

**Avila Beach Community Foundation
Board Meeting – July 13, 2023 – 5:00 pm
MEETING MINUTES**

Board Members Present:

President: Barbara Nicholson
Vice President: Saul Goldberg
Secretary: Ellen Pitrowski
Treasurer: Patrick Corrigan
Richard Zacky
Percy Jones
Joe Caradonna
Paul Prather
Bev Aho

Staff:

Executive Director: Rick Cohen
Project Specialist: Kymberly Fazzio

Trustee Members Absent:

Lucinda Borchard
Debra Pritchard

1. **Call to Order**.....**Barbara**
Meeting called to order by Barbara at 4:58 pm

2. **Roll Call**.....**Kymberly**

3. **Introductions made by Barbara:**
 - a. Kevin Sanchez – Morgan Stanley
 - Overview of portfolio performance 1st half of 2023 –
 - We have been with Morgan Stanley since May, 2023.
 - Last year the stock market was down 20%, and bonds were down 13%. It was the worst year in many years. Inflation this year is at 3%.
 - Interest rates were raised faster than ever and we should be getting at least 5% on money markets.
 - Inflation will begin to deflate along with interest rates.
 - The stock market has rebounded – S&P 500 is up 16% so far this year, and the bond market is up this year.
 - Avila Beach Community Foundation’s portfolio on equity side is up in the double digits, and on the bond side it is up in the single digits. Overall portfolio is up approximately 3% for the month.

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- As we look at what we do going forward, we can choose which holdings we have. We will still probably face a recession. Morgan Stanley would rather be more cautious with ABCF money.

Q & A with Kevin Sanchez:

- Joe C. asked what he thinks will drive the recession. Kevin answered we will probably see a “bulling recession” towards the end of the year, maybe early next year. The Fed will probably start lowering rates mid-2024.
- Joe asked about commercial real estate-vacancy rates since Covid – does this have an effect on the recession? Kevin replied that may have some play in the trend.
- Bev A. inquired that with Kevin’s big life change in profession, what is one thing he may be having a challenge with? Kevin replied – he does not appreciate donor benefits at Morgan Stanley compared to Fidelity. He has also had to learn the language of Morgan Stanley. Overall, his team is happy they made the move, but they just have to get used to how things work.
- Paul asked how many people Kevin brought with him to Morgan Stanley? Kevin replied that his entire team (four people) came with him. One of the reasons they left is because the SEC requires any information given in writing to clients has to be kept for 7 years and it made client relations more complicated. They are able to communicate via text with their clients at Morgan Stanley and this has been very helpful.
- Percy inquired about international equities. Kevin responded that they are not doing as well as the U.S. Looking ahead about a decade – international stocks will likely see more growth. U.S. market may be around 7% for next decade, whereas the international market may see around 8-8.5%.

In conclusion Kevin summarized that at some point we will probably want to rebalance portfolio to where we think the outcome of growth will be. Interest rates are going to peak at some point, and when they do, we will extend the portfolio and lock on. Hopefully the recession will be short and shallow and we can move on.

4. Consent items -

- a. Minutes of April board meeting – *emailed previously*
- b. March/April/May 2023 financial reports – *emailed previously*
- c. Morgan Stanley 2nd quarter 2023 summary report – *emailed previously*

Paul P. moved to approve the above three items, Bev A. seconded, and all approved.

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5. Activities and Projects Update

- a. Cave Landing Trails Development Update (Lakowske donor advised fund)
Rick reported that \$5,850 of the Lakowske’s donor advised fund has been used to pay for mapping, planning and permitting towards the development of the Ontario Ridge Trail.

- b. Grant checks received for PathPoint seasonal beach clean-up project
- Rick confirmed that checks have been received from the following: Chevron (\$5,000), PG&E (\$3,000), Supervisor Ortiz-Legg (\$2,000)

- c. Social Media Activity - activity for our monthly e-newsletter and Facebook fans.
Kymberly gave the update:
 - Currently 368 e-newsletter subscribers – Lost 2 subscribers this past quarter, but we are still up 7 subscribers since first quarter 2023.
 - E-newsletter open rate for the last quarter was 61%. Industry average is 21% - we are +40% more than industry average.
 - Facebook fans currently at 1,800 follow our page for an increase of 21 fans in the last quarter.

6. Foundation Reporting, Planning and Action Items

- a. Review **updated** draft of agency gift policy statement – *emailed & in packet*
 1. See addition of “Determination” after Rick conferred with Heidi McPherson.
Rick gave a recap of his conversation with Heidi at the SLO Community Foundation and she said if they had any questions regarding a donation, she ran it by a three-person committee for approval.
 - Richard Z. suggested we have the board decide if we accept a gift, instead of having a committee. Rick C. mentioned that if we do have the board decide, we should allow them to vote via email as some donations need to be given and accepted in a timely manner. They are not all open-ended.
 - Barbara N. agreed that if most people are on board with the board making the decisions, this may be the way to go.
 - **Saul G. made a motion to amend the agreement to include that the entire board will vote instead of having a three-person committee and Richard Z. seconded, all approved.**

- b. Adopt new Gift Acceptance Policy approved as amended.

- c. 2023 Childrens’ Business Fair \$500 sponsorship request (in packet & emailed)

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- Per Rick C. – the Avila Beach Community Foundation has contributed money for t-shirts the past two years. Even though the cost of t-shirts has increased, they are still asking for the same \$500 donation.
 - **Paul P. made a motion to accept the renewed sponsorship and Patrick C. seconded; all approved.**
- d. Proposal for Executive Director succession plan (in packet & emailed)
- Barbara N. believes the recommendation by Rick C. to have Rick Rowe succeed him as Executive Director is a good one and this is a unique situation. She asked for other opinions.
 - Saul asked if there is a requirement that the ED needs to live in Avila? Rick C. answered that there is not.
 - Percy J. asked if Rick C. is leaving Avila – Rick C. answered that he is not, he would just be leaving his position as Executive Director at the ABCF. Percy then asked if Rick would be available to assist his replacement and if the duties of this position have been documented. Rick C. replied that yes, he would be available and that he generated a manual with his duties and it has been updated electronically.
 - The Board agreed to bring Rick Rowe on board to succeed Rick Cohen but they would like to have a meet and greet of some sort. It was suggested to have the meeting at the Avila Bay Club with optional attendance. Proposed dates were July 17th, or the 20th at 5:30 pm.
 - The timeline for the transition would be about September 1st through the end of 2023 for training/mentoring the new ED.

7. Other business

- a. Barbara N. gave the first reminder for 2023 Trustee Fund donations (letter in packet & emailed)
- b. Other items? None at this time.

8. Meeting was adjourned by Barbara at 6:13 pm.

Next meeting is scheduled for October 26th, 5:00 pm
