

UOG Endowment Foundation
Regular Board Meeting
March 1, 2023
Zoom.us/Raymond James
Maite, Guam

1

2 **I. CALL TO ORDER**

3 A. The second 2023 Board of Directors Meeting of the Board was called to
4 order at 4:30pm on Wednesday, March 1, 2023.

5 The following were present:

6 **Board Members:**

7 Mr. Jesse Leon Guerrero, Chairman
8 Mr. George Chiu, Treasurer
9 Pres. Thomas Krise, Executive Secretary
10 Gov. Joseph Ada, Director
11 Mr. David John, Director
12 Ms. Flo Martinez, Director
13 BG Roderick Leon Guerrero, Director
14 Ms. Ramona Jones, Director

15 **UOG Endowment Staff:**

16 Ms. Katrina Perez, Executive Director
17 Ms. Erika Pagsisihan, Administrative Assistant
18 Ms. April Catagatan, Accounting Clerk

19 **Guests:**

20 Ms. Cathleen Moore-Linn, Executive Director, Research Corporation, UOG
21 Mr. Randy Wiegand, Vice President, Administration & Finance/ Chief Business
22 Officer
23 Mr. Jim Hollyer, Acting Chief Planning Officer, President's Office
24 Mr. Norman Analista, Director, UOG Development, Alumni Affairs and UOG
25 Endowment Foundation Relations
26 Mr. Glenn Leon Guerrero, Director, Facilities Management & Services
27 Mr. Zenon Belanger, Capital Projects Manager, Facilities Management & Services
28 Ms. Alexandra Leon Guerrero, BGIS
29 Ms. Maree Pelkey Sgro, BGIS
30 Ms. Amanda Gima, Raymond James

1 **II. APPROVAL OF THE MINUTES**

2 A. Thursday, 01/26/2023 - Regular Board Meeting

3 **Motion to Approve Subject to Correction:** Ms. Flo Martinez

4 **Second:** BG Roderick Leon Guerrero

5 **Vote:** Unanimous

6 **III. CHAIRMAN’S REMARKS**

7 None

8 **IV. UOG President’s Report**

9 President Krise shared with the board a special presentation made for the
10 members of the 37th Guam Legislature. He mentioned UOG’s upcoming
11 Charter Day event and is looking forward to see everyone there. He thanked the
12 board for their overwhelming support in our capital improvement projects. This
13 semester was full of large committees working on huge projects and as
14 previously mentioned, WASC accreditation reports are due the end of June. He
15 also mentioned that the commissioner of WASC had just come back from
16 California where she reviewed four different universities’ applications that
17 emphasized that the financial support from the government is vitally
18 important. They have also submitted their APEC accreditation, one that is
19 specialized for engineering. Another project this semester is the Carnegie
20 community engagement classification. They are renegotiating the faculty union
21 contract for the current one as it expires in April. The presidential search
22 committee has had three meetings so far and they are currently receiving
23 applications in which they will close submissions on St. Patrick’s Day. President
24 Krise thanked Gov. Ada for continuing to serve on the research corporation with
25 the University along with the UOG EF executive director, board members, and
26 the rest of the team for the structure and management of our projects.

27 President Krise moved on to budget advocacy. He thanks Vice Speaker Tina
28 Muña Barnes who has been helpful in terms of political advocacy for our budget.
29 She strongly recommended that we listen to our students’ and our regions’

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1 voices over the administration. UOG is pressing for the \$42M for the
2 appropriations this year. This includes the 22% proposed raise for the classified
3 employees and the first phase for whole team salary adjustment that begins to
4 address the now huge discrepancy with the GDP. He highlighted the \$7M cut of
5 our appropriation (in nominal terms 23%-35%). \$7 billion has resulted in 77
6 current vacancies impacted on staff, maintenance, and slow growth programs'
7 initiatives, which also harms student success development and sustainability.
8 We are surviving by accommodation production services, COVID rescue funds,
9 and redirection of resources for their intended purposes. State production
10 funding continued in 2023 causing severe stress in our ability to continue as we
11 have been calling on senators to support the appropriation. He recognized the
12 support of this appropriation recalling General LG's father's time (Dr. Wilfred
13 Leon Guerrero) when he received \$26M in his last year as President of the
14 University. They will be transmitting the letter of this budget request by Friday
15 and they informed Senators Joe San Augustin and Amanda Shelton about this
16 plan. On Monday, they will do a press release on this subject and then they have
17 an 8-week indication plan with a different letter to the editor each week, then a
18 social media campaign in which UOG's student leaders including our regents and
19 student regent will partake.

20 The next few slides of his presentation includes insight on UOG's high quality
21 education with the number of degrees offered; enrollment by ethnicity and
22 gender consensus; annual alumni survey, economic impact on students, staffing
23 (RCUOG, Ceddars, and SBDC) and a recurring search for directors and deans. The
24 total of full-time UOG faculty is about 180. The 77% represents a percentage of
25 the workforce consisting critical vacancies of faculty, staff, and administrators.
26 \$1M-\$8M was addressed in deferred maintenance over the last five years. One
27 of the real pressure points of hiring and retention is producing nurses in biology
28 and chemistry courses which requires the advancement of the nursing program,
29 following with engineering and math courses. There are 60% of our students
30 coming from relatively low-income backgrounds and more than a third of our
31 students first in their families to go to college who are in great need of a lot
32 more counseling support services. President Krise believes helping people
33 understand the complexity of the persons and provide them with the utmost
34 support. They had specific pressure particularly with the number of the

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1 legislature on financial aid trying to zero out the admin support for the student
2 financial aid. Helping them to understand that staffing is important for all these
3 efforts and also on student financial aid has been highly irregular for the past
4 few years. Maintenance improvements in facilities and personnel as
5 well projects have been doing well. The \$42M appropriation will have enabled
6 this institution to bring in a phenomenal amount of resources—\$20 million just
7 in research grants that we've had this past year is more than the total budget for
8 GCC. The legislature gave UOG the basic appropriation paying for salaries and
9 utilities and on top of that is one of the ways we're able to triple the tax return
10 receipts of every dollar the legislature gives us. BG Rod inquired if there was
11 locally mandated funding. President Krise responded that there are some cases
12 where there is an appropriation of a local match to get federal amount
13 and what they should have done in doing this would be to replace the local
14 appropriation rather than just waiving it. UOG is in the top 35% of universities in
15 research performance which is remarkable for an institution outside 47 total
16 research grant awards in 2021. There is the \$25M that was granted for research
17 funding in 2021 and the \$13M in federal research funds expended. He
18 mentioned that large private foundations, such as Mane'lon Marianas, are kind
19 of the next frontier for us and just today received an invitation from their
20 President to apply for a grant for Chamoru studies. He then shared a 90-second
21 video that sums up UOG's strife and mission. Ms. Martinez found the video very
22 meaningful and impactful. She suggested they could induce more points that will
23 get their message across to the legislature to convince them that UOG is well
24 worth the appropriation, especially in recovering these 77 vacancies. President
25 Krise agrees and adds that it is a major issue to recruit people and feels they
26 have been "slapped" by the accrediting agency because of the decline of support
27 for the institution. He brought up for instance a Dean who has not had any
28 change to his salary in 10 years. He encourages that if we will have just
29 maintained the steady state that we have, this would not be a problem and we'd
30 be able to contain buildings, staffing, etc. We have a couple of different
31 categories affected by this and so the proposal from the governor does not
32 include these technical categories which is an issue for us trying to recover. The
33 request for the \$42M includes coverage for the classified employees , the 5
34 categories, professional technical researchers, and much more.

1 **V. COMMITTEE REPORTS**

2 **A. Finance Committee- Ms. Flo Martinez, Committee Chair (Exhibit A)**

3 i. Reports Enclosed

4 **1. BGIS**

5 Ms. Allie Leon Guerrero and Ms. Maree Pelkey Sgro presented to the board for
6 BGIS with an update of our portfolio as of Friday, February 24th. Towards the
7 end of January, the market started off on a strong note of about 6%. Since then
8 markets have fallen a bit as a result of mixed corporate earnings, economic
9 data, and changes of investor sentiment. The labor market remains tight,
10 unemployment remains low, consumer spending has been strong, and inflation
11 has remained elevated in a lot higher than the Feds had hoped to have seen by
12 this point. As a result Feds may have to raise rates a little further and keep them
13 there a bit longer than the market has impacted to be able to drag economic
14 growth. Our portfolio was down 3% as of last week Friday with a total ending
15 market value of 9,468,000. Despite February being down 3%, we're still up a
16 positive 3.2% YTD with a three-year return up 4%; five year at 4.5%. Since
17 inception in under seven years of performance we have a 6.9% annualized
18 return. Policy is going to be the focus for investors. The Fed has raised rates 4.5%
19 over the last 12 months and are expected to raise rates another one to two more
20 times this year. Recession still remains a possibility and, but if we do have one,
21 Ms. Sgro thinks it would be mild in nature in comparison to prior recession.
22 Within our portfolio, BGIS added a large cash value allocation as it tends to
23 perform better in a slower growing economy and is slightly less volatile than
24 growth equities. Our infrastructure allocation tends to be less inflation sensitive.
25 Our portfolio rebalanced in January so we do not expect to see any changes right
26 now.

27 Discussion:

28 Ms. Flo Martinez brought up her concern with the emerging markets. Ms. Perez
29 briefed to the rest of the board that they were discussing CD and money market
30 rates. Ms. Martinez inquired which would be better between the two rates. Ms.

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1 Leon Guerrero suggested to hold onto cash for a couple of weeks to avoid
2 missing an opportunity to consider more interest. Ms. Perez inquired if the 5%
3 interest would make any difference vs. 5.25%. Ms. Sgro inputted that the
4 interest will increase when the Fed decides to raise the rates. In a few weeks, we
5 would expect to see an increase of about 25 basis points. They confirmed Mr.
6 David John's inquiry of the spread and the money market to the 12th month
7 being about 60 bps. He added that the main difference between the money
8 markets and CDs would be about \$6K if we were to hold them for a whole year.
9 He inquired the risk of running the TCD and locking it in for \$6K or putting it in a
10 money market in the case it is needed was more worth the investment. He
11 suggested that with the money market, we essentially have a larger amount of
12 money within 48-72 hours needed for the university. Ms. Leon Guerrero
13 reiterated that we should just hold onto the cash for now because there are
14 differences in these rates. Depending on the economic indicators that fall over
15 the next couple of weeks, it is what's going to determine our rates. Mr. Chiu
16 inquired how Mr. John came up with \$6K. Mr. John responded that the
17 difference is between 4.2 and 4.8 is 60 basis points in which times a \$1,000,000
18 holding would be an annualized basis of \$6K. He added if we put it in a money
19 market as opposed to a 12-month TCD, the difference would be 60 bps and we
20 would earn 4.2% (\$42,000) inducing complete liquidity, though if put into a TCD
21 for 12 months, we would earn about 5% (\$48,000). He recommended that if the
22 university is in true need of the money, locking it into a TCD would suffice. Ms.
23 Sgro added that we have the option to invest this money on a tri-monthly basis
24 to ladder the maturity then have it reevaluated at the end. Mr. John added that
25 if we do not need the money, we should reinvest in a year. Since we do not know
26 when we would need the money, the money market would be the best turn.

27 Ms. Perez chimed in stating that we've already committed to a \$709,000 loan
28 Which we know is going to be repaid but they've already advised us of when the
29 draw down time for that will be. We would be the last of the different funding
30 sources that they would tap and so they're targeting in October 2024 for the
31 repayment. She hopes that the cost estimates are not over and we won't need
32 to go down to \$1M. Mr. John implies we should put the money in TCDs up until
33 September, though Ms. Leon Guerrero suggests once again that we keep the
34 cash until we can reach higher rates and maintain the maturity of our

1 investment.

2 **2. Raymond James**

3 Ms. Amanda Gima presented to the board for Raymond James. She briefly went
4 over the Endowment Foundation update as of January 24th, which was presented
5 to the finance committee yesterday. Large value against the Russell 1000 value
6 was at \$1,065,180 with a period return of 1.92% vs. 1.8% and was about 4.79%
7 overweight. The non-us equity average investment is our large group ESG
8 manager and is at \$432,365 with a period return of 4.30% vs. 4.70%, and about
9 5.21% overweight. Regarding ESG, we are currently undergoing analysis on non
10 ESG vs. ESG on the portfolio and which would best fit with UOG EF's mandate
11 and overall view on their investment. Fixed income (Pacific Income Advisers)
12 moderate duration was at \$399,546, up about two basis points vs. sixteen, and
13 about 1.32% underweight. BlackRock iShares, our only ETF in the market, the
14 non U.S. fixed income was at \$214,845 at 91 basis points vs. the benchmark of
15 1.01% and 0.04% overweight. Overall our portfolio is at \$2,139,384 and is up
16 1.9% vs the benchmark of 1.81% in the fiscal YTD. The GBOA Fund is at
17 \$4,296,671 and up 2.8% vs. 3.19%

18 Discussion:

19 Chairman Leon Guerrero asked Ms. Gima for her projection of the year. She says
20 that it really depends on what we expect from the bond markets to do well this
21 year especially with all the rate increases. We don't expect to see the rates
22 increasing like last year. The S&P target is going to end positive but that depends
23 on landings. If the feds get it right we are going to have a hard landing where we
24 go into a recession and feel the equity market decline. It is still going to be a little
25 bit more volatile depending on what the inflation numbers say.

26 **ii. Nursing Annex & WERI Construction Budget Shortage**

27 Ms. Cathleen Moore-Lin started off with the update on the Nursing Annex and
28 WERI Construction. They are currently at 100% design on both the nursing annex
29 and the WERI building and they have the subdivision map recorded for the WERI

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1 site. The subdivision map for the Nursing Annex should be reported this
2 week or within the next week at any rate and is currently waiting for their
3 signatures, which Mr. Zenon Belanger has been following up on almost daily.
4 Going into construction, we're about \$4.2 million short. They have an available
5 Budget for construction of about \$13.5 million and the cost estimates for the
6 two facilities came in at \$17.7 million (a difference of about 4.2M).

7 They are requesting the board if they would contribute up to \$1,000,000 to fill
8 that gap and the rest of the funds would be withdrawn from UOG internal
9 endowment. Plan B would be to request from the governor a contribution of
10 about \$2.2 million for the nursing building due to her affinity for nurses and
11 being a nurse herself.

12 **iii. USDA Loan & Interim Financing**

13 Mr. Randy Wiegand follows through with his update after Ms. Moore-Lin. The
14 subdivision of the two plots of land has become the big issue. We are expecting
15 the nursing annex subdivision to be given, which should be any day from now.
16 The big news is that they had the student center fenced and walled up, it has
17 been cleared out and the tenants were moved. They are still pushing to get this
18 interim loan completed. Once they get the nursing annex subdivision, he does
19 not see any reason why they should hold off anymore. They were obligated with
20 Liable Builders to over the building to them on January 15th and when the loan
21 was ready, they requested a little more time. It was last week when the decision
22 was made that the building itself was unsafe which they have been fighting to
23 convince people that it was safe. But chunks of the cement have been breaking
24 off and falling to the ground, and they gave Liable Builders the go ahead to start
25 with the asbestos removal, then the demolition of the building.

26 Another issue was that each party (USDA and USEDA) were wanting a primary
27 lien. Because the SENG and the WERI building are already subdivided, the
28 problem would be the Nursing Annex and the Student Center being on the same
29 lot. USDA saying they want to wait until the Student Center is subdivided. This is
30 the ongoing issue that they are fighting over with at this moment. Mr. Wiegand
31 sent an e-mail to Greater Nevada because it's their attorney that has been

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1 wanting the student center subdivision to take place before closing the loan,
2 which he had thought they had all agreed that they did not need. Chairman Leon
3 Guerrero brought up that EDA told them they would not stand in the way of the
4 Engineering school and the Student Center moving forward. Their attorney
5 Natalie said she would concur with this decision, but now it seems unsure.

6 Mr. Wiegand agrees and said that is what they have been trying to figure: why
7 Greater Nevada changed their decision. Ms. Moore-Linn chimed mentioning that
8 Anthony Camacho told them today that he drafted the amendments to the
9 UOG/UOGEF lease after a conversation with Carlito, Greater Nevada's attorney.
10 Those amendments are off to greater Nevada for review. She suggested if Ms.
11 Perez or Chairman get back to greater Nevada and say let's go ahead and
12 proceed, then once we get the nursing subdivision map, send it to Greater
13 Nevada and say that there shouldn't be any more issues. They should wait for
14 the subdivision when they go into the actual loan with USDA for the student
15 services center, and overall, we should all be able to proceed.

16 Chairman inquired if Mr. Chris Perlitz was still being included in this project. Mr.
17 Wiegand assures him that he is still in the loop of this communication and he will
18 try to get him to push on this site.

19 **Finance Committee Recommendations:**

20 i. \$1,000,000 is being requested to be contributed from the UOG
21 Endowment Foundation with the rest of the funds from the internal
22 endowment to make up for the budget shortage of the Nursing Annex
23 and WERI facility.

24 **1. Ms. Flo Martinez made a motion to approve the gifting of \$1,000,000 to**
25 **aid the funding of construction shortfalls with the Nursing Annex and**
26 **WERI Facility.**

27 Second: Gov. Ada
28 Vote: Unanimous

29 **Discussion:**

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1 Mr. Jones questioned if we felt confident that when we're building the
2 Engineering school, we're not going to run into a similar problem of needing
3 \$1,000,000 towards the end of construction. Ms. Flo asked what the deadlines
4 were for these buildings. Mr. Belanger responded stating that the Engineering
5 building's deadline is around August 2024 and the Student Services center is due
6 mid to late November of 2024. Mr. Wiegand added that they have contracts for
7 both of these deadlines which they are locked in with their prices. If something
8 extreme happens, they do have an ability to come back to them. If they ask them
9 to change something then that would be a change order.

10 Ms. Jones understands that we've had a hard time making up for the shortfall
11 with the engineering building and is aware of the rising construction costs and
12 interest rates, but she wants to make sure that we're locked in on that
13 commitment before we allocate and earmark \$1,000,000 for another project.
14 Ms. Martinez is hoping that we do not go beyond \$1M dollars but is also
15 considering the chance that it might be lower, and any decrease would be
16 divided up in that same portion. Ms. Moore-Linn agrees and adds if we get \$2.2
17 million from the governor's office, then we would only need to draw down \$2M
18 altogether from the Endowment Foundation and UOG internal, then we can
19 figure out what that balance resolution is. She is hoping that these cost
20 estimates are high. When the bids come in, we'll have final numbers and then
21 we make an informed decision exactly.

22 ii. An amount of \$1,709,000 that is committed for the construction of
23 the WERI and Nursing Annex is being requested to be placed into a
24 money market with BGIS from now until three months. Later, when CD
25 rates are higher with the impending or expected increase in rates, it will be
26 locked into CDs with a higher rate and will stay there until the expected
27 transfer to UOG which is around October 2024.

28 1. **Ms. Flo Martinez made a motion to approve the placement of**
29 **\$ 1,709,000 in a money market for the first three months, then**
30 **afterwards, put into a CD until the expected transfer to UOG in October**
31 **2024.**

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1 Second: BG Roderick Leon Guerrero

2 Vote: Unanimous

3 Discussion:

4 None.

5 **B. Land Committee – Ms. Katrina Perez**

6 Ms. Perez gave a brief update of the property lots. She spoke with Sandy and
7 Duane from Today’s Realty, and they followed through sending out the closure
8 letter notice to Siqun Wang for the cancellation of the sale. The other two
9 properties have been listed at the expected amount of 1.5 million for the
10 combined Yoña properties and \$345K for the Inarajan property. There has been
11 no other update from our Attorney Shane as he still needs to reach out to the
12 heirs with whatever information was gleaned from the probation. The next step
13 was to put in a request for the judge to see if we could move forward with public
14 notification with public funds.

15 **Land Committee Recommendations:**

16 No recommendations at this time.

17 **VI. New Business**

18 None

19 **VII. Executive Session**

20 The Board of Directors reserves the right to move into Executive Session at any
21 time during the meeting.

22 **VIII. Announcements and Adjournment**

23 **A.** Ms. Perez announced President Krise’s previous mention of Charter

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1 Day which will be tomorrow morning at 9am. There will be the opening
2 ceremony and a few scholarships that are going to be awarded.

3 **B.** The Conference for Island Sustainability will be scheduled from April 11th to
4 15th at the Hyatt Regency. We are trying to get more sponsors for this event.

5 **C.** The 4th Annual Emeritus Scholarship Luncheon is scheduled for April 29th and
6 will be from 11:30am-2:30pm.

7 **The 2nd Meeting of the Board of Directors 2023 was adjourned at 6:08 pm on**
8 **Wednesday, March 01, 2023.**

9 **Motion to Adjourn: Gov. Joseph Ada**

10 **Second: BG Roderick Leon Guerrero**

11 **Vote: Unanimous**

AFFIRMED/APPROVED ON:



Jesse J. Leon Guerrero
CHAIRMAN

ATTESTED BY:



Dr. Thomas W. Krise
EXECUTIVE SECRETARY

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