRICH: Ms. Martinez.

22 BOARD MEMBER MARTINEZ: Mimi, you so nicely  
23 reviewed for me the action of -- or staff's report from  
24 the last meeting. At our last meeting, was this project  
25 shovel ready as it is today? Even though we didn't know

1 about the \$65,000? I'm getting confused.

2 EXECUTIVE OFFICER MORRIS: I think we have to  
3 define shovel ready. I think this project has always been  
4 shovel ready since they approached the Office of the State  
5 Architect or the Division of the State Architect in June  
6 of 2008. The problem is that they don't have the money to  
7 construct the project.

8 The concern about their capacity as an  
9 organization is separate from their ability to move  
10 forward with the project. They don't currently have  
11 anybody standing in the wings ready to write them a check  
12 or give them any money for the construction project.  
13 That's the primary issue.

14 The audit cited their viability as an  
15 organization, and staff felt compelled to bring that to  
16 the attention of the Board. This new information about  
17 their potential survival as an organization does not  
18 change their capacity to build the building. This is  
19 still in that optimistic stage of considering that they'd  
20 be able to have some donor come forth or some combination  
21 of donors with \$10 million or more to be able to finance  
22 the construction of the building. And so my answer in  
23 short form is no.

24 BOARD MEMBER MARTINEZ: Thank you.

25 BOARD MEMBER IMURA: I have a question.

1           CHAIRPERSON ALDRICH: Ms. Imura.

2           BOARD MEMBER IMURA: At the last meeting, on the  
3 staff report that was presented at the last meeting and  
4 the one that we have before us right now, it says that the  
5 grantee is requesting to install the exhibits at a high  
6 school ten miles outside of downtown Sacramento. And in  
7 Senator Steinberg's letter, it says that they have a lease  
8 agreement with Sacramento City Unified School District at  
9 the Serna Center. Are we talking about now a different  
10 location?

11           DR. HARRIS: Yes.

12           BOARD MEMBER IMURA: Where you are proposing  
13 to --

14           DR. HARRIS: It's a more central location rather  
15 than just one high school within the district. It's the  
16 district office, you know, where we have programs like  
17 that.

18           DELEGATE REYES: The same issue stands though.  
19 If appropriate use of the funds when you don't have -- it  
20 would be a different story.

21           I apologize.

22           It would be a different story if this were a new  
23 project or if you did not get 16th and N and you had 20th  
24 and Q and you were going to build there instead. And that  
25 would then be part of the capital outlay, and then you

1 also bring in the exhibits.

2 But to bring in the exhibits as a stand-alone is  
3 not part of the capital outlay. So it doesn't matter  
4 whether it's 100 yards from here or ten miles from here,  
5 you are putting it not as part of the capital outlay. So  
6 the stand-alone exhibit is -- that's the bullet you point  
7 to as part of the audit. Just so I understand.

8 CHAIRPERSON ALDRICH: But I think what I'm  
9 hearing you say, Dr. Harris, is that you are building?  
10 The money would be used for construction? Or is it the  
11 exhibits?

12 DR. HARRIS: What the staff proposed, yes, we'd  
13 like to be able to move forward on. And in the mean time,  
14 what we would like to do is lease space so that we can  
15 have the exhibits in the space and then move forward to  
16 construct the building. I mean, yes, that is our  
17 proposal. That is what Senator Steinberg is saying.

18 EXECUTIVE OFFICER MORRIS: May I, Madam Chair?

19 CHAIRPERSON ALDRICH: Yes.

20 EXECUTIVE OFFICER MORRIS: The staff's proposal,  
21 the one you're referencing, is that the proposal to  
22 request a material change of the Board for the use of the  
23 funds?

24 DR. HARRIS: No -- yes, but to the material  
25 change for construction rather than the exhibits, yes.

1 That's what I'm referring to.

2 EXECUTIVE OFFICER MORRIS: So the desire is to  
3 have the funding from the CCHE be utilized for  
4 construction instead of for the exhibits, with the  
5 construction being at some point between now and 2015?

6 DR. HARRIS: Yes.

7 BOARD MEMBER MARTINEZ: Well, Ms. Morris, what  
8 did you say about the exhibits? You said something about  
9 the exhibits that they didn't meet our criteria.

10 EXECUTIVE OFFICER MORRIS: Yes. The exhibits --  
11 the exhibits are problematic. They're not allowable  
12 according to our criteria because of the inclusion of  
13 software and content development programing, a variety of  
14 elements that make them not allowable.

15 But the applicant is suggesting instead that they  
16 are amenable to the prior concept of a material change and  
17 that the funding go back or -- it's hard to know what your  
18 base line is. But go back do that point in December of  
19 2010 that the money be allowed for construction at some  
20 point in the next four years, when the money would  
21 materialize.

22 BOARD MEMBER IMURA: They don't have the money  
23 for the construction?

24 EXECUTIVE OFFICER MORRIS: No money for the  
25 construction is in hand now.

1           BOARD MEMBER IMURA: The only money -- if we  
2 approved the material change, the only money that you  
3 would have in hand for construction would be the 1.4  
4 million from CCHE?

5           DR. HARRIS: Yes.

6           BOARD MEMBER MARTINEZ: I'm just worried this  
7 whole project doesn't sound like what it was originally as  
8 part of the criteria and guidelines of the application.  
9 So if it's like a whole new vision --

10          DR. HARRIS: There is nothing that's been changed  
11 since the original application, since the original  
12 approval by the Board. Absolutely nothing. And it's the  
13 interpretation of the regulations that is different.  
14 Because the same people, the previous Executive Director,  
15 this Executive Director signed off on. So it's not a new  
16 project. There is nothing in it that's new.

17          We understand that if we want to include computer  
18 equipment, et cetera, we have to buy that separate from  
19 CCHE. We understand that. It's not allowable. We  
20 understand that. But the project is identical to what it  
21 was originally.

22          DELEGATE CASH: I have a question. Mimi, when do  
23 our funds have to be expended?

24          EXECUTIVE DIRECTOR MORRIS: They need to be  
25 encumbered and expended by June 30th, 2013.



1 DELEGATE CASH: 2013.

2 EXECUTIVE OFFICER MORRIS: So that's a little  
3 less than two years.

4 DELEGATE CASH: And the best estimate for  
5 construction right now is 2015; right?

6 DR. HARRIS: No. What it is is that's our  
7 deadline that we have to meet as part of our lease  
8 agreement with the district. It could be in 2012. It  
9 could be in 2013.

10 DELEGATE CASH: Just so I get an idea of the  
11 whole picture.

12 DR. HARRIS: Yes.

13 DELEGATE CASH: You would need to raise how much  
14 money between now and when you start construction of the  
15 building?

16 DR. HARRIS: Ten million.

17 DELEGATE CASH: Ten million.

18 CHAIRPERSON ALDRICH: Ms. Moe --

19 DELEGATE CASH: How much do you have on hand  
20 right now?

21 DR. HARRIS: About 360,000.

22 DELEGATE CASH: What is the plan to raise the ten  
23 million?

24 DR. HARRIS: Well, there have been a variety of  
25 those. And mostly, they've been through various

1 developers. You know, the latest one, as Ms. Morris said,  
2 didn't come to fruition. And as I told the Board, be  
3 careful. You know, they don't come to fruition a lot of  
4 times. And the worse the economy gets, the bigger that  
5 issue is out there. And I understand that.

6 DELEGATE CASH: You just voiced my concern.

7 DR. HARRIS: Right. I understand that.

8 CHAIRPERSON ALDRICH: Ms. Moe.

9 DEPUTY ATTORNEY GENERAL MOE: I just wanted to  
10 clarify, there is a very significant change in  
11 circumstances. As Ms. Morris previously explained, when  
12 this started out, there was a grant application for  
13 construction of the building and grant application for  
14 exhibits that would be attached to the construction of new  
15 capital asset. That building is no longer being built.  
16 We not only don't have anything that tells us it's going  
17 to be built, but we're being told by the applicant that  
18 the funding that they counted on for that is no longer  
19 there. There is a big change in that in terms of  
20 circumstances, which is analytically significant because  
21 of the legal limitations on the CCHE's ability to spend  
22 bond funds. It has to be for something that comes within  
23 the definition of capital assets. And to the extent there  
24 was any sense that that might have been allowed  
25 previously, you've had several staff of course explain

1 that was an error and the Board is really bound by the  
2 bond law, not by their understanding of it. So I just  
3 wanted to clarify that.

4 CHAIRPERSON ALDRICH: Thank you.

5 Mr. Swinden, are there any questions from your --

6 DELEGATE SPEHN: This is Deanna. We've allowed  
7 an applicant to modify their request and accommodated  
8 change to circumstances, and it seems to me that we could  
9 afford this applicant at least until our next meeting to  
10 meet with staff and satisfy staff's concerns and Marian's  
11 concerns and bring it back to the Board at that time.

12 CHAIRPERSON ALDRICH: Any other comments from  
13 Ms. Sands?

14 BOARD MEMBER SANDS: No comment.

15 CHAIRPERSON ALDRICH: So at this point, we would  
16 need to have someone put forth a motion to reconsider or  
17 to stand with our previous --

18 DEPUTY ATTORNEY GENERAL MOE: You don't need a  
19 motion to stay.

20 CHAIRPERSON ALDRICH: It's quiet on the western  
21 front. If there are no motions, then the previous vote  
22 stands.

23 DEPUTY ATTORNEY GENERAL MOE: Correct.

24 CHAIRPERSON ALDRICH: Sorry. Thank you for being  
25 here. Sorry.

1           Now we are moving to Item 8.

2           EXECUTIVE OFFICER MORRIS: I just want to  
3 reiterate it is a very difficult decision. And we feel  
4 very, very sorry for everybody who's given so much of  
5 their life towards this project and wish we could make it  
6 a different choice.

7           Number 8 is a Round 4 project previously approved  
8 for funding. And this particular grantee is located on  
9 Santa Catalina Island, located off the coast of Los  
10 Angeles. It is the Eagles Nest Lodge restoration. This  
11 is, in fact, a material change request.

12           And I believe I read through all of this last  
13 time, and we also have the Executive Director of the  
14 Catalina Island Conservancy in existence.

15           I think the only change is that we have  
16 additional -- an additional photograph, an architect's  
17 rendering of the lodge site in your materials, which shows  
18 the proposed building. The material change is to --

19           DELEGATE REYES: Madam Chair, I move approval of  
20 staff's recommendation on this item.

21           DELEGATE CASH: Second.

22           CHAIRPERSON ALDRICH: All right. Any discussion?

23           BOARD MEMBER SWINDEN: Madam Chair, just so you  
24 know, we do have somebody to speak to the project.  
25 They're available to answer questions.

1           CHAIRPERSON ALDRICH: Okay. Would they like to  
2 say anything? If you'd like to put the person who has  
3 attended their name on the record, that would be great

4           BOARD MEMBER SWINDEN: The person here is Ann  
5 Muscat. She is President and CEO of the Catalina Island  
6 Conservancy. She is here to answer questions if anybody  
7 has any.

8           BOARD MEMBER SANDS: This is Carla Sands. I have  
9 a question.

10          CHAIRPERSON ALDRICH: Okay.

11          BOARD MEMBER SANDS: I understand that the  
12 proposal is to move the project away from the floodplain  
13 and that the present setting is beautiful but prone to  
14 flooding; is that correct.

15          MS. MUSCAT: That's correct.

16          BOARD MEMBER SANDS: Does the new location have  
17 any source of natural water, like a stream or anything  
18 like that?

19          MS. MUSCAT: No. We've been engaged in the  
20 master planning process for that entire middle ranch area.  
21 And we carefully looked for a new location that was along  
22 the same stagecoach road, not very far away, and it does  
23 not have any streams or riparian corridors running through  
24 it.

25          BOARD MEMBER SANDS: Other than that, is it the

1 same attractive natural setting?

2 MS. MUSCAT: It's exactly the same. This is a  
3 very undeveloped area with rolling hills and vegetation,  
4 chaparral and trees. And it has exactly the same feel to  
5 it as the existing location. And it's our intention to  
6 mark the existing location with interpretation as well.  
7 But they're both very much rural undeveloped sites.

8 BOARD MEMBER SANDS: Do you feel that moving it,  
9 like it's stated in the notes, that moving it will secure  
10 the exhibition for generations to come without the same  
11 kind of expensive repair and upkeep that it has in the  
12 floodplains?

13 MS. MUSCAT: We do. We feel very confident in  
14 that. So confident that in this area we're also moving  
15 some other activities of the Conservancy to really create  
16 this wonderful critical mass of cultural experiences for  
17 the public. So we do feel very confident in that. Thank  
18 you.

19 CHAIRPERSON ALDRICH: Okay. Well, we already  
20 have a motion to approve and a second. So let's go for  
21 the vote.

22 PROJECT MANAGER SOUSA: Bryan Cash?

23 DELEGATE CASH: Aye.

24 PROJECT MANAGER SOUSA: Georgette Imura?

25 BOARD MEMBER IMURA: Aye.

1 PROJECT MANAGER SOUSA: Carmen Martinez?

2 BOARD MEMBER MARTINEZ: Aye.

3 PROJECT MANAGER SOUSA: Pedro Reyes?

4 DELEGATE REYES: Aye.

5 PROJECT MANAGER SOUSA: James Swinden?

6 BOARD MEMBER SWINDEN: Aye.

7 PROJECT MANAGER SOUSA: Robert McDonald?

8 BOARD MEMBER MC DONALD: Aye

9 PROJECT MANAGER SOUSA: Carla Sands?

10 BOARD MEMBER SANDS: Aye.

11 PROJECT MANAGER SOUSA: Stacey Aldrich?

12 CHAIRPERSON ALDRICH: Aye.

13 At this point I'd like to take a five-minute  
14 break and we'll return. Five minutes and we'll come back.

15 (Whereupon a recess was taken.)

16 CHAIRPERSON ALDRICH: Welcome back. We're going  
17 to get started again.

18 So because it was very unfortunate that we had to  
19 terminate the agreement with Capital Unity Council,  
20 there's now 1.4 million available that can be put forth  
21 for other projects. So that would be moving to Item 9 and  
22 9.1.

23 I believe -- Mimi, if you could refresh us.

24 EXECUTIVE OFFICER MORRIS: 9.1 is for a total of  
25 \$140,800. At the April meeting, they received a partial

1 award of \$100,000. And now this request is to approve the  
2 remainder of 40,800 for the Isleton Brannan Andrus  
3 Historical Society and the project is the Bing Kong  
4 stabilization.

5 CHAIRPERSON ALDRICH: And we do two folks here  
6 from the project: Mr. Chuck Hasz and Ms. Karen  
7 Franscioni. So if you'd like to say a few words.

8 MS. FRANSCIONI: I'm Karen Franscioni, the  
9 President of the Isleton Historical Society.

10 Madam Chair, Board members, thank you. Very  
11 simple. I'm not going the cry, because I didn't bring my  
12 Kleenex today. I'm going to say thank you very much. I'm  
13 hoping you will award us the remainder of our grant so we  
14 can go forward. Thank you.

15 CHAIRPERSON ALDRICH: Are there any questions  
16 from our remote sites regarding this project?

17 BOARD MEMBER SWINDEN: We have none here.

18 BOARD MEMBER IMURA: I move the resolution.

19 DELEGATE REYES: Second.

20 CHAIRPERSON ALDRICH: So Ms. Imura moves to  
21 approve and Mr. Reyes seconds.

22 So no further discussion, we need to take a vote.

23 PROJECT MANAGER SOUSA: Bryan Cash?

24 DELEGATE CASH: Aye.

25 PROJECT MANAGER SOUSA: Georgette Imura?



1 BOARD MEMBER IMURA: Aye.

2 PROJECT MANAGER SOUSA: Carmen Martinez?

3 BOARD MEMBER MARTINEZ: Here. I mean yes.

4 PROJECT MANAGER SOUSA: Pedro Reyes?

5 DELEGATE REYES: Aye.

6 PROJECT MANAGER SOUSA: James Swinden?

7 BOARD MEMBER SWINDEN: Aye.

8 PROJECT MANAGER SOUSA: Robert McDonald?

9 BOARD MEMBER MC DONALD: Aye.

10 PROJECT MANAGER SOUSA: Carla Sands?

11 BOARD MEMBER SANDS: Aye.

12 PROJECT MANAGER SOUSA: Stacey Aldrich?

13 CHAIRPERSON ALDRICH: Aye.

14 So we have approved funding.

15 MS. FRANSCIONI: Thank you.

16 MR. HASZ: Thank you very much.

17 CHAIRPERSON ALDRICH: Next is 9.2.

18 EXECUTIVE OFFICER MORRIS: I'm not going to read  
19 all of these. We've gone through them before. This is  
20 for 250,000. And it's for the adaptive reuse of the 16th  
21 Street Train Station in Oakland. I've got it listed here  
22 as San Francisco, but it's actually Oakland.

23 DELEGATE REYES: May I ask a procedural question?  
24 We have 1.4 because of the Unity funds. This exceeds 1.4.  
25 This is closer to 2.2 million of the project; is that

1 correct?

2 EXECUTIVE OFFICER MORRIS: We're only going to be  
3 able to go down to 9.5.

4 DELEGATE REYES: They're in priority order?

5 EXECUTIVE OFFICER MORRIS: There was a  
6 competition for Round 4 in April of 2010. The Board  
7 determined a wait list with priority order.

8 DELEGATE REYES: Thank you. I assumed so, but I  
9 just wanted to make sure. Thank you.

10 CHAIRPERSON ALDRICH: I think we have someone  
11 here for this project.

12 MS. WHITMAN: Yes. I'm Frankie Whitman. I'm a  
13 consultant to BRIDGE Housing, which is the owner of the  
14 16th Street Station in East Oakland.

15 And I just wanted to say that timing is  
16 everything, because we are being awarded \$1.3 million from  
17 the City of Oakland Redevelopment Agency, but it's a  
18 dollar for dollar match. So in addition to the existing  
19 match that we already have for this project, this  
20 leverages an additional 250,000 which will allow us to not  
21 only stop the water intrusion and secure the building, but  
22 will actually help us to begin the redevelopment to make  
23 it a more sustainable project.

24 I also wanted to let you know in July of this  
25 year, we had a public event to kick off our redevelopment.

1 We had anticipated about 300,000 -- 300 people from the  
2 community coming, and we had over 1500 people come. And  
3 there's tremendous support in the community for this  
4 project. So I look forward to your positive vote and  
5 beginning work.

6 BOARD MEMBER MARTINEZ: Can I say something? I'd  
7 like to add comment to my colleagues of the Board.

8 I was one of those 1500 in the late summer. It's  
9 a fabulous project. It's the kind of work we've all seen  
10 progress from the ramshackle condition that this train  
11 depot was in this to what it looks like now. The whole  
12 baggage area is in tact, the original wood, original  
13 flooring. It's very well preserved.

14 They have a lot of work to do. I'm very  
15 heartened by this, as I live in Oakland. And I know what  
16 this is going to do for West Oakland. And by evidence of  
17 this fund-raiser this last summer, you're well on your way  
18 to success.

19 CHAIRPERSON ALDRICH: Thank you. Any questions  
20 from remote locations, Mr. Swinden?

21 BOARD MEMBER SWINDEN: We have no questions here.

22 PROJECT MANAGER SOUSA: Ms. Sands?

23 BOARD MEMBER SANDS: I had a comment. It's a  
24 wonderful project, but I was almost feeling like the  
25 funding shouldn't come through because it's going to be

1 such an expensive project. But hearing the progress that  
2 the group is making, I'm just so excited for them and  
3 optimistic now. Because in these hard times, if they can  
4 find the funding to get it done, that's a wonderful thing.

5 CHAIRPERSON ALDRICH: Thank you.

6 BOARD MEMBER MARTINEZ: I'd like to move approval  
7 of the funding, Madam Chair.

8 BOARD MEMBER IMURA: Second.

9 BOARD MEMBER SANDS: Second.

10 CHAIRPERSON ALDRICH: Ms. Sands seconds, and  
11 we'll go forward the vote.

12 PROJECT MANAGER SOUSA: Bryan Cash?

13 DELEGATE CASH: Aye.

14 PROJECT MANAGER SOUSA: Georgette Imura?

15 BOARD MEMBER IMURA: Aye.

16 PROJECT MANAGER SOUSA: Carmen Martinez?

17 BOARD MEMBER MARTINEZ: Aye.

18 PROJECT MANAGER SOUSA: Pedro Reyes?

19 DELEGATE REYES: Aye.

20 PROJECT MANAGER SOUSA: James Swinden?

21 BOARD MEMBER SWINDEN: Aye.

22 PROJECT MANAGER SOUSA: Robert McDonald?

23 BOARD MEMBER MC DONALD: Aye.

24 PROJECT MANAGER SOUSA: Carla Sands?

25 BOARD MEMBER SANDS: Aye.

1 PROJECT MANAGER SOUSA: Stacey Aldrich?

2 CHAIRPERSON ALDRICH: Aye.

3 All right. Approval for the BRIDGE development  
4 corporation.

5 MS. WHITMAN: Thank you very much.

6 CHAIRPERSON ALDRICH: We are moving on to Item  
7 9.3, the Vallejo Community Arts Foundation.

8 CHAIRPERSON ALDRICH: So this is 9.3. It's the  
9 \$350,000 for Vallejo to improve stage lighting, upgrade  
10 the projection system, and provide for stage and  
11 production upgrades for ADA, et cetera.

12 CHAIRPERSON ALDRICH: We do have someone here  
13 representing the project. Mr. Kerry Benthall.

14 MR. BENTHALL: Thank you. I'm Kerry Benthall  
15 with the Board of Trustees for the Vallejo Community Arts  
16 Foundation. I appreciate the time to speak here.

17 This is a project you'd be very proud of. In  
18 fact, this week is the hundredth anniversary of the  
19 Empress Theatre. This is when it was constructed 100  
20 years ago, this week. And its first performance would be  
21 Valentine's Day next year. So that was Burlesque. We  
22 don't have that anymore.

23 So we have -- these funds enable us to establish  
24 more venue for other entertainment that comes through,  
25 such as ballet, symphony. We had the Vallejo symphony for

1 the very first time at the theatre. And we have 477 seats  
2 and we sold 489 tickets. So we had the Mayor bought the  
3 last two tickets, as he was thinking he was getting in the  
4 door easily.

5 So this is a theatre that has been restored  
6 completely. It is now needing to be about built out to  
7 accept other works of art, such as dance and symphony,  
8 plays, et cetera. So this 350,000 comes at a time when we  
9 can actually make this a very sustainable theatre. It's  
10 100 percent volunteer support. Not one paid employee. So  
11 that's how we are continuing to support this theatre. And  
12 we appreciate your positive vote for this. Thank you.  
13 I'm available for any questions.

14 CHAIRPERSON ALDRICH: Are there any questions?  
15 Any questions from the remote locations, Mr. Swinden?

16 BOARD MEMBER SWINDEN: We have none here.

17 CHAIRPERSON ALDRICH: Ms. Sands?

18 BOARD MEMBER SANDS: No.

19 CHAIRPERSON ALDRICH: Okay

20 DELEGATE REYES: Move staff's recommendation.

21 CHAIRPERSON ALDRICH: Do I hear a second?

22 BOARD MEMBER IMURA: Second.

23 CHAIRPERSON ALDRICH: Second from Ms. Imura.

24 We'll go for the vote.

25 PROJECT MANAGER SOUSA: Bryan Cash?

1 DELEGATE CASH: Aye.

2 PROJECT MANAGER SOUSA: Georgette Imura?

3 BOARD MEMBER IMURA: Aye.

4 PROJECT MANAGER SOUSA: Carmen Martinez?

5 BOARD MEMBER MARTINEZ: Aye.

6 PROJECT MANAGER SOUSA: Pedro Reyes?

7 DELEGATE REYES: Aye.

8 PROJECT MANAGER SOUSA: James Swinden?

9 BOARD MEMBER SWINDEN: Aye.

10 PROJECT MANAGER SOUSA: Robert McDonald?

11 BOARD MEMBER MC DONALD: Aye.

12 PROJECT MANAGER SOUSA: Carla Sands?

13 BOARD MEMBER SANDS: Aye.

14 PROJECT MANAGER SOUSA: Stacey Aldrich?

15 CHAIRPERSON ALDRICH: Aye.

16 Okay. Thank you very much.

17 The next is 9.4.

18 EXECUTIVE OFFICER MORRIS: 9.4 is the City of  
19 Santa Cruz Redevelopment Agency. This is for the Tannery  
20 Arts Center \$300,000 to consider approval of funding for  
21 the rehabilitation of the Tanyard Building and the Beam  
22 House in Santa Cruz.

23 CHAIRPERSON ALDRICH: We do have Ms. Katherine  
24 Donovan here, if you'd like to say a few words.

25 MS. DONOVAN: I spoke at the September 29th

1 meeting, so I'll just state very briefly that this is a  
2 project that is a rehabilitation of the historic tannery.  
3 It was the -- when it closed in 2003, was the oldest  
4 tannery west of the Mississippi.

5           It is now two parts completed. We have the 100  
6 units of affordable housing for artists have been  
7 constructed, and we have just completed the rehabilitation  
8 of the Tanyard and Beam House buildings. And we had a  
9 wonderful three-weekend event, the open studios, which is  
10 a county-wide arts event in the Santa Cruz County. Many  
11 of the spaces in the Tanyard and Beam House buildings were  
12 used as open studios. It's a competitive event. So being  
13 allowed to have an open studio in this event is quite an  
14 honor.

15           We would now like to proceed with the  
16 rehabilitation of a third historic building, which is the  
17 Kron house, the residence of the original tanyard owners,  
18 the tannery owners. And we have our building permit  
19 documents are in the building vision. We are in the  
20 process of making the final changes to respond to  
21 comments, and we'll be moving forward with the bidding on  
22 that hopefully next month.

23           DELEGATE CASH: Move approval.

24           CHAIRPERSON ALDRICH: Okay Mr. Cash moves  
25 approval. Do I hear a second?



1 BOARD MEMBER MARTINEZ: Second

2 CHAIRPERSON ALDRICH: Martinez seconds.

3 Are there any questions?

4 DELEGATE REYES: I do, if I may. I notice that  
5 the City of Santa Cruz Redevelopment Agency is involved.  
6 Same question, if the Redevelopment Agency would continue  
7 post the Supreme Court decision if it were not to go your  
8 way?

9 MS. DONOVAN: Yes.

10 DELEGATE REYES: And second question is the tax  
11 increment committed to this project, when was that made?

12 MS. DONOVAN: There's actually no tax increment  
13 committed to -- well, I shouldn't say that. That's very  
14 little tax increment committed to this project. With  
15 received \$6.7 million ARRA grant for the project. And  
16 that has been the main source of funding and the match for  
17 the CCHE funds.

18 DELEGATE REYES: Thank you.

19 CHAIRPERSON ALDRICH: Any further questions from  
20 the remote locations? Mr. Swinden?

21 BOARD MEMBER SWINDEN: We have none.

22 CHAIRPERSON ALDRICH: Ms. Sands?

23 BOARD MEMBER SANDS: No.

24 CHAIRPERSON ALDRICH: Okay. Thank you. Call the  
25 vote.

1 PROJECT MANAGER SOUSA: Bryan Cash?

2 DELEGATE CASH: Aye.

3 PROJECT MANAGER SOUSA: Georgette Imura?

4 BOARD MEMBER IMURA: Aye.

5 PROJECT MANAGER SOUSA: Carmen Martinez?

6 BOARD MEMBER MARTINEZ: Aye.

7 PROJECT MANAGER SOUSA: Pedro Reyes?

8 DELEGATE REYES: Aye.

9 PROJECT MANAGER SOUSA: Jim Swinden?

10 BOARD MEMBER SWINDEN: Aye.

11 PROJECT MANAGER SOUSA: Robert McDonald?

12 BOARD MEMBER MC DONALD: Aye.

13 PROJECT MANAGER SOUSA: Carla Sands?

14 BOARD MEMBER SANDS: No.

15 PROJECT MANAGER SOUSA: Stacey Aldrich?

16 CHAIRPERSON ALDRICH: Aye.

17 MS. DONOVAN: Thank you very much.

18 CHAIRPERSON ALDRICH: And 9.5, is that the last  
19 one that we can -- furthest we can go up to?

20 EXECUTIVE OFFICER MORRIS: If 9.5 is approved, we  
21 would have a balance of 210,000, which is less than the  
22 amount for 9.6.

23 DELEGATE REYES: Can we do partial funding?

24 EXECUTIVE OFFICER MORRIS: It is possible, but  
25 staff spoke with the principal of at the Rural Media Arts

1 and Education Project last Friday, and he requested that  
2 they be given a little more time to demonstrate their  
3 financial capacity. They are having some financial  
4 issues, and they feel they'll be resolved by the spring  
5 time. They had a federal grant be removed from them. And  
6 staff appreciates their honesty about their financial  
7 situation.

8 DELEGATE REYES: Yeah. I was going to say that's  
9 fantastic. Most people would have taken the haircut and  
10 put it on the end.

11 CHAIRPERSON ALDRICH: Okay. So 9.5, the  
12 Fullerton Historic Theatre Foundation.

13 DELEGATE REYES: Move approval.

14 BOARD MEMBER SWINDEN: We have one person to  
15 speak on it.

16 CHAIRPERSON ALDRICH: Okay. Great. If you'd  
17 like to state your name and your affiliation, please, for  
18 the record.

19 MR. TICE: Thank you. Tom Tice, Vice President  
20 of Fullerton Historic Theatre Foundation and also CCHE  
21 project manager on the grant.

22 I just want to say thank you very much for so far  
23 the \$722,000 we've received from CCHE and we sure  
24 appreciate it. And we ask for your support on the  
25 additional \$300,000. Thank you.

1 CHAIRPERSON ALDRICH: Thank you. Mr. Reyes, are  
2 you

3 DELEGATE REYES: I move.

4 DELEGATE CASH: Second.

5 CHAIRPERSON ALDRICH: Mr. Reyes has moved to  
6 approve. Mr. Cash has seconded. Any other questions?

7 BOARD MEMBER SWINDEN: We have none here.

8 CHAIRPERSON ALDRICH: Ms. Sands?

9 BOARD MEMBER SANDS: None.

10 CHAIRPERSON ALDRICH: Okay. Thank you call the  
11 vote.

12 PROJECT MANAGER SOUSA: Bryan Cash?

13 DELEGATE CASH: Aye.

14 PROJECT MANAGER SOUSA: Georgette Imura?

15 BOARD MEMBER IMURA: Aye.

16 PROJECT MANAGER SOUSA: Carmen Martinez?

17 BOARD MEMBER MARTINEZ: Aye.

18 PROJECT MANAGER SOUSA: Pedro Reyes?

19 DELEGATE REYES: Aye.

20 PROJECT MANAGER SOUSA: James Swinden?

21 BOARD MEMBER SWINDEN: Aye.

22 PROJECT MANAGER SOUSA: Robert McDonald?

23 BOARD MEMBER MC DONALD: Aye.

24 PROJECT MANAGER SOUSA: Carla Sands?

25 BOARD MEMBER SANDS: Aye.

1 PROJECT MANAGER SOUSA: Stacey Aldrich?

2 CHAIRPERSON ALDRICH: Aye.

3 So that finishes up as far as we can go from now.  
4 We do have someone here representing 9.7 present. I have  
5 Mr. John Lesak and Terry Coltra. If you'd like to say a  
6 few words.

7 MR. COLTRA: Madam Chair and Board members, I'm  
8 Terry Coltra, the Executive Director of the Northern  
9 California Indian Development Council. I wanted to come  
10 today and report out on what progress we have made in  
11 working on the historic Carson Block.

12 BOARD MEMBER SWINDEN: We can't hear the speaker.

13 CHAIRPERSON ALDRICH: If you wouldn't mind coming  
14 closer.

15 MR. COLTRA: My name is Terry Coltra. We just  
16 want to report out today about what's been happening with  
17 the building. We have gotten to final plan stage with the  
18 city of Eureka in regard to the seismic upgrade and the  
19 new roofing system. The roofing system is part of the  
20 seismic upgrade.

21 We are having some difficulty right now with  
22 building leakage. So the roofing system is very important  
23 to us.

24 And we've also had a chance to bring in Page &  
25 Turnbull who's here representing today to work on the

1 historic structure report. And I'd like to introduce John  
2 Lesak in regard to that.

3 MR. LESAK: Good afternoon, Madam Chair, Board  
4 members. Thanks for hearing us today. I'm John Lesak.  
5 I'm a preservation architect principal for Page &  
6 Turnbull. We are in the final draft completion of the  
7 historic structures report for the Carson Block.

8 I'm very pleased to say that in the course of our  
9 efforts, we have found a number of interesting things  
10 about the Carson Block in the development of the building  
11 over time. As you may recall, the building has been very  
12 heavily altered in appearance over the years. But in  
13 doing our research work, we actually found there was some  
14 early alterations done to the building that had taken off  
15 some of the ornamental features of it and replaced them  
16 with more simple but still elegant and fitting in the  
17 romanesque style trim and claddings. And in the course of  
18 doing our investigation work, we found a number of those  
19 trims and claddings are actually still in place under the  
20 stucco.

21 So I think that moving forward with the project  
22 we will be able to restore some of the historic integrity  
23 to the building by removing the stucco and repairing the  
24 existing material underneath. We found redwood. We found  
25 architectural terra cotta. We found some of the soffits

1 that are present.

2 So it's a really exciting time. We're really  
3 excited about the project. We thank you for the funding  
4 that we've given to date. And hopefully we'll be able to  
5 move forward with the facade restoration in the future.  
6 Thank you.

7 CHAIRPERSON ALDRICH: Thank you very much for  
8 being here today. We really appreciate your time.

9 So for the next meeting, we'll discuss the  
10 next -- 9.6 will be part of the next meetings's  
11 discussion; is that correct?

12 EXECUTIVE OFFICER MORRIS: A vote was taken on  
13 that one?

14 CHAIRPERSON ALDRICH: Not --

15 EXECUTIVE OFFICER MORRIS: 9.5 was approved?

16 CHAIRPERSON ALDRICH: Yes.

17 So we're now going to -- I don't see any further  
18 public comment cards for the other project, 9.8, so we're  
19 going to move forward.

20 The next two were information only. And  
21 everybody should have had a chance to again read over the  
22 reports and listen or read the transcripts. Are there any  
23 questions regarding the comprehensive survey?

24 Mr. Swinden, anybody?

25 BOARD MEMBER SWINDEN: No.

1 CHAIRPERSON ALDRICH: Ms. Sands?

2 BOARD MEMBER SANDS: No.

3 CHAIRPERSON ALDRICH: Number Item 11, Transition  
4 Planning Work Group. Again, everybody should have had a  
5 chance to read the report and the transcript. Are there  
6 any questions regarding Item 11?

7 BOARD MEMBER SWINDEN: We have none here.

8 CHAIRPERSON ALDRICH: Ms. Sands?

9 BOARD MEMBER SANDS: No.

10 CHAIRPERSON ALDRICH: Okay. Thank you. And then  
11 the last action item is Item 12, the Pilot Publication of  
12 the Landmarks California Program.

13 EXECUTIVE OFFICER MORRIS: Thank you, Madam  
14 Chair.

15 Last year, CCHE initiated a statewide  
16 collaboration of Landmarks California, the places of our  
17 diverse cultures and history. The purpose of the program  
18 is to raise awareness and appreciation for historic and  
19 cultural preservation through public activities and  
20 historic and cultural sites throughout the state.

21 The program is intended to be an ongoing  
22 opportunity to help tell the untold stories of  
23 California's development, thereby raising California  
24 historical understanding throughout the state and serving  
25 as a corollary to the CCHE survey requirement of helping



1 tell California's under told stories.

2           The pilot project of Landmarks California, Julia  
3 Morgan 2012, will be held next fall and will focus on the  
4 life and work of Ms. Julia Morgan, California's first  
5 licensed female architect, the first female civil  
6 engineering graduate of U.C. Berkeley, and the creator of  
7 over 700 structures in California alone. Ms. Morgan's  
8 life story is a powerful lesson about the strength of  
9 perseverance and is an important story of personal  
10 accomplishment, even without her prolific contributions to  
11 the built landscape of our state.

12           The Landmarks California Program includes many  
13 statewide partners, and to date, we have received in-kind  
14 commitments of resources approximating one million dollars  
15 to help underwrite Julia Morgan 2012. The California  
16 Travel and Tourism Commission has committed over \$750,000  
17 for marketing and outreach efforts for the project. A  
18 private web designer is contributing approximately \$20,000  
19 of his services to create both the Landmarks California  
20 umbrella web page and the Julia Morgan 2012 web page.

21           The collaboration for Julia Morgan 2012 includes  
22 three components: A statewide festival, an educational  
23 component, and a publication. The statewide festival is  
24 the bulk of those costs for that element are in marketing  
25 and publicity, all of which are being covered by committed

1 contributions. The organizations participating in the  
2 festival with their visual and performing exhibits,  
3 colloquia, seminars, and other activities are responsible  
4 for their own costs.

5 To date, we have many partners who are planning  
6 to participate with some kind of activity. These include  
7 the Hearst Corporation, Huell Howser, the California  
8 Historical Society, Mills College, U.C. Berkeley, Cal Poly  
9 San Luis Obispo, the San Francisco Zen City Center, the  
10 North Star Conservancy, the Native Daughters of the Golden  
11 West, Riverside Art Museum, multiple current and former  
12 YWCA, Asilomar and Hearst Castle through State Parks, the  
13 Annenberg Beach House, and Levitt Pavilion. Our  
14 previously funded grantees, the Berkeley City Club and  
15 Japan Town YWCA are also participating, as is the Chinese  
16 Historical Society of America, which is housed in a Julia  
17 Morgan designed YWCA.

18 The education component, Landmarks California  
19 organizers, and the CCHE are seeking foundation and  
20 corporate funding for the education component, which is  
21 envisioned as being an online toolkit for teachers across  
22 multiple grade levels. We can enthusiastic commitments of  
23 outreach and distribution of assistance and support from  
24 the California Department of Education and the California  
25 County Supervisors Association.

1           The pilot publication of Landmarks, California,  
2 the proposed book is envisioned as being the first in a  
3 series of Landmarks California publications which would  
4 serve as enduring examples of California's cultural  
5 heritage long after the more temporary events such as the  
6 festival are over. The book is also envisioned to be  
7 small in size, very affordable, very attractive, and very  
8 easy to read for the average person. That is, the general  
9 public, not an architectural historian or historic and  
10 cultural resources professional.

11           In late May of this year, the CCHE begin working  
12 with the Business Services Office of the California State  
13 Library to craft a request for proposals to find a  
14 contractor who could write, produce, and distribute the  
15 proposed publication. The RFP was published in the  
16 State's online register on August 22nd, with a submission  
17 due date of September 6th. That was later extended to  
18 September 20th.

19           No contract has yet been awarded. And in fact,  
20 no submissions have been reviewed due to concerns raised  
21 in late August that bond funds may not be used for  
22 intellectual material and must be for expenses related to  
23 capital projects.

24           The CCHE is funded with bonds authorized under  
25 Proposition 40 of 2002. And all expenditures of bond

1 funds must comply with three sets of Government Codes:  
2 Section 5096.600 et seq of the Public Resources Code; the  
3 sections resulting from the passage of Proposition 40 on  
4 March 25th, 2002; Section 20050 from the Education Code  
5 resulting from the passage of AB 716 in September of 2002;  
6 and Section 16720 of the Government Code resulting from  
7 its inclusion within AB 716 and Prop. 40.

8 Prop. 40 authorized in Article 2, Section  
9 5096.610(d), the sum of 267.5 million for the acquisition,  
10 restoration, preservation, and interpretation of  
11 California's historical and cultural resources.

12 In Article 5 of that same proposition, historical  
13 and cultural preservation, the 267.5 million is stated to  
14 "be available for appropriation by the Legislature for the  
15 acquisition, development, preservation, and interpretation  
16 of buildings, structures, sites, places, and artifacts  
17 that preserve and demonstrate culturally significant  
18 aspects of California's history and for grants for these  
19 purposes.

20 Eligible projects include, but are not limited,  
21 to those which preserve and demonstrate the following:  
22 culturally significant aspects of life during various  
23 periods of California history, including architecture,  
24 economic activities, art recreation, and transportation."

25 Prop. 40 also indicated that all bonds authorized

1 by the proposition would be treated in a manner consistent  
2 with state general obligation bond law.

3 AB 716, according to the Leg. Council's digest,  
4 would enable the California Cultural and Historical  
5 Endowment Act, which would establish the California  
6 Cultural and Historical Endowment to develop various  
7 programs and projects to protect and preserve California's  
8 cultural and historic resources. The enabling legislation  
9 also made no more than five percent of the 128.4 million  
10 appropriated in the bill available for associated  
11 programmatic costs, also known as State Operations or  
12 Program Administration.

13 State general obligation bond law includes  
14 Section 16727, which specifies that proceeds from the sale  
15 of any bonds issued under this law shall be used only for  
16 the following purposes. And I'm only going to read the  
17 bolded one: To pay the cost of the State agency with  
18 responsibility for administering the bond program.

19 These costs include the cost of the Treasurer,  
20 the Controller, the Department of Finance, the Public  
21 Works Board for staff operating expenses and equipment and  
22 consultant costs.

23 CCHE has never made grants to organizations for  
24 intellectual material consistent with the bond law  
25 specifying that the funds are to be used for capital asset

1 projects. However, this is not a grant. This is a  
2 proposed administrative expense. Since state fiscal year  
3 2003, the CCHE has expended bond funds to administer the  
4 CCHE's program. The initial five percent, the \$6.4  
5 million appropriated for the administration of this  
6 program, will be exhausted before the end of this calendar  
7 year. And a budget change proposal was submitted over two  
8 years ago, seeking out and receiving an appropriation of  
9 residual funds from the Proposition 40 sub-fund created in  
10 Section 5096.610(d), a sub-fund devoted to historic and  
11 cultural resource protection.

12 Past administrative expenditures have included a  
13 variety of expenses, none of which could be considered  
14 capital expenditures and many of which would not be  
15 considered incidentally and directly related to  
16 administering the capital assets grant program. Those  
17 costs for expenditures is varied as personnel, website  
18 develop, facilities rental, consultants to perform the  
19 survey work, legal costs for employment and litigation  
20 issues, travel, equipment, and the printing of a book  
21 deemed necessary in order to administer the program of  
22 promoting California's cultural heritage.

23 In addition to the CCHE book, Preserving  
24 California's Treasures, which would be considered  
25 intellectual material, the CCHE funded in 2010 this

1 initial assessment survey to determine how best to satisfy  
2 the statutory requirement included in AB 716 of the  
3 survey.

4           In 2011, we funded the publication of the policy  
5 papers supporting historic preservation in California as  
6 part of the survey requirements. This was part of Item  
7 Number 10 in the first round of this Board meeting. And  
8 we have another contract for just under \$150,000 that was  
9 authorized by the Board after discussions back in November  
10 of 2010 and April of this year. These are all part of our  
11 due diligence to ensure that California's cultural  
12 heritage is better preserved, our primary mission.

13           The proposed book on Julia Morgan's life and work  
14 and the broader Landmarks California Program are intended  
15 to fulfill the legislative mandate to the CCHE to develop  
16 programs which protect and preserve California's historic  
17 and cultural resources, and as such, should be considered  
18 allowable administrative costs of CCHE based on past  
19 history of administrative expenditures.

20           The Landmarks California Program and  
21 corresponding proposed publications is intended to create  
22 a vehicle for increasing awareness and appreciation for  
23 cultural and historic resource preservation. This work,  
24 like the main survey work, has the potential to be even  
25 more important than the 122 million in funded projects

1 because it can create a changed mindset toward  
2 preservation that will have long-lasting positive impacts  
3 on our state. These impacts range from the economic  
4 revitalization that occurs in historic structures are  
5 adapted for a modern use to increased cohesion among our  
6 state's citizens resulting from greater understanding of  
7 each other.

8 An added benefit of the program is the creation  
9 of a strong network among historic and cultural resource  
10 stewards. The Landmarks California Program is an  
11 excellent example of a private-public partnership designed  
12 to advance a common goal, helping our state maintain and  
13 strengthen our cultural heritage. This public investment  
14 of \$50,000 is less than five percent of the total budget  
15 committed to date towards this project and has the ability  
16 to ensure that the history lesson lives on for more than  
17 just two months.

18 Staff requests that the Board authorized the use  
19 of CCHE Program Support funds for the procurement of the  
20 first publication of the Landmarks California Program.

21 CHAIRPERSON ALDRICH: So Marian, is it in your  
22 opinion allowable expense for us to spend the funding on  
23 this program or on this project?

24 DEPUTY ATTORNEY GENERAL MOE: Madam Chair, yes,  
25 I'm concerned it would be found unallowable or even



1 audited by a court if challenged. I'll be happy to  
2 explain my reasoning.

3 CHAIRPERSON ALDRICH: That would be great.

4 DEPUTY ATTORNEY GENERAL MOE: The first thing  
5 that's unique to the Endowment is that the Endowment's  
6 organic statute incorporates by reference the capital  
7 assets provision in the General Obligation Bond Act. I  
8 know of no other organization or State agency that does  
9 that. I don't think it was done -- consequences of that  
10 were fully appreciated by the drafters of the Legislature.  
11 But we've explained that consistently that the capital  
12 assets provisions prevails.

13 So for most bond acts when you have a provision  
14 in the bond act that's in conflict with the capital assets  
15 provision, the capital -- the provisions in the bond act  
16 prevail and trump the capital assets requirement if they  
17 can't be interpreted in such a way they're in harmony.  
18 But that's not true for CCHE. So it narrows the scope of  
19 the allowable funds.

20 Second reason is even though it's being --

21 DELEGATE CASH: Can I ask a question before we  
22 move on? But the reference to Government Section 16720 in  
23 that statute, it refers to the projects that are going to  
24 be funded by the CCHE; right?

25 DEPUTY ATTORNEY GENERAL MOE: It doesn't specify

1 projects. I was going to address the fact it might be  
2 characterized as an administrative expense.

3 First of all, it does not specify just grants.  
4 It's funds for CCHE that -- funds allocated pursuant to  
5 the subdivision shall only be used in a manner consistent  
6 with the requirements of 16727. So -- and the fact that  
7 it's being characterized as an administrative expense is a  
8 distinction without a difference.

9 There is case law that's been cited by our office  
10 and AG opinions as well that basically says that  
11 administrative expenses come under the same essential  
12 rubric in terms of what they can be, the purposes for  
13 which they can be spent for. But that the direct and  
14 necessary expenses, such as personnel, facilities rentals  
15 and travel and equipment, those kinds of things you can't  
16 not implement and administer a program without those kinds  
17 of expenses.

18 And as to the book that was a lovely tribute to  
19 the projects that the Endowment has, it's really more in  
20 the nature of a very nice glossy report rather than  
21 something that's outside of the purview.

22 And as to the survey, I think it's a closer  
23 question. I haven't really analyzed that closely. I  
24 think there is another distinction here, which is somewhat  
25 more subtle the way that our office addresses questions

1 about bond funds, which is there is a stricter standard  
2 that's applied before the bond funds are spent rather than  
3 after they are spent. So my opinion is based on that  
4 strict standard. And I have not applied that to the  
5 survey as I haven't analyzed that.

6 DELEGATE CASH: Another question. Isn't this  
7 book going to be interpreting capital assets? Aren't  
8 these landmarks all capital assets?

9 DEPUTY ATTORNEY GENERAL MOE: It's not towards  
10 construction of these capital assets.

11 DELEGATE CASH: But it's interpreting capital  
12 assets.

13 DEPUTY ATTORNEY GENERAL MOE: That would be  
14 allowed under Prop. 40, but not 16726.

15 DELEGATE CASH: Didn't we fund interpretive  
16 elements in all of the projects that we've --

17 DEPUTY ATTORNEY GENERAL MOE: They were all minor  
18 incidental but directly related to the capital assets  
19 project.

20 CHAIRPERSON ALDRICH: This doesn't relate  
21 directly to any particular project.

22 DEPUTY ATTORNEY GENERAL MOE: It needs to be a  
23 particular capital assets project, not the concepts of  
24 construction or architecture.

25 EXECUTIVE DIRECTOR MORRIS: Actually, if we have,

1 if I may, funded at least two Julia Morgan designed  
2 structures: The Berkeley City Club and the Japantown  
3 YWCA, Little Nihonmachi in San Francisco. That was  
4 actually the starting point for the whole concept of the  
5 Julia Morgan project was our two Julia Morgan designed  
6 properties.

7 BOARD MEMBER MARTINEZ: So Mimi, in your mind or  
8 your budget spread sheets, did you intend for funding for  
9 the book? I mean, was there always a placeholder for  
10 this? I don't know.

11 EXECUTIVE OFFICER MORRIS: Are you talking about  
12 the current year budget?

13 BOARD MEMBER MARTINEZ: Yes.

14 EXECUTIVE OFFICER MORRIS: This year, we -- yeah,  
15 we definitely have the money for it this year.

16 BOARD MEMBER MARTINEZ: There was a placeholder  
17 for it? It's not money that we could be using for a  
18 project?

19 EXECUTIVE OFFICER MORRIS: No. It's not the same  
20 kind of money.

21 BOARD MEMBER MARTINEZ: That's what I was trying  
22 to get at.

23 EXECUTIVE OFFICER MORRIS: There is a distinction  
24 between the operating expenses.

25 CHAIRPERSON ALDRICH: Ms. Imura.

1           BOARD MEMBER IMURA: Marian, you mentioned that  
2 this expenditure is unallowable under the statutes. Who  
3 would find it unallowable? And if it was found  
4 unallowable, what would happen? I mean, if we went ahead  
5 and approved it, who would then find out that say it was  
6 unallowable? Or how would that whole scenario come about  
7 and what would happen if that was the case?

8           DEPUTY ATTORNEY GENERAL MOE: I could suggest a  
9 couple possibilities, but there's nothing certain about  
10 it. This is a public meeting, so there will be public  
11 knowledge about it. It could very well be subject of an  
12 audit by a number of State agencies. The Department of  
13 Finance has, in the past, when it found bond funds that  
14 were spent required the agency that spent them to  
15 reimburse the State for those funds.

16           CHAIRPERSON ALDRICH: I can tell you as the  
17 person who's the head of the agency that oversees this  
18 program, I think the question would also come to the  
19 agency head who oversees the program why was an  
20 unallowable expense approved. So I think --

21           BOARD MEMBER MARTINEZ: So if something like you  
22 just described did happen, would the State Library have to  
23 reimburse the system?

24           DEPUTY ATTORNEY GENERAL MOE: I don't know the  
25 answer to that.

1           CHAIRPERSON ALDRICH: Are there any questions,  
2 Mr. Swinden?

3           DELEGATE SPEHN: This is Deanna. Was there a  
4 written AG's opinion on this?

5           DEPUTY ATTORNEY GENERAL MOE: I provided a  
6 confidential memo to the members of the Board, Deanna,  
7 which I was not able to provide to you.

8           CHAIRPERSON ALDRICH: Any further questions, Mr.  
9 Swinden?

10          BOARD MEMBER SWINDEN: No questions.

11          CHAIRPERSON ALDRICH: Bryan.

12          DELEGATE CASH: If the auditors point out  
13 something that they believe is not allowable, they don't  
14 have the authority to tell an agency to repay that. If  
15 the agency believes they are in the right, they can defend  
16 themselves against the auditors.

17                 Similar to the issue about rental costs and  
18 things like that that happened in the last audit. That's  
19 something that the library doesn't feel like that the  
20 auditors finding is the correct. So we have a chance to  
21 come back and say, hey, that's not what's happening. And  
22 that happens all the time. We've had -- the auditors have  
23 called into question other similar things in the past and  
24 the departments have had the opportunity to defend  
25 themselves.

1           CHAIRPERSON ALDRICH: With this particular one,  
2 if we look at administrative costs, I have a hard time  
3 saying this is an actual administrative cost of the  
4 program to administer the program.

5           The other examples of works that you showed were  
6 actual reports around preservation, around the work that's  
7 being done by the program. This seems to be a separate  
8 type of publication. So I would have a harder time  
9 supporting this as being an administrative cost because  
10 it's not a cost to actually administer this program.

11           EXECUTIVE OFFICER MORRIS: I think that's  
12 probably true in a narrow interpretation of  
13 administration. But if you look at it more broadly in  
14 terms of administering the act, where our job is to sort  
15 of democratize cultural heritage, making it available to  
16 the people, this becomes very much a central part of what  
17 we're supposed to do as the entity that is administering  
18 the CCHE.

19           DELEGATE REYES: I'm kind of on that page. I see  
20 the linkage between the publication and the two projects  
21 that we have funded and bringing it in together. And  
22 rather than funding several other projects, you are  
23 highlighting the other project by the same architect who  
24 has had an impact on our heritage. So I kind of see the  
25 linkage of something much more.

1           And I agree with you it's not a computer. It's  
2 not phone. But I don't see -- I'm comfortable with  
3 funding this project. I would be concerned if we were  
4 taking funds from projects that -- the 40,000 that we gave  
5 today because we didn't have the money and we have a  
6 50,000, taking it from them and rather spend the 40,000 on  
7 that or the 50,000 on the project. I think it was you  
8 guys. Yeah. I would rather give you the 50,000. We're  
9 not competing for the same pot of money.

10           CHAIRPERSON ALDRICH: Any comments, Ms. Sands?

11           BOARD MEMBER SANDS: I'm intrigued by what I'm  
12 hearing.

13           CHAIRPERSON ALDRICH: Okay. Mr. Swinden, any  
14 further comments?

15           BOARD MEMBER SWINDEN: We have none.

16           CHAIRPERSON ALDRICH: So we need to --

17           DELEGATE REYES: I'd like to move staff's  
18 recommendation to fund the project as proposed.

19           DELEGATE CASH: I'll second.

20           CHAIRPERSON ALDRICH: I would like to again  
21 advise that our attorney from the Attorney General's  
22 office, they are saying it's not an expense that we should  
23 make. And I think we should listen to our attorney. I'll  
24 note that for the record.

25           Call for the vote.



1 PROJECT MANAGER SOUSA: Bryan Cash?

2 DELEGATE CASH: Aye.

3 PROJECT MANAGER SOUSA: Georgette Imura?

4 BOARD MEMBER IMURA: Aye.

5 PROJECT MANAGER SOUSA: Carmen Martinez?

6 BOARD MEMBER MARTINEZ: No.

7 PROJECT MANAGER SOUSA: Pedro Reyes?

8 DELEGATE REYES: Aye.

9 PROJECT MANAGER SOUSA: James Swinden?

10 BOARD MEMBER SWINDEN: No.

11 PROJECT MANAGER SOUSA: Robert McDonald?

12 BOARD MEMBER MC DONALD: No.

13 PROJECT MANAGER SOUSA: Carla Sands?

14 BOARD MEMBER SANDS: No

15 PROJECT MANAGER SOUSA: Stacey Aldrich?

16 CHAIRPERSON ALDRICH: No.

17 So that has not been approved for this project.

18 Last, we have our public comments. Do we have

19 any further public comments? If not, do we have any

20 comments from the Board? From our remote locations?

21 BOARD MEMBER SWINDEN: No public and nothing from  
22 the Board.

23 CHAIRPERSON ALDRICH: Ms. Sands?

24 BOARD MEMBER SANDS: Nothing.

25 CHAIRPERSON ALDRICH: Okay. And then we are

1 adjourned. Thank you very much.

2 (Whereupon the California Cultural and  
3 Historical Endowment Board meeting  
4 adjourned at 4:06 AM)

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1                                    CERTIFICATE OF REPORTER

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

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

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

13                    IN WITNESS WHEREOF, I have hereunto set my hand  
14 this 28th day of October, 2011.

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19  
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21                    \_\_\_\_\_  
22                    TIFFANY C. KRAFT, CSR, RPR  
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