

UOG Endowment Foundation
Regular Board Meeting
Thursday, June 3, 2021
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

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I. CALL TO ORDER

A. The First 2021 Executive Committee Meeting of the Board was called to order at 4:15 pm on Thursday, June 3, 2021.

The following were present:

Board Members:

- Dr. Wilfred Leon Guerrero, Chairman
- Mr. John Calvo, Vice-Chairman
- Mr. George Chiu, Treasurer
- Mr. Jesse Leon Guerrero, Director
- Gov. Joseph Ada, Director
- Ms. Sandra McKeever, BOR Representative

UOG Endowment Staff:

- Ms. Katrina Perez, Executive Director

Guests:

- Dr. Anita Borja-Enriquez, SVP & Provost, Academic Affairs
- Mr. Randall Wiegand, Chief Financial Officer
- Mr. David Okada, Chief Planning Officer/ Interim Chief of Staff, Office of the President
- Ms. Maree Pelkey, BGIS
- Ms. Alexander Leon Guerrero, BGIS
- Ms. Amanda Gima, Raymond James

II. APPROVAL OF THE MINUTES

A. February 03 & March 31, 2021

Motion to approve subject to corrections: Mr. Leon Guerrero
Second: Gov. Ada

III. CHAIRMAN’S REMARKS

No remarks at this time.

1 **IV. COMMITTEE REPORTS**

2
3 **A. Finance Committee- Mr. Jesse Leon Guerrero, Committee Chair (Exhibit A)**

4 Reports enclosed.

5
6 **1. BGIS**

7
8 May 31, 2021 Update provided by Maree Pelkey for BGIS investment accounts.
9 Market continues to move positively without major concerns. Performance is
10 up 8.5% ahead of the benchmark. 1 year return is substantial at 30.4%, due to
11 upside recovery from the 1Q downturn of 2020. Since inception in 2016, the
12 fund is up 11.2% beating both benchmarks. Outlook remains positive for the
13 remainder of the year, although they do expect some volatility. The economy
14 is reopening at different levels, but can expect the economy to rebound from
15 the worst of the effects of the pandemic. Happy with the performance so far.
16 US Equity has been the leading class of portfolio performance and trailing by
17 the international market.

18
19 Mr. Leon Guerrero asked what their projections are for the year. Ms. Pelkey
20 advised that she expects a positive year, although not in double digits as the
21 previous year. There are still a lot of things to play out in the remainder of
22 2021. Unless something major affects the market, she doesn't expect a
23 downturn. There's still room to grow. This will trickle down into corporations
24 and profits throughout the year. There's talk of an infrastructure spending bill
25 that will be spread out for the next 10 years. This will increase the deficit more.
26 The discussions in Congress are now 1) How much to fund this infrastructure
27 bill and 2) How will they pay for it. They've already pushed out multiple fiscal
28 stimulus checks in the past year. There's been no major movement on this
29 yet. Congress needs to redefine what typical infrastructure is, as there are a
30 lot of technology updates being thrown into the discussion, too. This is still a
31 work in progress.

32
33 Asset allocations and performance look good. Mr. Leon Guerrero asked if
34 there are any classes that they need to be concerned about. Ms. Pelkey
35 remarked that Fixed Income isn't performing well, but that is across the board.
36 Typically, when stocks rally, fixed income doesn't perform as well. But they

1 don't feel they should abandon it in the portfolio. It is down 2%, but you want
2 to have this in the portfolio to offset any downturns in the Fixed Equity market.
3 This also helps in the margin borrowing through the portfolio. Having Fixed
4 Income gives more margin borrowing power than an equity position would.
5 Ms. Leon Guerrero agrees with Ms. Pelkey on the asset allocations. The
6 portfolio has been performing well and they foresee it to perform well
7 throughout the year.

8
9 **2. Raymond James**

10
11 Moving on with the board meeting, Ms. Amanda Gima from Raymond James
12 was able to provide updates with the investment accounts. The board
13 requested to have a thorough review of the market updates before moving
14 forward with the scholarship & GBOA updates. Ms. Gima started off by talking
15 about the Economy & with the increases of vaccinations becoming available
16 and with the US being ahead among the other international countries so they
17 are projecting the US GDP to be around 5.5% and it should be recovering over
18 the next 12 months. She then continued to discuss the next part, which was
19 the Bond Market. She discussed that the growing concern on the market is
20 Inflation especially when dealing with bonds & equities. She predicted that the
21 Treasury's interest rates will be increasing much sooner than expected. The
22 third section Ms. Gima discussed equities, which she reported are continuing
23 to do well. For the month of April, equities hit an all-time high; they are
24 expecting S&P to end this year at around 4,180. The next section covered was
25 the dollar direction, which they expect to slightly weaken throughout 2021
26 due to constant production & printing of paper currency. The fifth section
27 covered was in regard to oil. Throughout the year due to social distancing
28 measures economic activity will also be increasing thereby improving oil
29 demand, 2012 WTI showing that oil barrels will be priced at \$70 per barrel.
30 Lastly Ms. Gima discussed that they expect volatility to be lower than what
31 was projected the previous year especially due to COVID occurring in 2020.
32 Going forward Ms. Gima began to discuss the scholarship funds; all reports
33 were as of 06/01/21. Starting off with Aristotle Capital Management which is
34 the Large Cap Value Fund. It was measured against the R1000 Value Index as
35 of March 31 starting with \$1,098,000, to June 01 ending with \$1,153,000 that
36 particular investment manager made a period return of \$55,000 or 5.01%,

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1 looking at the asset allocation it currently 7.39% overweight US equities. Ms.
2 Gima pointed out that we should pay attention to this particular asset
3 allocation over the next 2 quarters because if US equities continue to do well
4 then this might push us close to our collar which is 10% which would possibly
5 trigger a discussion on a rebalance. Continuing to the next investment
6 manager which was ClearBridge Investments which is the International Equity
7 funds. It was measured against the MSCI EAFE as of March 31 starting with
8 \$345,000, to June 01 ending with \$367,000 with a period return of \$22,000 or
9 6.38% and the asset allocation was underweight by -1.73%. Moving on to the
10 next 2 advisors which are the Pacific Income Advisors which is the Moderate
11 Duration fixed income and BlackRock iShares which is the Global fixed income.
12 The Pacific income advisors were measured against the BBgBarc US Aggregate
13 Index as of March 31 starting with \$334,000 to June 01 ending with \$337,000
14 with a period return of \$3,000 or 0.90% and the asset allocation was
15 underweight by -3.23%. The BlackRock iShares was measured against the
16 BBgBarc Global Aggregate ex US as of March 31 starting with \$152,000 to June
17 01 ending with \$152,000 with a 0% period return and the asset allocation was
18 underweight by -2.43%. Taking a look at the total FQTD the portfolio ended at
19 \$2,009,000 for a return of \$80,000 or 4.15% and the total FYTD the portfolio
20 ended at \$2,009,000 for a return of \$150,000 or 8.07%. The last thing Ms. Gima
21 wanted to discuss the Guam Board of Accountancy Fund. The Raymond James
22 Freedom investment, the Balanced Hybrid Model which was weighed against
23 the Custom Blended Benchmark Index as of March 31 starting at \$3,417,000
24 to June 01 ending with \$3,556,000 with a period return of \$139,000 or 4.07%.
25 For total FYTD as of March 31 starting at \$3,345,000 to June 01 ending with
26 \$3,556,000 making a total return of \$211,000 or 6.31%.

27
28 **3. USDA Loan (SENG & SSC)**

29 **Discussion:**

30 With no other questions the board continued with the meeting addressing the
31 USDA loan. The board addressed the USDA Loan. An amended letter of
32 conditions was received on April 14, 2021 which the board was instructed to
33 give a response on a given date. Setting aside the cash debt reserve in the
34 UOGEF Cash Account as opposed to an investment account. With USDA being
35 able to have access to the funds. It is strictly just to make sure that the loan is
36 secured and that if there is a possibility of a default that USDA would be able

1 to draw down on the funds. They have requested UOGEF to hold 2 years of
2 debt service funds in a cash account. It was stated that the UOG might have
3 more than 1 year's worth of the cash reserve already saved. Since the board
4 has not yet received a letter from UOG yet regarding this cash account the
5 board asked Mr. Randall Wiegand as to the possible time frame to set up this
6 cash account. Mr. Randall responded that he will be getting the necessary
7 document ready within the next day. The board agreed that they will table
8 items 1 & 2 on the agenda until the board receives the letter from the
9 University and if necessary, they will conduct electronic votes.

10
11 Ms. Perez notified the Board that another stipulation of the USDA Letter of
12 Conditions is that UOGEF obtain an interim financier. Many local and USDA
13 approved national lenders were approached. Since Live Oak dropped their
14 interest, the only other lender willing to work with us is the Municipal Capital
15 Markets Group.

16
17 **Motion:**

18 **Mr. Leon Guerrero motion to approve obtaining interim financing loan with**
19 **Municipal Capital Markets Group as per the conditions set forth for receiving**
20 **the USDA community facilities direct loan for \$21.7 million for the UOG for**
21 **the student success center and the annex for the school of engineering.**

22 Second: Gov. Ada

23 Vote: Unanimous

24
25
26 **4. USED Grant (Nursing Annex & WERI)**

27 **Discussion:**

28 SVP Anita Enriquez spoke on behalf of Ms. Cathleen Moore-Lin from RCUOG
29 requesting for a reduction of WERI loan parameters from 5.54%. SVP Enriquez
30 made a formal request from the board to lower the current interest rate
31 explaining that the university understands the concerns from the board that
32 this request would offset the foundations current portfolio by \$709,000 to
33 accommodate the University of Guam for the WERI building. The request was
34 made on April 08, 2021 letter from WERI to the Director of the Endowment
35 Foundation Ms. Perez. SVP Enriquez added that any allowance to reduce the
36 current interest rate would be greatly appreciated by the University. Ms. Perez

1 explained the rates discussed back when WERI was seeking a loan for the
2 match portion of the USED A grant were much lower. Given that current loan
3 rates from financial institutions are lower than the 5.54%, RCUOG advised that
4 they would actively seek other options to obtain a loan from other institutions
5 for the WERI loan. This would require more paperwork on RCUOG's part to
6 accomplish, but it is something they would do, if UOG EF is not able to lower
7 the rate to 4.0%

8
9 **Motion:**

10 **Mr. Leon Guerrero made a motion to reduce interest on the WERI loan from**
11 **5.54% to 4.0%.**

12 Second: Gov. Ada

13 Vote: Unanimous
14

15 **5. SIGNIFICANT FLOW OF TRANSACTIONS**

16 The Board decided to table this topic discussion until the next meeting.
17

18 **6. CRYPTOCURRENCIES**

19 **Discussion:**

20 The next discussion item that was brought up was cryptocurrencies. It was
21 noted that cryptocurrencies should be liquidated prior to UOG EF receiving
22 them as a donation. Regent Sandra McKeever suggested that the reason some
23 people might donate the actual security rather than liquidate would be
24 because of the capital gains. Ms. McKeever also suggested if it would be
25 possible for the foundation to create an account that could accept
26 cryptocurrencies and then the foundation would later liquidate them when
27 they are needed. Ms. Perez explained that further discussion with the finance
28 committee would need to take place before moving forward with any
29 decisions. With further discussion from the Board it was agreed that
30 cryptocurrencies would be accepted as contributions to the foundation and
31 the method of acceptance will be determined at a later date, for the time
32 being cryptocurrencies would be accepted as part of the foundations policies.
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Motion:

Mr. Leon Guerrero motioned to for the time being accept cryptocurrencies as part of the Foundation’s policy’s method of acceptance for contributions. Dispensation of the crypto currencies would be discussed further at a later date.

Second: Mr. John Calvo

Vote: Unanimous

B. Land Committee- Mr. John Calvo, Committee Chair

The next item of discussion was the Land Committee, committee chair Mr. John Calvo began by speaking about the Yona Lot 177-3-1 (56, 801sm.) This property is under purchase agreement with Mr. Frederick Guzman, who is requesting for an extension of schedule of escrow to July 31, 2021. This is in consideration that he will be travelling to Hawaii for a medical emergency for a family member.

Motion:

Mr. Calvo motioned to approve the extension of schedule of escrow to July 31, 2021 for Yona Lot 177-3-1.

Second: Mr. Leon Guerrero

Vote: Unanimous

Discussion:

The surveyor of the Yona properties is beholden to give a tour of the boundary points to UOGEF, the realtor, and the prospective buyer. A tour of lot 177-3-1 was already given to the previous contracted buyer and the realtor. The surveyor has advised that he will need to arrange for the boundary points to be remarked before any tour can be done. He is willing to waive the fee for remarking the points. However, he is charging for lot 177-3-1 that had previously been shown.

Motion:

Mr. Calvo 2nd motioned to pay surveyor to re-mark boundary points for Yona Lot 177-3-1 at a cost of \$3,600 due to weathering.

Second: Mr. Leon Guerrero

1 Vote: Unanimous

2
3 **Discussion:**

4 Mr. Calvo also wanted to state for the record a possible conflict of interest
5 since he is a relative of the interested parties in this transaction, but that he
6 has no personal interest or personal gain from this transaction. Mr. Calvo
7 further explained that a portion of the property that was not subdivided
8 owned by Paul & Rosie Calvo, which is Mr. John Calvo's Uncle & Aunt. Mr.
9 George Chiu recommended that the board should have enough votes so that
10 Mr. John does not need to cast his vote and that he may recuse himself,
11 despite him legally allowed to vote on this motion, just so that there is no way
12 anyone can accuse Mr. Calvo has a conflict of interest giving him a clean slate
13 and at the same time making him feel more comfortable. Chairman Leon
14 Guerrero informed Mr. Chiu that the board might need Mr. John's vote to have
15 a quorum. Mr. Leon Guerrero also wanted to add that Mr. Paul & Mrs. Rosie
16 Calvo are only the Uncle and Aunt of Mr. John Calvo, they are not considered
17 immediate family members, so it cannot be seen as any conflict of interest.
18

19 **V. NEW BUSINESS**

20 **A. Election of Officers**

21
22 **Motion: Mr. Leon Guerrero motion to have all current members keep their**
23 **positions and renominate for directorship for next term.**

24 Second: Mr. Chiu

25 Vote: Unanimous
26

27 **B. Creation of Naming Committee**

28
29 **Discussion:**

30 Next topic of discussion for new business was the creation of the Naming
31 Committee. The board currently has no nominations for any individuals for this
32 committee. Dr. Enriquez informed the board that Dr. Krise has requested from
33 both Mr. Norman and Ms. Katrina to work on a draft for an updated building
34 naming policy since it's been some time since the last one existed. The
35 university would like as much transparency and collaboration as possible given
36 the great needs of the university and the opportunity to pursue more naming

1 opportunities for existing facilities and anticipated new facilities including the
2 rooms and other parts of the university. The board will table the discussion of
3 the naming committee until the next meeting.
4

5 **C. USDA Memorandum Letter**
6

7 **Discussion:**

8 The board then went to discuss the memorandum that was sent by Mr. Randall
9 Wiegand. The letter entails how the USDA has agreed to provide a loan for the
10 construction of a new Student Success Center and an Engineering Annex.
11 USDA has made a requirement that a pre-funded debt reserve of two years of
12 debt service be provided. The debt service has been estimated at \$1.15 million
13 per year or 2.3 million for a two-year period. The letter also states that the
14 university has nearly \$1.4 million in a reserve account which would be
15 allocated to this USDA reserve requirement. They have also identified an
16 additional \$200,000 that could be used for this purpose. A request was
17 included asking for the Endowment Foundation to provide the \$700,000
18 shortfall. It was also discussed that the Endowment may only be able to
19 provide \$400,000.
20

21 **Motion:**

22 **Mr. Leon Guerrero motioned to provide partial funds in the amount of no**
23 **more than \$700,000 to cover the shortfall by USDA.**

24 Second: Gov. Ada

25 Vote: Unanimous
26

27 **Motion:**

28 **Mr. Chiu motioned to approve Resolution No. 2021-03 that Executive**
29 **Director for the Endowment Foundation to be able to open 2 bank accounts**
30 **at Bank of Guam to be able to provide funding and in addition the bank**
31 **accounts will be assigned to USDA as a cash debt reserve funds to be used as**
32 **part of the security of the USDA construction loan that is being taken out on**
33 **behalf of the University of Guam.**

34 **Second: Mr. John Calvo**

35 **Vote: Unanimous**
36

1 **V. EXECUTIVE SESSION**


2 **The Board of Directors reserve the right to move into Executive Session at any time**
3 **during the meeting.**

4
5 **VI. ANNOUNCEMENTS AND ADJOURNMENT**

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7
8 **AFFIRMED/APPROVED ON:**

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10
11 
12 wp leon guerrero (Jan 7, 2022 09:13 GMT+10)
13 Wilfred P. Leon Guerrero, Ed.D.
14 CHAIRMAN

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16 **ATTESTED BY:**

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19 
20 Thomas Krise (Jan 6, 2022 09:20 GMT+10)
21 Thomas W. Krise, Ph.D.
22 EXECUTIVE SECRETARY









00-2021-06-03-Board Meeting Minutes

Final Audit Report

2022-01-06

| | |
|-----------------|--|
| Created: | 2022-01-05 |
| By: | Katrina Perez (katrina@uogendowment.org) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAA1UPHmkG18kdyJLDhG3BxrlhJ5dV52x-e |

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