

Avila Beach Community Foundation
Board Meeting – January 21, 2021 - 4:30 pm
Video Conference
MEETING MINUTES

Board Members Present:

President: Mike Ginn
Vice President: Cyndy Lakowske
Secretary: Ellen Pitrowski
Treasurer: Richard Zacky
Bev Aho
Lucinda Borchard
Joe Caradonna
Patrick Corrigan
Barbara Nicholson

Staff:

Executive Director: Rick Cohen
Project Specialist: Stephanie Rowe

Other:

Kevin Sanchez, UBS

Trustee Members Absent:

Saul Goldberg
Percy Jones
Paul Prather

- 1. Meeting, conducted over “Zoom”, was called to order at 4:32 pm by Mike Ginn**
- 2. Roll Call by Stephanie Rowe**
- 3. Introductions:** Mike Ginn announced the officers for 2021 and thanked them for their service
President – Mike Ginn Vice President – Cyndy Lakowske
Secretary – Ellen Pitrowski Treasurer – Richard Zacky
- 4. UBS Year-End Report by Kevin Sanchez:**
 - Year-end portfolio value \$2,464,802
 - Last March had the biggest 3 week earnings drop in history at over 30% which led to the worst bear market in 200 years. The government stepped in and threw over a trillion dollars at the problem and the Federal Reserve lowered the interest rate by almost 1.5%. The market recovered and ended the year with double digit returns.
 - Portfolio up 8.09% for the quarter; up 12.19% for the year vs the composite benchmark of 16%. The difference is because back in March, we leaned more towards value oriented stocks instead of growth oriented stocks because we thought there may be a recession and did not want high risk.
 - Average non-profit portfolio last year was up 9.7%
 - Our Portfolio up 7.59% since inception to date

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Recommendations for Change to Portfolio:

- Looking for opportunity to broaden exposure to U.S. growth oriented stocks away from value oriented stocks. Also increase exposure to small-cap stocks which tend to do well as economies improve, and should get a boost from an expected spending bill.
- Kevin proposed rebalancing the portfolio by buying, selling or reallocating some of the holdings to bring in line with Investment Policy Statement targets of 65% equities and 35% fixed income.
- **Patrick Corrigan made a motion to approve recommendations as proposed, Richard Zacky seconded and all approved.**

General Trends/Outlook:

- Expected to get COVID-19 under control in 2021 with the roll-out of vaccinations.
- Not expecting the Federal Reserve to raise interest rates unless significant inflation so expecting lower bond market returns between 2-3%
- Growth oriented companies like Apple, Microsoft, Netflix, Amazon Prime and most tech companies were where money moved during the pandemic versus value oriented stocks like airlines, hotels and travel related businesses. Growth oriented stocks were up about 38.5% for the year while the value side of the market was up about 2%.
- Kevin projecting mid-single digit, 4-6%, returns domestically and double digit returns internationally including emerging markets.

5. Consent Items:

Lucinda Borchard made a motion to accept the following consent items, Bev Aho seconded, and all approved.

- a. Minutes from November 2020 Board Meeting
- b. November and December 2020 Financial Reports
- c. UBS Year-End Investment Report for 2020 – total portfolio value \$2,496,460 as of 12/31/2020

6. Activities and Projects Updates:

- a. **Mural Panel Replacement Update** - Rick Cohen reported that the new mural panel had been expected to be completed by the end of last year. Unfortunately, Colleen Gnos and family were visited by COVID-19. Rick is hoping Colleen will have the panel completed and installed in the next 3 or so weeks.
- b. **Lifeguard Tower Murals Ownership Discussion Update** - Rick Cohen reported that ownership was still up in the air. He had expected that the Port San Luis Harbor District Property Committee would have this as an agenda item at their January 14th meeting,

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but it was postponed to their February 11th meeting. He is expecting to be part of the discussion.

- c. Bob Jones Trail Signs Walking Quiz Results** - Stephanie Rowe reported that the first Bob Jones Trail walking quiz had been sent out in mid-November with a deadline of January 15th. The walking quiz was comprised of five questions that corresponded with signs along the trail. All correct quizzes would be entered into a drawing for a \$50 gift card for an Avila Beach restaurant. We received a total of five quizzes with four having correct answers. Rick Cohen will notify the winner by end of the month. Since there were so few responses, a second quiz will not be sent out.
- d. Social Media Followers** – Stephanie Rowe reported on subscribers for our monthly e-newsletter and total Facebook fans.
- Currently 380 e-newsletter subscribers. Lost 7 subscribers in the last year but that is normal since people move or they are too busy to read.
 - E-newsletter open rate for the last 12 months is 46%. Industry average is 15-25%
 - Starting in October, started sending a reminder to those who had not opened email. Open rate since then has increased to 50%. January’s open rate was 52%.
 - Facebook fans currently at 1,296 for a 20% increase or gain of 215 fans in the last year.
- e. Grant Check from Chevron** – Rick Cohen reported that the \$5,000 check from Chevron for their partnership in the 2020 Pathpoint seasonal beach cleanup project was received in December and was deposited as part of the 2020 budget.
- f. PG&E Grant Request** – Rick has also submitted a preliminary request of \$3,000 to PG&E to partner with us in the 2021 seasonal beach cleanup project. He also anticipates that he will apply again to Chevron for \$5,000 towards the 2021 project. He noted that grants are not guaranteed, and it is likely that approval for both grants will not occur until after the project launch date.
- 7. Foundation Reporting, Planning and Action Items:**
- a. 2021 Grantee Award Agreements** - Rick Cohen reported that 2021 grant award agreements were sent to all recipients in late November. Signed agreements have been returned by all organizations except the Civic Association, Jr. Lifeguards Program, and Peoples’ Self Help Housing. If he does not hear from them by end of January, he will reach out.
- b. Year-End Summary of Deferred Expenses** – Rick Cohen reviewed the list of unrestricted funds, special project restricted funds and donor advised funds.

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Action: Patrick Corrigan, Richard Zacky, Barbara Nicholson and Rick Cohen to present at a future board meeting recommendations for instituting a threshold for unrestricted funds and transitioning them into Foundation’s investment portfolio.

- c. **Approve 2021 Operating and Grant Expenses Budget** – Richard Zacky presented the proposed 2021 budget. No changes recommended from 2020. Rick Cohen noted that he and Stephanie Rowe will be adjusting their compensation with the pandemic circumstances and reduced workload. This will be revisited each quarter to see if Covid-19 restrictions ease in 2021.
 - **Lucinda Borchard made a motion to approve the 2021 Operating & Grant Expenses Budget, Cyndy Lakowske seconded, and all approved.**
- d. **Progress Report on Invest Policy Update** - Patrick Corrigan gave an update on the review of the Foundation’s Investment Policy Statement. As a reminder, the Investment Policy is a guiding document that outlines the role and responsibilities of our investment advisor. As part of the Foundation’s practices, policy statement should be reviewed every five years to make sure it is updated with current information and metrics, and reflects the board’s objectives. The original document is dated 2006. The major changes in the policy statement will be how much discretion to give the investment advisor without having to ask permission to make a trade, documenting control and accountability between the board and investment advisor, and instituting an RFP process every few years to make sure we are getting fair services at fair fees. Patrick recommended a strong investment sub-committee whose role is to ask questions about how the Foundation’s money is being invested to deliver on our mission. Volunteers for the new Investment Sub-Committee are Patrick Corrigan, Richard Zacky, Ellen Pitrowski and Joe Caradonna. Patrick noted that he will send the updated Investment Policy Statement to the board for approval at the next meeting.
- e. **Research on Placement of Matured CDs** - Patrick Corrigan recommended working on how to handle excess cash first from item 7b and then the board will know better how to handle the matured CDs.
- f. **Trustee Prospect Recommendations** - Rick Cohen asked the board to help look for a replacement trustee for Brooke Salvini who meets the requirement of being a downtown Avila property owner, business owner or resident. The goal is to have four such trustees on the board.

8. Other Business:

- a. **2021 Meeting Schedule** - Rick Cohen previously emailed the meeting schedule for 2021.

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- b. Updated Board Roster** - Rick Cohen previously emailed the updated board roster for 2021 and asked to let him know of any changes.
- c. Other** - None

9. Adjourn Meeting – Meeting adjourned by Mike Ginn at 6:06 pm.

Next Investment Committee Meeting - Thursday, April 22, 2021, 5:00 - 6:00 pm
Next Board Meeting - Thursday, April 29, 2021, 4:30 - 6:30 pm