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I. CALL TO ORDER

A. The 4th 2020 Meeting of the Board was a called to order at 4:20 pm on Monday, September 28, 2020.

The following were present:

Board Members:

- Dr. Wilfred Leon Guerrero, Chairman
- Mr. John T. Calvo, Vice-Chairman
- Mr. George Chiu, Treasurer
- Dr. Thomas Krise, Executive Secretary
- Mr. Jesse Leon Guerrero, Director
- Ms. Flo Martinez, Director

UOG Endowment Staff:

- Ms. Katrina Perez, Executive Director
- Ms. Patty Jean Ranger, Accounting Assistant
- Ms. Perpetua San Agustin, Associate Director Alumni & Annual Giving

Guests:

- Mr. Randall V. Wiegand, Vice President, Administration & Finance/Chief Business Officer
- Mr. David Okada, Chief Planning Officer/ Interim Chief of Staff, Office of the President
- Ms. Maree Pelkey, BGIS
- Mr. Jason Miyashita, Raymond James Inc.
- Ms. Amanda Gima, Raymond James Inc.

II. APPROVAL OF THE MINUTES

A. June 30, 2020

- Motion to approve** Jesse Leon Guerrero
- Second:** Mr. George Chiu
- Vote:** Unanimous

1 **III. CHAIRMAN'S REMARKS**

2 None

3 **IV. COMMITTEE REPORTS**

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

- 5 i. Finance Committee Meeting held on Wednesday, September 09, 2020
6 ii. Reports enclosed

7
8 **1. Raymond James**

9 Amanda Gima presented to the Board for Raymond James. Ms. Gima stated
10 Aristotle Capital Management as of September 26th, 2020. Ms. Gima reminds the
11 UOGEF Board of the changes made from the last Board of Directors meeting. Ms.
12 Gima mentions that the Akira Baba Scholarship is incorporated with the General
13 scholarship. BlackRock iShares replaced Templeton as the Global Fixed Income
14 Manager, and Clearbridge ESG replaces Renaissance Investment Management
15 (RIM). Ms. Gima presents with Aristotle Capital Management, which increases from
16 \$806K to \$849K with 5.33%, above the benchmark versus 3.84%. The second
17 account Ms. Gima presented to the Board was the Clearbridge ESG for international
18 equity. Ms. Gima mentions that this reporting combines Renaissance Investment
19 Management (RIM) and Clearbridge ESG. Ms. Gima mentioned that Renaissance
20 started at \$287K, and Clearbridge ended at \$304K with a return of 9.35% versus
21 2.83%.

22 The third account Ms. Gima presented was the Pacific Income advisors, which is a
23 moderate Income. As of June 30th, Mrs. Gima stated \$345K and ended at \$345K,
24 which is right online with the benchmark. The Last account Ms. Gima presented
25 was the BlackRock iShares, which is the global fixed income. Ms. Gima reminded
26 the Board that this is Templeton's combination, which started at \$157K, and
27 BlackRock iShares ended with a \$155K. Ms. Gima mentioned that IAGG is a hedge
28 fund, so that is the reason for it trailing. Ms. Gima is working with Raymond James
29 to incorporate a hedged index. Since there is no hedge index, UOGEF sees a
30 difference in the numbers in the period return portion. Ms. Gima stated that
31 UOGEF's quarter to date is \$1.65M up by \$68K and above the benchmark of 4.29%
32 versus 2.91%. Ms. Gima noted that a lot of the managers saved UOGEF on the
33 downside. The fiscal year to date (December to now) is down -1.20% versus the
34 benchmark of -4.47%, which gives UOGEF a total loss of -\$20K.

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UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

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Discussion:

Ms. Flo Martinez asked Ms. Gima about the Pacific Income Advisors regarding what type of bond it is in United States bonds and corporate or government? Ms. Gima responded that the Pacific Income Advisors is invested in high-quality aggregate United States Bonds with intermediate durations of 4-6 years. Ms. Gima then proceeds to explain that BlackRock iShares is UOGEF's global bonds.

Ms. Gima then presented the Guam Board of Accountancy (GBOA) account invested in the balance hybrid model. GBOA's market today or quarter to date started at \$2.65M and ended at \$2.75M for a return of \$101K period return or 3.83% versus the benchmark of 4.07%. Fiscal year to date, GBOA is up by 1.85% versus the policy index of 1.81%.

Mr. Jesse Leon Guerrero asked to verify which switch did UOGEF agreed? Ms. Perez confirmed that BlackRock iShares replaced Templeton and Clearbridge ESG replace Renaissance Investment Management (RIM). Ms. Perez then informed Mr. Leon Guerrero that it was effective Aug 14, 2020. Mr. Leon Guerrero asked Ms. Gima what she anticipates with the market with the election coming up? Ms. Gima replied that she had had some discussions with money managers about this subject. She believes that UOGEF should keep the portfolio by-partition. Ms. Gima then explained that in the past elections, the market does not care who is in office; the market will continue as an overall trend it can go up. Dr. Leon Guerrero agrees with Ms. Gima and explains that uncertainty has been eliminated.

Ms. Perez welcomed Ms. Gima back and mentioned that Ms. Martinez had a question regarding Raymond James' fees. Ms. Martinez then asked what Raymond James' annual fees charged on UOGEF's account is. Ms. Gima responded that all fees are based on the assets and their management. Ms. Gima presented the Projected Investment Related Expenses based on August 31, 2020, Market Values. Ms. Gima explains that the fees are divided into two parts, the manager's fee, and the Raymond James' fee. Ms. Gima stated that Aristotle is .50%, Clearbridge is at .50%, Pacific Income is at .25%, iShares is at .09%, and Freedom is at .10%. Hence, the total management fee is 0.21%, and Raymond James fees are at 1.02%, with a total percent of 1.24%. Ms. Gima mentions that it is billed quarterly. Ms. Gima reminds the Board that it changes throughout the year, depending on the market. Ms. Martinez then asks Ms. Gima to speak to management to consider decreasing the fees from 1.02% to 0.50%? Ms. Perez stated that the Board heard that other companies that offer discounted rates to nonprofit organizations. Ms. Gima agrees to bring this up to management and will get back to the Board.

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 **2. BGIS**

2 Ms. Maree Pelkey presented for BGIS. Ms. Pelkey mentioned that the report in front
3 of the Board was as of September 25th, 2002. Ms. Pelkey presented with the
4 UOGEF's performance section; Ms. Pelkey stated that as of September 18th,
5 UOGEF's market value is \$800,508. Ms. Pelkey informs Ms. Martinez that BGIS
6 manages the Capital Campaign fund and UOGEF's General fund. Ms. Pelkey
7 mentions the margin loan against the General Fund, which lowers the fund in that
8 account.

9 **Discussion:**

10 Mr. Leon Guerrero asked Ms. Perez what margin loan is against the General Fund?
11 Ms. Perez reminded Mr. Leon Guerrero that it is the Storm Water Mitigation Loan.
12 Mr. Leon Guerrero then asked if there was any movement in the University of Guam
13 making payment. Ms. Perez explains to the Board that until the Triton Engagement
14 Center receives funding for the project, UOGEF will only be receiving the University
15 of Guam's interest on the loan. Ms. Martinez then asked what the interest rate was
16 for the loan? Ms. Pelkey replied that the Fed Rate's interest rate is 1%, so the total
17 interest rate is currently 2.25%. Mr. Leon Guerrero asked what 1% was pertaining
18 to? Ms. Perez replied that 1% was for the UOGEF's Administration Fees. Ms. Pelkey
19 then mentioned that the Margin loan is just over \$1.3M for the Board's reference.

20 Ms. Pelkey returned to presenting the UOGEF's performance. She stated that since
21 the last review, the market had been down -10%, but Ms. Pelkey noted that
22 considering the past few months, UOGEF is just down -4.46%, and year to date, it
23 is -2.88%. Ms. Pelkey stated that with everything going on with COVID and the world
24 economy slowly starting to reopen, -2.88% is a significant improvement from where
25 UOGEF was in the first quarter. Ms. Pelkey mentioned that looking at the long term
26 at 12 months, UOGEF is at 4.68%. Three years at 5.93%, and since inception at
27 7.90% compared to the benchmark UOGEF is right online with the target with the
28 BBgBarc Short Treasury 1-3 month TR USD at 1.12%.

29 Ms. Pelkey mentioned the sale off, UOGEF and BGIS had discussed it before, and
30 BGIS does not change their viewpoint. BGIS does expect some volatility in the short
31 term. Most especially with everything going on right now with the election, the
32 dates in Congress about a physical stimulus package and when that will come
33 through, and trade tensions with China. Ms. Pelkey also mentions that the market
34 is a little unsteady. However, the market still has prospects to grow long term,
35 especially as the economy starts to open and recover from the effects of COVID
36 closures.

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 Ms. Martinez asked Ms. Pelkey if the rates of return before fees? Ms. Pelkey
2 confirmed that it is gross fees. Ms. Martinez then asked Ms. Pelkey, what are the
3 fees for BGIS? Ms. Pelkey stated that as of last quarter, it is around 0.9%. Ms. Pelkey
4 then indicated that it is a blended fee based on valued assets.

5 Ms. Pelkey then mentioned that she would like to touch base on a question Dr. Leon
6 Guerrero had the last Board of Directors meeting regarding a comparison between
7 other endowments and how UOGEF is doing. Ms. Pelkey mentions the NACUBO-
8 TIAA (National Association of College and University) Study of Endowment. Ms.
9 Pelkey explains that colleges and endowments around the United States submit
10 their portfolio returns for a study to compare their endowment and respected
11 assets allocations' performance. Ms. Pelkey presents the NACUBO-TIAA report as
12 of June 30, 2019. She mentions that since the data does not come out until January
13 or February of the following year, Ms. Pelkey considers it stale-dated since the
14 information is about over a year old. Ms. Pelkey then explains the report in front of
15 the Board. Ms. Pelkey goes over the Annualized return for UOGEF as of June 30,
16 2019, at \$8.1M versus an average endowment of \$25M and below. Ms. Pelkey
17 states that in terms of performance, UOGEF has outperformed in the 1st and 3rd
18 year period. Ms. Pelkey also mentions that compared to the endowments
19 submitting to the study, UOGEF had done well compared to its peers. Ms. Pelkey
20 then presented the Asset Allocation against the average endowments. Based on
21 the table on the report, UOGEF has slightly higher assets in the U.S Equities and is
22 offset by a lower allocation in the Fixed Income and a somewhat higher allocation
23 in the Alternatives. Ms. Pelkey explains that this considers the more significant
24 universities with assets to private equity, hard restate. Alternative investments that
25 are can be more expensive. Since these universities are more extensive than UOG,
26 they have access to those types of investment options. Ms. Pelkey stated that she
27 just wanted to show the Board a comparison of how UOGEF has performed and
28 where the asset allocations stand than UOGEF's peer group. Ms. Pelkey mentioned
29 that the next report would not come out until next year. When the report comes
30 out, she will report to the Board of NACUBO-TIAA's 2020 data.

31 Ms. Martinez mentioned to Ms. Pelkey that considering the accounts' size and the
32 fees that Bank of Guam charges. Ms. Martinez is wondering if the bank is willing to
33 consider lowering the fees because UOGEF is a non-profit organization? Ms. Pelkey
34 mentioned that BGIS could look at the fees but notes that they follow a standard
35 fee schedule across the Board, so no one is getting any shortcuts. Still, she will bring
36 this up to management and present it. Ms. Pelkey then asked Ms. Martinez asked
37 if there was any management in terms of fees? Ms. Martinez replied that she is

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 concerned because the Board has judiciary responsibilities over the funds. With
2 UOGEF charging their 2-2.5% fees to pay for operating expenses and adding BGIS
3 fees, it takes chunk of the UOGEF returns. Ms. Martinez then stated that she is
4 looking into ways to cut costs. Ms. Martinez then says that BGIS's job is to try and
5 grow the fund, and she would like to look for other ways to grow, and one way is
6 to cut expenses where UOGEF can. Ms. Martinez then suggested that BGIS discuss
7 with management and make a consideration. Ms. Pelkey agreed to bring it up with
8 BIGS Management. She mentioned that the fee she quoted earlier is a total fee, and
9 UOGEF does not pay additional fees for any other services. BGIS does not hire
10 outside manager fees, so UOGEF does not produce any additional fee. Ms. Pelkey
11 also mentions that the margin loan's interest rate is significantly discounted from
12 Fidelity's flat rate to BGIS's clients. Ms. Pelkey then states that she understands that
13 as an endowment, you need to try to save money wherever they can, so she will
14 bring this up to management. Ms. Martinez then asks Ms. Pelkey who puts the
15 portfolios together? Ms. Pelkey replies that both she and Ms. Alexander Leon
16 Guerrero are the registered investment advisors. So, they design the asset
17 allocations as well as the fund selection within the asset allocations. Ms. Martinez
18 then asked what type of funds? Ms. Pelkey then replied that it is a primarily passive
19 portfolio, which brings the expenses down. UOGEF is not hiring an investment
20 manager and paying a fee to them in a mutual fund that tends to have a high
21 expense ratio compared to passive strategies. Ms. Martinez asked if investment
22 managers have fees? Ms. Pelkey replied, "Yes, all investments have expense ratios,
23 which is part of the fund. UOGEF does not pay an additional fee, so it is calculated
24 and deducted from the price. Mr. Leon Guerrero then asked Ms. Pelkey how she
25 sees the market before and after the election? Ms. Pelkey stated that it depends
26 on who wins because republicans and democrats have different policies, they
27 would like to implement should they get elected. Either way, it would have some
28 effects on the markets. Still, long term, Ms. Pelkey does not think elections dictate
29 how the markets perform, and some of the noise will disappear as time goes on.
30 Ms. Pelkey states that it will affect short term volatility and uncertainty, which
31 markets do not like. Dr. Leon Guerrero returned to BGIS's fees and asked Ms. Pelkey
32 to verify how much BGIS's fees? Ms. Pelkey states that BIGS charges 0.9%, but it is
33 a weighted fee, so it changes by quarter based on the market value (follows a scale),
34 and it is all-inclusive. Mr. Leon Guerrero asked Ms. Pelkey if she thinks if the rate is
35 too high? Ms. Pelkey believes the rate is fair, but she mentions that UOGEF can go
36 to either provider to see. Ms. Martinez then states that if the Board takes UOGEF's
37 administrator fee (2.5%) plus BGIS's fee (0.9%), that equals 3.4% combined. Ms.
38 Martinez then based the numbers on the last chart of \$6.3M, and minus the fees,
39 UOGEF is left with \$2.9M. Ms. Martinez states that UOGEF is barely ahead of

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 inflation, and UOGEF wants to do so many things. Hence, UOGEF must cut some
2 expenses. Since we are an endowment, Mrs. Martinez then states that we must
3 stick to the prudent man rule, so UOGEF must stick to the 75/25 equity fixed
4 income. Ms. Martinez brings back the subject of UOGEF growing. She states that
5 the Board must look at it from all angles and try to make the funds grow by looking
6 at the returns and cutting expenses at the same time. Ms. Martinez asks the Board
7 if anyone knows what Raymond James charges? Mr. Leon Guerrero suggests we call
8 back Ms. Gima to answer the question. Ms. Perez asked Ms. Ranger to call Ms. Gima
9 to come back to the ZOOM Meeting.

10 **3. SENG/SSC Loan Update**
11

12 Ms. Perez presents new updates to the Board of the latest information regarding
13 the USDA Loan. Ms. Perez stated that they received verbal approval from Mr.
14 Barcinas. Still, they are now asking for some documents to be signed by UOGEF's
15 Board. One of the documents that USDA is requesting is a Letter of Intent to Meet
16 Conditions and Request for Obligation of Funds. Ms. Perez then stated that Mr.
17 Wiegand and UOG's Legal Counsel has been in discussion with Mr. Barcinas
18 regarding this matter. Ms. Perez then asked Mr. Wiegand to speak to the Board
19 about his conversations with Mr. Barcinas and how he feels about the whole
20 process of the USDA Loan? Mr. Wiegand presents to the Board that there has
21 been some good news and bad news regarding the USDA Loan. Mr. Wiegand then
22 starts with the good news of receiving conditional approval from USDA. The
23 interest rate went down from 2.5% to 2.375%. Mr. Wiegand then mentioned that
24 the wrong side of the update is that USDA insists that UOG gets interim financing.
25 Mr. Wiegand explains that USDA requires UOG to set up a five-year pre-funded
26 deposit fund, in the event legislature does not appropriate the 1.1 (5M) that they
27 have agreed. Mr. Wiegand also states that another issue is that the contractors'
28 cost from the contractors has gone up. Mr. Wiegand's calculation is at \$5M. Still,
29 USDA calculates it at \$3.8M, but they say that UOG needs to have the \$3.8M in a
30 fund before any construction can begin. Mr. Wiegand also states that USDA wants
31 a lean on all assets of the UOGEF. Mr. Wiegand says that UOGEF can use the funds
32 the way UOGEF needs to. Still, if there is a time where the loan is not paid off,
33 USDA then comes after the buildings and UOGEF's assets. Mr. Wiegand informs
34 the Board that USDA wants a capital asset reserve account. UOG puts in \$50K a
35 year and lets it build up to about \$500K for general maintenance on the property.

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UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

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Discussion:

Mr. Leon Guerrero asked if this is all of USDA's requirements? Mr. Wiegand states that USDA has many requirements to include many forms to be completed, but the most pressing document that needs the Board's attention is the Letter of Intent to Meet Conditions and Request for Obligation of Funds. Mr. Wiegand stated that Mr. Barcinas mentioned that if the form is not sent to USDA by tomorrow, then UOG/UOGEF will have to resubmit for the new loan. Mr. Wiegand stated that the terms is a long and difficult thing to digest and would need time to understand everything. He believes that USDA will allow that time.

Mr. Leon Guerrero is asking if this memo is from USDA? Mr. Wiegand replied with, "Yes." Mr. Leon Guerrero then states that he does not feel that USDA wants to continue with the loan. Mr. Wiegand agrees with Mr. Leon Guerrero. Mr. Leon Guerrero then says that USDA is making it more difficult than it usually does.

Mr. Wiegand then states that he has been talking to Barclay's and they think UOG can borrow money on its own. Still, UOG needs legislature's approval to do that, and that will not happen anytime soon. Mr. Wiegand mentions that the path he is thinking of is to give USDA the letter and continue the bond issuance. If the bond issuance can happen, then UOG will not get into the USDA Loan. Mr. Wiegand states that he has done a fair amount of borrowing, and he has never seen a five-year pre-funded debt reserve, which he feels is uncalled for. Mr. Leon Guerrero states that he is not comfortable sending the Letter of Intent on all UOGEF's assets.

Discussion:

Mr. Leon Guerrero then asked why can't be UOG's assets? Mr. Wiegand then mentioned that USDA would have a lease on the buildings, but the loan is the UOGEF. Mr. Leon Guerrero then confirmed if the debt service is three years? Mr. Wiegand stated that it is five years, so that it will be roughly about \$1.1M a year with current terms. Mr. Leon Guerrero then asked if UOG can handle that part of those terms? Mr. Wiegand cannot confirm as he needs to do more research. Mr. Wiegand mentioned that UOG has the land grant money. Still, it has many restrictions on it, so he is unsure why, so he is requesting legal counsel to review the terms on the restriction on the land grant money. Dr. Leon Guerrero stated that he could not agree to lean on all UOGEF's funds, particularly the donated scholarship. Mr. Wiegand reiterates that USDA stated that UOGEF could use the funds. Dr. Leon Guerrero states that he understands what he is saying, but if, for some reason, things go south. UOGEF loses the money, UOGEF donors will be upset.

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 Mr. Wiegand agrees with Dr. Leon Guerrero, but he feels that 99.99% but he does
2 not want to give up on all the work that has been done for this. Ms. Martinez asked
3 what is the revenue source to service this debt? Mr. Wiegand stated the deal with
4 the legislature, and the value was set. Still, on May 19, 2019, USDA de-obligated it
5 and asked UOG to apply again, but things are now more stringent than the first
6 time. Mr. Wiegand then stated that it is not a continuing appropriation that they
7 have. Mr. Wiegand then noted that the legislature reserves the funds. Still, it is not
8 a continuing appropriation. So, the legislature has said that they intend to provide
9 the funds every year. Still, the language is not an appropriation. It could not be an
10 appropriation because UOG was trying not to put it under the government's debt
11 ceiling. Mr. Wiegand stated that the only way to get around the debt ceiling is to
12 make it an annual reservation of the funds. Mr. Wiegand then says that USDA is
13 making this a big deal because it is not a continual appropriation. They can count
14 on it every year. Mr. Camacho then presents Mr. Barcinas email stating that UOGEF
15 must agree to submit the Letter of Intent and Conditions and a date UOG/UOGEF
16 intend to meet all the conditions to include all conditions mentioned above. Mr.
17 Camacho then proceeds to read Mr. Barcinas' email stating "it does not necessarily
18 obligate UOG/UOGEF to continue with the particular loan." Mr. Camacho then
19 states that if UOG/UOGEF wanted out at some point, UOGEF does not need to give
20 them the approvals. Mr. Camacho agrees with Mr. Wiegand that the conditions are
21 unusual and then states that it seems that USDA is questioning Guam's ability to
22 repay the loan versus not giving UOG/UOGEF the loan.

23 Mr. Leon Guerrero states that he did not feel comfortable with the Letter of Intent
24 and asked if we can ask for an extension? Mr. Camacho says that UOG can try it but
25 agrees with Mr. Wiegand that it is a take it or leave it situation. Mr. Camacho then
26 states that UOGEF can sign the letter and continue pursuing the bond financing.
27 Mr. Camacho then says that the reason behind the rush on the letter is that they
28 have the loan obligated by September 30th by the end of the physical year. Mr.
29 Wiegand then added that if it is not encumbered in 2020, it must be put back in the
30 review process again for 2021. Mr. Camacho suggests that UOGEF sign the letter
31 now, get the funds encumbered. In the end, if UOG/UOGEF wants to back out, then
32 UOG/UOGEF can do not give the authorizations they want, which will be the end of
33 it or change the conditions.

34 Mr. Leon Guerrero asked the Board for their input. Ms. Martinez states that she
35 does not like it as it is too restricted, and she does not think the bylaws allow UOGEF
36 to put a lean on investment accounts. Ms. Martinez understands why USDA is
37 asking for these conditions but still does not feel comfortable putting a lean on the

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 investments account. Mr. Martinez then asked Mr. Wiegand how much collateral
2 USDA is asking on the buildings? Mr. Wiegand stated that the facilities may be
3 appraised fully at \$26M, and USDA is just looking for more. Ms. Martinez reiterated
4 that she does not feel comfortable with the way the debt is being served. Ms.
5 Martinez stated that UOG needs some other income source to count on annually
6 to protect ourselves and the bank. Mr. Chiu agrees with Mr. Martinez and says that
7 he does not think the Foundation has the financial ability to be a part of this deal
8 with all the different conditions on loan. As Directors on the UOGEF, Mr. Chiu stated
9 that we have the fiduciary responsibility to protect the assets of the Foundations,
10 and he is not going to allow anybody to put a lean on it. Suppose we do not accept
11 these terms after looking into it further. In that case, Mr. Chiu then asks if it is even
12 legal to sign the letter now and later take it back if we do not accept these terms
13 after looking into it further? Mr. Camacho stated that by signing this letter of intent,
14 you agree to putting a lean on the assets but signing the letter is not closing off the
15 loan. Mr. Camacho stated that there are many triggers to not having this loan go
16 through. It is perfectly legal to give them the requisite liens. Suppose UOG/UOGEF
17 does not provide the requisite approvals (for example from UOG's Board of
18 Regents). In that case, USDA will not consider the loan. Mr. Chiu then asked if
19 UOGEF or UOG does not go through with the loan, then will it open it up to any
20 "Bad Faith Claims" on future loans? Mr. Camacho replies with "No."

21 President Krise then explains why the Letter of Intent is rushed and having the
22 possibility of renegotiation from a position of an obligated current fiscal year. Mr.
23 Chiu then asked President Krise, whether we should continue, knowing that UOGEF
24 will not agree to these terms and conditions. The signing of the letter will allow
25 UOG to extend this period, which indicates that USDA will renegotiate new
26 conditions and terms with us. Mr. Chiu stated that if USDA is not going to
27 renegotiate the conditions and terms with UOG/UOGEF, then there is no point in
28 signing off on the letter. Still, if there is a possibility to have the terms and
29 conditions to renegotiate, it would give the Board the bases to sign this letter. Mr.
30 Chiu then reiterated that UOGEF would not agree to these terms and conditions.
31 Still, UOGEF is only signing off to allow UOG to renegotiate new conditions and
32 terms that will be acceptable to the UOGEF Board.

33 Mr. Camacho then asked Mr. Wiegand if UOG can ask USDA can remove the first
34 lien on the UOGEF Fund assets? Mr. Wiegand answered that he could certainly try.
35 Dr. Leon Guerrero then asked Mr. Wiegand what the cost of the SENG Building is?
36 Mr. Wiegand stated that the most recent estimate is approximately \$6M. Dr. Leon
37 Guerrero noted that he is at the point where UOGEF cannot handle it. Dr. Leon

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 Guerrero then recommends Mr. Wiegand look at other options and focus on the
2 SENG building. Mr. Wiegand agrees with Dr. Leon Guerrero, but it would be towards
3 the pre-closing period. Mr. Camacho stated minimal risk to UOG/UOGEF if we
4 encumbered by signing off the intent letter. Ms. Perez, both Mr. Wiegand and Mr.
5 Camacho, the acknowledged the likelihood of USDA renegotiating with removing
6 the lien on all UOGEF Assets. Mr. Wiegand agrees that it is a fair point to state that
7 for many, the funds in the Endowment are restricted. The Board cannot allow these
8 funds to be encumbered because they were given for a specific purpose. The
9 foundation must not allow them to be encumbered. Mr. Wiegand then expresses
10 his frustration with the new conditions from USDA. Dr. Leon Guerrero then asked
11 Mr. Wiegand what the size of the land management portfolio is? Mr. Wiegand
12 responded that it is roughly around \$15M/16M with many legal conditions.
13 President Krise added that if UOG/UOGEF does not sign off on this now, then the
14 whole deal will stop. Still, suppose UOG/UOGEF does sign the letter of intent. In
15 that case, this will give UOG some time to talk about renegotiating some conditions.
16 President Krise mentioned that if UOG cannot get a renegotiation, they will stop
17 the loan process.

18 Father Hezel added that he understands the flow of the conversation/discussion.
19 He describes President Krise' position on buying time and hoping certain conditions
20 will change within the next year with the possibility of getting a better deal. Father
21 Hezel stated that the factors would involve economic conversation in the United
22 States and the Corona Virus and its effects on the U.S. budget. Father Hezel
23 mentions that he thinks that if the legal team and financial advisor do not believe,
24 we violate contractual agreements. All we are doing is buying time for
25 renegotiation, and then maybe it might not be a bad idea to offer or get a little bit
26 of time in hopes that the factors work out. Mr. Okada added that UOG has a signing
27 contract with Bascon, hanging on to this contract with no progress. Bascon
28 understands that September was going to be the turning point for everything. Mr.
29 Okada is concerned that any extension beyond September would make Bascon pull
30 out of the contract because it has been a long time. It has also hindered them from
31 other projects because of the bonding of this project. Mr. Okada also added that if
32 Bascon suspects any extension from this, they will pull the contact from UOG
33 because they have been hanging on to this project. Ms. Perez asked if UOGEF signs
34 this letter to buy some time, will Bascon pull out of this contact in the negotiation
35 time? Mr. Okada replied with, "yes, this would be a follow-up conversation of them
36 pulling out, for this project alone. Unless Mr. Okada can give them a definite
37 answer, then the CEO of Bascon has stated that he has waited long enough.
38 Bascon's CEO is hopeful that this project is getting approved. Mr. Okada then stated

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 that he would have to go back to Bascon's CEO and explain the result of the
2 conversation. Ms. Perez reads a portion of the letter of intent is requiring UOGEF
3 to give a date. Ms. Perez then asked Mr. Wiegand and Mr. Camacho what a
4 reasonable date would be? Mr. Camacho stated that it would have to be 90 days
5 from the date the letter was signed. Mr. Leon Guerrero stated that he does not
6 want to put a lien on the UOGEF accounts. Mr. Leon Guerrero then asked Mr. Okada
7 or Mr. Wiegand if they have ever signed a letter of intent like the one provided and
8 then negotiated the terms later? Mr. Wiegand replied with, "No, from the prior
9 processes, this an unusual process." Dr. Leon Guerrero added that right now,
10 UOGEF cannot do this process. If we are going to pursue further borrowing, he
11 recommends that UOG limit it to the SENG Building. Mr. Leon Guerrero added to
12 focus on one at a time. Ms. Perez stated that it might affect the public law written
13 because it explicitly stated two buildings. Mr. Leon Guerrero mentioned that they
14 would have to revisit that because of the timeline. Ms. Perez then said the new
15 timeline with this new agreement. President Krise added that UOG/UOGEF would
16 have to sign off on this to negotiate with USDA; if UOG/UOGEF does not sign off on
17 the letter, then the conversations with USDA will stop. Mr. Leon Guerrero asked if
18 President Krise would sign off on this letter of intent? President Krise answered,
19 "Yes, because I do not see any risk involved." Mr. Leon Guerrero asked, how do you
20 not see any risk involved when the conditions are risky in itself? President Krise
21 then stated that there is no risk in signing off on the letter. It just allows
22 UOG/UOGEF to continue talking about it. Dr. Leon Guerrero asked if President Krise'
23 recommendation is to sign the Letter of Intent? President Krise replied, "Yes,
24 because there is no risk to the UOGEF of UOG to sign now; we just get more time."
25 Mr. Leon Guerrero suggests that UOG investigate other avenues to get the SENG
26 Building and look at getting the USDA Loan for the other building in the upcoming
27 year. Mr. Wiegand stated that due to public law, they would not be able to. Still,
28 Mr. Wiegand agreed with Mr. Leon Guerrero that UOG should look at other areas
29 on this matter in case the USDA Loan does not go through. Mr. Leon Guerrero then
30 asked Dr. Leon Guerrero to put the motion to a vote.

31 Dr. Leon Guerrero stated that Ms. Perez has a Resolution for the signing of the
32 Letter of Intent. Ms. Perez reads Resolution Number 2020-01 to the Board. Dr. Leon
33 Guerrero recommends that Mr. Wiegand forget about the Student Center and
34 focus on the SENG Building. Dr. Leon Guerrero asked if anyone disagrees with Dr.
35 Leon Guerrero with signing the Letter of Intent with the idea of being able to
36 negotiate with USDA? Ms. Martinez stated that the law six years ago notes that
37 UOG/UOGEF cannot change the law. President Krise said that if USDA agrees to the
38 terms, then UOG would have to go and have that law changed. Still, they will have

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 to negotiate without the Letter of Intent. Mr. Camacho then explained that the law
2 does include both the SENG Building and Student Center. Still, it does not prohibit
3 UOG to pursue one project or both projects.

4 **Motion:**

5 **Mr. Calvo motioned to submit formal response to USDA with Letter of Intent to**
6 **Meet Conditions and Request for Obligation of Funds in connection with the**
7 **\$21.M USDA Loan application to construct the School of Engineering building and**
8 **Student Success Center.**

9 **Second:** Ms. Martinez

10 **Vote:** 2 Yes and 2 No, Dr. Leon Guerrero broke the tie in favor of signing the letter
11 of Intent for Obligation.

12 **Discussion:**

13 Mr. Leon Guerrero expresses his loss of confidence in processing the Loan.

14 **Motion:**

15 **Mr. Jesse Leon Guerrero motioned to seek interim financing from Barclay's.**

16 **Second:** Mr. John Calvo

17 **Vote:** Unanimous

18 **Motion:**

19 **Mr. Jesse Leon Guerrero motioned to amend the 8/20/2002 approval to establish**
20 **a Vanguard account to facilitate the transfer of funds from Marjorie Driver's**
21 **retirement account held with Vanguard.**

22 **Second:** Ms. Martinez

23 **Vote:** Unanimous

24 **B. Land Committee- Mr. John Calvo, Committee Chair (Exhibit B)**

25 Mr. John Calvo presented the Land Committee report to the Board and provided
26 the latest updates regarding the land issues. Mr. Calvo states he has a few items on
27 the agenda that need the Board's approval.

28 **Motion:**

29 **Mr. John Calvo motioned to seek quotations for a contractor to erect semi-**
30 **permanent markers on Yona property survey points.**

31 **Discussion:**

32 Mr. Jesse Leon Guerrero suggested that Mr. Calvo receive some quotations for the
33 Yona property and then present it to the board later.
34

UOG Endowment Foundation
Regular Board Meeting
Monday, September 28, 2020
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

1 **Motion:**
2 **Mr. John Calvo motioned to reject the reduced offer on Yona – Lot 177-3-1 (new**
3 **= \$56,800, old = \$184,604)**
4 **Second:** Mr. Jesse Leon Guerrero
5 **Vote:** Unanimous

6 **Discussion:**
7 Dr. Leon Guerrero asks Mr. Calvo what his recommendation is regarding this
8 motion. Mr. Calvo stated that it is a substantial reduction. Mr. Calvo then
9 recommends that UOG Endowment hold the land until next year.

10 **Motion:**
11 **Ms. Perez motioned to relist Yona – Lot 177-3-1 and Yona – Lot 177-3-R1 & Lot**
12 **209 Estate 278.**
13 **Second:** Mr. Jesse Leon Guerrero
14 **Vote:** Unanimous

15
16 **V. NEW BUSINESS**

17 **A. Welcome, Perpetua San Agustin!**

18 Ms. Perez introduces Ms. San Agustin to the UOG Endowment Foundation Team. Ms. Perez
19 provides the Board with a brief background of Ms. San Agustin.

20
21 The Board welcomes Ms. San Agustin to the UOG Endowment Foundation Team.

22
23 **VI. Executive Session**

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

26
27 **VII. Announcements and Adjournment**

28 Ms. Perez mentioned that the University of Guam received some recognition from U.S.
29 News and World Report. Ms. Perez stated that U.S. News & World Report ranked UOG 46th
30 as a “Top Performer on Social Mobility” among Western regional universities. The article
31 stated that the University of Guam also ranked 42nd among the top public institutions in
32 the West and 84th among Western regional universities. Ms. Perez then congratulated
33 President Krise and his team on achieving these high standards.

34









01-2020-09-28 Board Meeting Minutes

Final Audit Report

2021-12-10

Created:	2021-12-10
By:	Katrina Perez (katperez1313@gmail.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAbeqNUyQ17jQu7AZ4UWxw6QMA4IQPdENa

"01-2020-09-28 Board Meeting Minutes" History

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2021-12-10 - 3:01:47 PM GMT- IP address: 121.55.220.46
-  Document emailed to Thomas Krise (tkrise@triton.uog.edu) for signature
2021-12-10 - 3:02:30 PM GMT
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Signature Date: 2021-12-10 - 5:25:22 PM GMT - Time Source: server- IP address: 201.73.48.139
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2021-12-10 - 5:25:24 PM GMT
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