

UOG Endowment Foundation
Regular Board Meeting
January 15, 2025
Zoom.us/Fresenius Kidney Care
East Agana, Guam

I. CALL TO ORDER

- A. The First 2025 Board of Directors Meeting of the Board was called to order at 4:36 pm on Wednesday, January 15, 2025.

The following were present:

Board Members:

Mr. Jesse J. Leon Guerrero, Chairman
Pres. Anita Borja-Enriquez, Executive Secretary
Gov. Joseph Ada, Director
Ms. Flo Martinez, Director
Ms. Ramona Jones, Director
Dr. Saied Safabakhsh, Director
BG Roderick Leon Guerrero, USA, RET., Director

UOG Endowment Staff:

Ms. Katrina T. Perez, Executive Director
Ms. Clara Grace Diaz, Administrative Assistant

Guests:

Mr. Zenon Belanger, Capital Projects Manager
Mr. Mark Mendiola, Interim Chief of Staff
Ms. Maree Sgro, BGIS
Ms. Amanda Gima, Raymond James

II. APPROVAL OF MINUTES

- A. Tuesday, November 12, 2024 – Regular Board Meeting
Motion to Approve Subject to Correction: Ms. Ramona Jones
Second: Governor Joseph Ada
Vote: Unanimous
- B. **Motion to ratify any and all actions from the Board of Directors to the year 2024:** Ms. Flo Martinez
Second: Ms. Ramona Jones
Vote: Unanimous

III. CHAIRMAN'S REMARKS

None

IV. PRESIDENT'S REPORT

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President Enriquez expressed enthusiasm for the upcoming ribbon-cutting event for four new buildings, thanking Mr. Belanger and his team for their efforts. She acknowledged that several items for the university's proclamation are still pending and emphasized that the university is working closely with Lieutenant Governor Tenorio to ensure transparency regarding the allocation of the university's budget. However, a \$5 million budget shortfall remains, along with an additional \$3.5 million needed for furniture, fixtures, and equipment, totaling an \$8.5 million deficit.

To move the conversation forward, she plans to provide Lieutenant Governor Tenorio with two critical documents before Governor Leon Guerrero finalizes the executive budget for FY2026. The first document will outline the university's financial shortfalls from the past fiscal year and its current needs, while the second will propose an amendment to a public law related to the manpower development fund, justifying why UOG should not have access to the fund. This fund, which has accumulated over \$10 million from alien labor registration fees, is currently divided, with 30% going to wealthy private labor and 70% going to a community college.

President Enriquez pointed out that part of this fund is used for boot camps, which could be expanded, particularly to support apprenticeship programs. UOG has not previously requested funding for these programs due to limited resources. She stressed the university's role in workforce development, particularly in specialized fields like accounting, engineering, healthcare, education, and IT, and the importance of providing academic programs and training to meet the needs of local industries.

A month ago, she discussed UOG's funding challenges with Governor Leon Guerrero and proposed ways to access funds outside the general operations budget. Governor Leon Guerrero suggested that UOG should receive 30%-40% of the fund, while Senator Josephine and the head of OFP proposed 20% and 10%, respectively. President Enriquez shared that the Governor's proposal could potentially result in \$3.5 million for UOG, justifying the need based on H1B labor, import substitution, and the university's role in economic development.

Additionally, UOG plans to develop programs for critical professions such as electrical engineering, construction management, and GIS certificates, aligned with local industry needs. These initiatives are central to UOG's mission and economic contribution. Senator Borja, the oversight chair for education, is preparing legislation, and another proposal is in the works for offering tax credits for building naming donations, which could provide financial support for UOG's capital campaign.

Although UOG received no funding in FY2023 and faced no action from the oversight chair in FY2024, President Enriquez highlighted the potential for tax credit legislation to support the university's capital needs. Some companies have already expressed interest in using naming rights for buildings or spaces. UOG hopes to raise \$5 million to address its shortfall through these creative funding strategies.

The President also shared her vision for a capital campaign, which includes a comprehensive plan aimed at raising funds for college affordability (\$10 million), capital projects (\$30 million), and strategic growth initiatives (\$10 million).

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Additionally, UOG is exploring naming opportunities valued at nearly \$100 million, which would come with tax benefits.

President Enriquez discussed the university's track record in securing government contracts and federal grants but noted that pursuing new opportunities depends on having the necessary in-house expertise. If the expertise isn't available, the university cannot pursue certain opportunities. She emphasized the importance of faculty involvement in such initiatives, explaining that not all faculty members are equally enthusiastic about research, with some focused solely on teaching.

She also expressed the need for a dedicated research and innovation center, explaining that current facilities like the old science building are outdated and not designed for research. The university's focus on strategic growth aims to ensure the right structures are in place when opportunities arise, but the university is still lagging behind on research infrastructure.

Regarding the student experience, President Enriquez acknowledged challenges faced by students from low-income families and emphasized the importance of ensuring they follow through with the FAFSA process. The university is working with Guam Community College to track how many students complete their FAFSA applications and what awards they receive. However, many students struggle with the process, and additional support is required to guide them through it.

Ms. Jones expressed concerns about changes to scholarship policies following the Supreme Court ruling against race-based admissions criteria. She pointed out that scholarships for groups like Pacific Islanders may be at risk, which could affect first-generation students. President Enriquez stressed the need for the university to be vigilant, especially with donors who may impose restrictive criteria on their scholarships.

Ms. Jones also raised the issue of federal funding and the importance of having data on the impact of the governor's push for high school students to fill out the FAFSA. She noted that while the university set up a FAFSA assistance center, it was unclear what the impact had been on Pell grants or other federal funding.

President Enriquez confirmed that the FAFSA assistance sessions were funded by a federal grant and that the university is actively tracking participation. She also mentioned the challenges faced by students in paying tuition, especially those from public high schools, and the growing need for federal support beyond endowment scholarships.

President Enriquez shared that the university is working to address local government cuts to the Student Financial Assistance Program, which impacts students relying on grants for tuition coverage. The university is engaging with senators to restore full funding for these critical programs.

She acknowledged the support of key Democratic advocates and highlighted productive meetings with Republican senators, including Chris Duenas, the chair of ways and means. Mr. Mendiola explained that the university's strategy includes inviting lawmakers to campus to help them understand the university's challenges.

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These tours have involved several legislators, and efforts are being made to ensure the legislature is aware of the university's financial needs.

Despite these efforts, Mr. Mendiola expressed disappointment in the recent budget process, where \$3.5 million set aside for UOG was reallocated by Senator Therese Terlaje. This decision occurred just before the election season and became a political issue, with senators prioritizing funding for the hospital over the university.

President Enriquez expressed confidence in moving forward with the new Republican majority, though she acknowledged the pressure for the university to be more accountable in terms of cost efficiency, enrollment, and new revenue-generating programs. The university is working hard to avoid a financial exigency situation, managing its finances carefully despite operating with a rollover budget.

President Enriquez also discussed efforts to reconnect with employees through the UOG Employee Association and the importance of regular giving, such as payroll deductions. She recalled past capital campaigns, noting that the university's alumni database and support systems are critical for future fundraising initiatives.

Looking ahead, UOG is planning a diaspora event in Las Vegas, featuring a symposium, concert, and golf tournament to raise funds and expand the alumni network. The university is also launching the Tulus Mo'na Golf Driving Range Challenge, aimed at raising visibility and support for UOG initiatives. A new alumni donor wall will be unveiled in conjunction with the opening of new buildings, supporting capital projects and maintenance.

In terms of strategic growth, President Enriquez outlined three key pillars of the university's capital campaign, including college affordability, capital projects, and strategic growth initiatives, with an ambitious goal of \$10 million for each pillar. Naming opportunities worth nearly \$100 million are expected to generate significant support.

Finally, Mr. Mendiola outlined plans for Charter Day, emphasizing a more interactive experience for VIP guests. Guests will take part in a detailed campus tour, including stops at the Fine Arts Theater, MARC, and the nursing building. The goal is to create a deeper understanding of the university's work and make the event more meaningful for attendees. Students will also be involved in the event, interacting with guests as they explore the university's programs.

V. COMMITTEE REPORTS

A. Finance Committee – Ms. Flo Martinez, Committee Chair (Exhibit A)

- i. Reports Enclosed Finance Committee Meeting held on Friday, January 10, 2025
- ii. USDA Loan (SENG & SSC) & Interim Financing:

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Mr. Belanger reports that the Student Success Center is 55% complete, with an expected completion date of June 22, 2025. He mentioned that the roof is expected to be installed in mid to late February, and interior finishes should be finalized by the same completion date. UOG is currently in the process of procuring furniture for the offices, banquet hall, and cafeteria area. Chairman Leon Guerrero inquired whether bids have been sent out for the Student Success Center, and Mr. Belanger confirmed that they have, pending legal counsel's approval.

Regarding the School of Engineering, Mr. Belanger stated that it is 73% complete, with contractors working on finishes for the first and second floors. The windows have already been installed, and the anticipated completion date is May 27, 2025. He also mentioned that UOG still needs to procure lab equipment and tables for the laboratory, estimating the cost to be approximately \$775,000. The total cost for office furnishings and other items for the School of Engineering is projected to be around \$1.2 million. Ms. Jones asked if the furnishing costs exceed the budget and whether they have been approved by the board. Mr. Belanger confirmed that the costs have already been approved. Ms. Jones also inquired whether the current sophomore class would be the first to graduate from the new classrooms or if it would be the current junior class. Mr. Belanger believes the current junior class will be the first to graduate from the School of Engineering. Ms. Jones mentioned that she was considering ways to tie fundraising efforts to the celebration of the first graduating class, possibly in connection with one of the programs.

Mr. Belanger shared that the WERI building, which is currently 24% complete, will be topped off on February 3, 2025. The School of Health, 29% complete, will be topped off on February 5, 2025, with both buildings scheduled for completion on October 27, 2025. For the WERI building, UOG is processing a change order to install a GPA line at a cost of \$140,000 and extend the water line for an additional \$130,000, bringing the total change order cost to \$281,000. Ms. Martinez asked Mr. Belanger about a statement he made regarding Hawaiian Rock donating materials for both buildings, and he responded that he is still working on securing the donation. Chairman Leon Guerrero asked Mr. Belanger if he was replacing Mr. Glenn Leon Guerrero, to which Mr. Belanger clarified that Mr. John Leon Guerrero is currently acting as the head of FMS.

iii. Investment Advisor Report

a. Raymond James

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Ms. Gima began by sharing the CEO's perspective for January 2025, noting the significance of a new year and a new president, with President Trump set to be inaugurated on the 20th. She mentioned that Trump's presidency brings renewed economic optimism, which is expected to stimulate growth. While the markets saw a slight pullback at the end of December, she emphasized that the decline wasn't significant. The S&P 500 showed an uptick the night before, although many tech stocks saw lower returns, which was expected given their strong past performance.

She also discussed current interest rates, which are at 4.5%, with the Federal Reserve lowering the prime rate by 25 basis points. With discussions around tariffs and potential tax cuts under President Trump, these measures could lead to inflationary pressures and additional rate cuts. However, Ms. Gima didn't expect any major changes soon, with Raymond James predicting only modest rate cuts this year—maybe two or three, but smaller than those in 2024.

Turning to equities, Ms. Gima noted that they are currently at 6,375, with Raymond James expecting positive returns in 2025, though not as strong as the previous year. She anticipated some weakening in the market but remained optimistic overall, with oil priced at \$65 per barrel and increased volatility likely under the new administration.

Ms. Gima reviewed the portfolio, highlighting a slight pullback since December 31st. For the first 13 days of 2025, the portfolio had decreased by 75 basis points, compared to a minor 10 basis point drop in the Russell 1000 value benchmark. The Investment Committee expressed concern about Aristotle Capital Management's underperformance, particularly over the past year. Aristotle's performance was up 7%, while the benchmark rose by 14%. The committee reached out to Aristotle to understand their strategy and the reasons behind the underperformance.

Aristotle's letter to the UOGEF Board of Directors attributed the underperformance to poor security selection but affirmed their commitment to a fundamental investment approach. They believe the market's current focus on riskier stocks has hindered their strategy but expect a return to fundamentals later in the year.

Ms. Gima also reported that Raymond James had observed inflows and outflows, with a net outflow in 2024 but a slight inflow in 2023. She mentioned the potential need for a new manager and the possibility of diversifying the portfolio beyond U.S. equity value to include U.S. growth, as well as non-U.S. equity and large growth investments.

Regarding the portfolio, she shared updates on specific managers. Clear Bridge Investments, managing the large growth fund, has a current value of \$483,000, down 52 basis points, but still outperforming its benchmark, which dropped 1.51%. Pacific Income Advisors, managing the moderate

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duration fund, is down 1.21%, slightly worse than its benchmark, but Ms. Gima noted that the fixed income market has been volatile due to the Federal Reserve's actions. BlackRock's ETF is valued at \$235,000, down 82 basis points, but better than the benchmark's decline of 1.12%. The private markets investment is still in the capital call phase and hasn't shown fluctuations yet.

Chairman Leon Guerrero inquired about available funds, and Ms. Gima clarified that they have access to a \$250,000 capital call, with about \$145,000 already called. As the investments are realized, additional capital will be required but will be netted out.

She then updated the board on the recent Investment Policy Statement (IPS) changes, which include increasing U.S. equity allocation to 15% and reducing private markets to 5%. The updated IPS is awaiting final signatures. Regarding the fiscal quarter, the portfolio is up \$2.6 million, though down 76 basis points compared to the benchmark's 52 basis point drop. The fiscal year to date shows a slight underperformance with a 71 basis point drop compared to the benchmark's 52 basis point decline.

On the Long Board of Accountancy fund, Ms. Gima mentioned that it is invested in the RJ Balanced Freedom Hybrid fund, a mix of 60% equities and 40% bonds, and is slightly underperforming, down 95 basis points compared to the benchmark's 91 basis point drop.

Ms. Martinez inquired if a recommendation for Aristotle had been presented to the UOGEF Board of Directors, and Ms. Gima confirmed she had sent the recommendation. She wasn't sure if the Investment Committee wanted to discuss it during the current meeting, but Ms. Martinez suggested the Finance Committee review it before sharing with the board, and the board agreed.

b. BGIS

Ms. Sgro discussed the strong performance of the fund in 2024, which exceeded expectations, delivering an 11.33% return. The portfolio started the year at \$7.45 million, added \$1.1 million, earned \$213,000 in dividends and interest, and appreciated by \$672,000. After fees, the ending market value was \$9.46 million, reflecting an 11% return, with a 70% equity and 30% fixed income allocation. Despite a mixed fourth quarter—marked by a market downturn in October, a rally in November, and a dip in December—she noted the fund finished strong for the year. Longer-term, the three-year annualized return was 2.63%, five-year return 6.6%, and since inception, the portfolio averaged 8% annually.

Looking ahead, Ms. Sgro noted a positive macroeconomic outlook for 2025, though some volatility was expected. She highlighted strong earnings growth in 2024, more broad-based than in previous years. As the market enters

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the third year of a bull market, she recommended transitioning the portfolio to more active management, focusing on selective investment choices. She proposed increasing the U.S. equity allocation from 50% to 58% and reducing international equity from 15% to 12%, as well as slightly lowering fixed income from 30% to 25%.

Ms. Sgro also recommended shifting to active management for the portfolio, incorporating a Columbia account manager for large-cap core investments, which would not incur additional costs to the endowment. She reassured that the endowment's total fee would remain at the current 0.88%. This shift would focus on active management, rather than passive ETFs, and would aim to increase returns. In response to questions about fees, she clarified that while mutual funds do have an expense ratio, the overall cost to the endowment would not change.

Ms. Sgro confirmed that these changes would not result in additional costs to the endowment, and the performance adjustments would be netted out in the returns. She emphasized the importance of a careful review of the proposed changes, particularly replacing ETFs with mutual funds and adjusting the asset allocation. Despite the shift in strategy, she reassured that the funds had been thoroughly vetted against other options in the market to ensure the best performance.

iv. Fundraising Committee – Ms. Ramona Jones, Committee Chair

Ms. Perez shared an update on the G is for Giving campaign for 2024, which officially closed on December 31st. However, with support from the Emeritus professors and outreach to their members living in the States, donations are still being received. So far, the campaign has raised a total of \$137,278.51. Of this, \$102,641 has been earmarked for hybrid, endowed, and newly created endowed scholarships, which is a notable achievement. Additionally, \$11,871 has been directed to other programs, including a generous donation from Ms. Linda Look, which will support the UOG residence halls.

Ms. Perez also highlighted that one of the largest donations came from Dr. Jitka Lom, who contributed \$20,000 with a commitment to donate the same amount for the next four years. As the owner of Express Care, Dr. Lom also pledged an additional \$40,000, which will significantly impact the endowed scholarships. This donation is especially meaningful, reflecting the positive changes and synergies that have emerged post-COVID.

The G is for Giving campaign, which began in 2017, initially started with a modest \$12,000. By 2019, the total had reached \$136,000, but the pandemic caused a decline. However, thanks to this large donation in 2024, the campaign has surpassed the pre-COVID levels, showing growth and

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resilience. Ms. Perez believes that the positive attention UOG has been receiving in local media, as well as the increased marketing efforts by the Endowment Foundation, have helped boost confidence in the university and its future. This includes partnerships with local media like Guam Post and Choice Broadcasting, which have offered support in promoting the campaign.

For this year's G is for Giving, \$137,000 in total donations will be allocated, with \$22,765 designated specifically for G is for Giving scholarships. In response to student feedback, the scholarship process will be more inclusive, not tied to a specific major, and open to a wider range of applicants. Ms. Perez also proposed adding a preference for students who volunteer with the foundation or other UOG events. Volunteers will receive a certification, and those with volunteer experience will be given preferential treatment when applying for scholarships, helping to foster a culture of giving and community involvement.

Finally, Ms. Perez mentioned upcoming events such as Charter Day VIP tours and the UOG Driving Range Challenge, which will benefit the comprehensive capital campaign aimed at enhancing the university's facilities and future initiatives.

Motion to revise the recognized policy statement for the BGIS investment account, which includes increasing the allocation to U.S. equities by 8%, while reducing international equities by 5% and lowering fixed income by 5%: Ms. Flo Martinez

Second: Governor Joseph Ada

Vote: Unanimous

Motion to close certain bank accounts due to inactivity or a low balance:

Ms. Flo Martinez

Second: Governor Joseph Ada

Vote: Unanimous

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

- i. Yona Lot 177-3-R1 (32,640sm) priced at \$62,434 or \$2.074/sm (terrain-extreme sloping/mountainous)
- ii. Yona Lot 209, Estate no. 278 (693,244sm) priced at \$1,432,242 or \$2.07sm (terrain-extreme sloping/mountainous)

Ms. Perez shared that Mr. Camacho has not come forward with an actual offer to purchase the property and Mr. Paul is under the

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impression that he doesn't think Mr. Camacho is serious at this time.

iii. Ordot – Chalan Pago Lot 3426-R2

Ms. Perez shared that there is a buyer for this property but because it is an undivided property with the Calvo family, however UOGEF gave them some time to step back due to the passing of former Governor Paul Calvo. Ms. Perez shared that she believes Ms. Yow will be contacting their family to discuss a little bit more.

iv. Inarajan Lot 244-R2-1 (173,379sm) priced at \$345,000 or \$1.99/sm

Ms. Perez explained that the buyer had cancelled their agreement and the closing statement has been received from Security Title and a copy of the surveyed map has been received from Today's Realty. Ms. Perez shared that she was informed a check of \$17,000 was ready for pick up at Security Title which she will be picking up tomorrow.

v. Sasayan, Mangilao Lot 5354-3A-5-14

Ms. Perez shared that Makii Corporation donated a piece of property that's about one acre, estimated value of \$100,000 that was finalized in December 2024. Ms. Perez shared that she spoke to President Enriquez to consult with her council, the deans, and other admin leadership, to see if that is a piece of property that UOG will want to achieve and utilize.

VI. NEW BUSINESS

Motion to schedule all Board of Directors and Committee meetings for 2025 to the proposed schedule of 2025: Ms. Flo Martinez

Second: Dr. Saied Safabakhsh

Vote: Unanimous

Motion to allow UOGEF employees as UOG students to apply for UOGEF scholarships provided that UOGEF is not apart of the selection process: Ms. Flo Martinez

Second: Governor Joseph Ada

Vote: Unanimous

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VII. EXECUTIVE SESSION

None

VIII. ANNOUNCEMENTS AND ADJOURNMENT

- a. The 1st Meeting of the Board of Directors for 2025 was adjourned at 6:36PM.
Motion to Adjourn: Ms. Flo Martinez
Second: Governor Joseph Ada
Vote: Unanimous

AFFIRMED/APPROVED ON:

Jesse J. Leon Guerrero

Jesse J. Leon Guerrero (Apr 11, 2025 10:22 GMT+10)

Jesse J. Leon Guerrero
CHAIRMAN

ATTESTED BY:



Dr. Anita Borja-Enriquez, DBA, Executive Secretary (Apr 11, 2025 10:07 GMT+10)

Dr. Anita Borja-Enriquez, DBA
EXECUTIVE SECRETARY










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Final Audit Report

2025-04-11

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