

**Avila Beach Community Foundation
Board Meeting– January 26, 2023–5:00pm
MEETING MINUTES**

Board Members Present:

President: Barbara Nicholson
Vice President: Saul Goldberg
Secretary: Ellen Pitrowski
Treasurer: Patrick Corrigan
Cyndy Lakowske
Percy Jones
Paul Prather
Joe Caradonna
Debra Pritchard

Staff:

Executive Director: Rick Cohen
Project Specialist: Kymberly Fazio

Trustee Members Absent:

Bev Aho
Lucinda Borchard
Richard Zacky

1. Call to Order.....Cyndy
Meeting called to order by Barbara at 5:01 pm

2. Roll Call.....Kymberly

3. Introductions made by Barbara:

a. Announce officers for 2023

President – Barbara Nicholson	Vice President – Saul Goldberg
Secretary – Ellen Pitrowski	Treasurer – Patrick Corrigan
Immediate Past President – Cyndy Lakowske	

b. Kevin Sanchez, UBS:

1. Overview of 2022 portfolio performance

Kevin gave summation of 2022 – likening it to the “hangover” of the past three years. In 2022, inflation was at 9%, the worst we have seen since the 1970’s. Inflation is coming down slowly. Would like to see interest rates around 2-4%, and then our economy will start to improve.

Kevin thinks the first half of the year will see the Fed figuring out if they are at the right spot, and what will be the solution to the Bear Market we are in. A bear market is defined by a prolonged drop in investment prices — generally, a bear market occurs when

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a broad market index falls by 20% or more from its most recent high. The average Bear Market lasts about 1 – 1.5 years. When a Bear Market happens, it does fix itself. Hopefully this will happen the first half of this year.

In our portfolio, the equity side of things is down 13% + and bonds about 15 - 33%. The Foundation's portfolio ended 2022 down ~15%. Our blended benchmark was down ~16%. Our goal is to "weather the storm" and stay slightly ahead of it so we have a way to dig ourselves out of the loss.

Our QTD for 2023 has had almost a year's worth of returns. We will likely improve over the next three quarters. The first half of 2023 should be a bit bumpy. But hopefully, the second half of the year will be improving. Kevin is recommending not changing any allocations in our current portfolio right now.

Debra asked – what kind of stocks are in the Russell 3000. Kevin replied that they are the top 3,000 stocks in the total number of stocks (~3,700), basically about 99% of all available stocks. The company's size is its percentage in the overall benchmark.

Ellen asked if there is any way for us to position ourselves for the potential of a governmental default on debt come June. Kevin replied that it is political theater. No one wants to default, but it makes for a good stand-off position. People fear that social security, Medicare will be killed and the US will default and lower its AAA credit rating. Nobody suspects that it will actually happen, but it is a good bargaining ship. The US has previously dropped from a AAA rating to a AA+ rating. It did not stop people from owning US Treasuries to protect their assets if they were countries elsewhere, and nobody looked at the US as if it would be likely to default.

4. Consent items -

- a. Minutes of October/November 2022 board meetings – emailed previously
- b. October/November 2022 financial reports – emailed previously
- c. UBS year-end report for 2022 – emailed previously

Ellen made a motion to approve; Paul seconded – all approved

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5. Activities and Projects Update

a. Avila History event – Kymberly updated everyone: The Event Committee will be meeting on January 27th to go over logistics, planning and advertising for the March 30th event, The History of Front Street. The Civic Association will be providing beverages (beer and wine for sale) and the Foundation will be providing snacks. Pete Kelley will be presenting for about 40-45 minutes, with Q&A to follow. We are capping the number of people attending to 100.

b. Social media activity –

- We currently have 361 e-newsletter subscribers.
- Our E-Newsletter open rate for the last quarter was up to 58%. The industry average is 38%.
- We currently have 1,779 fans who follow our Facebook page, for an increase of 10 fans in the last quarter.

c. Confirm/Recruit members for committee assignments for 2023

- Finance/Investment Committee – Patrick, Joe, Richard, Ellen, Cyndy

- Social/Events Committee – Barbara, Debra, Saul, Bev, Rick, Lucinda, Kymberly

d. Avila Beach Trails Improvements Fund activity update – Cyndy gave update – The Lakowske’s have been chasing down opportunities for several years to improve the trails in Avila Beach. They spoke with Sean Cooper with SLO County Planning Department and he said it would be a few years to make improvements to the Avila Ridge Trail. They have gotten a contract/statement of work from the City Rangers to do the trail design. This is a two-phase project that the Lakowske’s are pushing to have happen sooner rather than later. The trail head will be at the intersection of Shell Beach Road and the 101. The Board will need to approve spending for the design contract.

Cyndy made motion to approve Trail Improvements Fund for this use, to not exceed the amount in the fund; Saul seconded – all approved.

6. Foundation Reporting, Planning and Action Items

a. Approve 2023 Operating & Grant Expenses Budget – emailed & in packet – Patrick reviewed the budget/expenditures created by Rick. Paul commented that with our losses this past year, maybe we be more conservative with giving funds to our grantees going forward. Rick replied that we review our portfolio status each October and make our decision on the total amount to grant for the coming year.

Cyndy made a motion to approve the Operating and Grant Expenses Budget for 2023, Ellen seconded – all approved.

b. Year-end summary of deferred expenses – emailed & in packet – Rick reviewed the deferred expense spreadsheet. Rick asked if board wants to do anything with the total unrestricted funds (~\$73k). Paul suggested funding the building of more trails. Barbara suggested possibly helping any businesses that have damage from the recent storms. Rick shared a recent

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conversation with the CSD that they may approach us for a grant to help plant vegetation to cloak the tank at the newly updated water treatment center.

Debra asked if we have any donation guidelines in the Foundation’s by-laws. A discussion progressed regarding this topic. Rick said he would review our by-laws for this information and let the Board know. In the interest of time, Percy suggested we table the discussion on donation guidelines for the next board meeting.

d. Trustee recruitment (at least two openings) prospect form in packet & emailed – Barbara reviewed and asked board members to bring any prospective trustees to the board for review. Ellen asked what the parameters are. Rick stated they should either be a business owner in Avila Beach, someone who owns property in Avila Beach, or resides in Avila Beach. We would like to find at least two more people who fit with the culture of the Foundation board.

7. Other business

a. 2023 Meeting schedule – emailed previously – a few trustees will not be present on the suggested meeting date in April. We may need to shift the date.

b. 2023 board roster – emailed previously. If any changes in contact information, please let Rick know so he can update this document.

8. Meeting was adjourned by Barbara at 6:31 pm.

Next meeting is scheduled for April 13, 2023, 5:00 pm