

UOG Endowment Foundation
Regular Board Meeting
March 21, 2025
Zoom.us/Fresenius Kidney Care
East Agana, Guam

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I. CALL TO ORDER

- i. The Second 2025 Board of Directors Meeting of the Board was called to order at 4:43 pm on Friday, March 21, 2025.

The following were present:

Board Members:

- Mr. Jesse J. Leon Guerrero, Chairman
- Mr. George Chiu, Treasurer
- Gov. Joseph Ada, Director
- Dr. Saied Safabakhsh, Director
- BG Roderick Leon Guerrero, USA, RET., Director
- Ms. Lesley-Anne Leon Guerrero, BOR Representative

UOG Endowment Staff:

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

Guests:

- Mr. Zenon Belanger, Capital Projects Manager
- Ms. Maree Sgro, BGIS
- Mr. Jason Miyashita, Raymond James
- Mr. Michael Min, Raymond James

II. APPROVAL OF MINUTES

- A. Wednesday, January 15, 2025 – Regular Board Meeting
 - Motion to Approve Subject to Correction:** Mr. George Chiu
 - Second:** Governor Joseph Ada
 - Vote:** Unanimous

III. CHAIRMAN’S REMARKS

None

IV. PRESIDENT’S REPORT

Since President Enriquez was unable to attend, Ms. Perez stepped in to present the President’s report on her behalf. Ms. Perez shared that the team is currently finalizing a calendar of events, which will be shared with the UOG Endowment Foundation Board within the next two weeks. This calendar will

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3 include activities related to the Capital Campaign plan, the Distinguished Alumni
4 Award events, the launch of the Global Alumni Engagement initiative, as well as
5 joint fundraising galas and mixers, among other events. There is also an
6 anticipated increase in pledged naming rights opportunities, with potential
7 contributions from organizations such as Matson, Core Tech, Duenas Camacho
8 and Associates, and among others

9 Regarding the Mangilao property, Ms. Perez mentioned that there are
10 plans for a proposed sale to support the installation of alumni donor walls across
11 the campus.

12 Ms. Perez shared that the donor tree is a key component of the vision for
13 the donor walls, which will feature different thematic elements. The donor trees
14 will primarily reflect fruit trees, while other sections will showcase traditional
15 canoes set against an ocean mural. Additionally, a garden of colored medicinal
16 plants will be included as part of the design.

17
18 V. COMMITTEE REPORTS

19
20 A. Finance Committee – Ms. Flo Martinez, Committee Chair (Exhibit A)

21
22 i. Reports Enclosed Finance Committee Meeting held on
23 Tuesday, March 11, 2025

24
25 ii. USDA Loan (SENG & SSC) & Interim Financing:

26
27 Mr. Belanger provided an update on the Student Success Center
28 project, noting that there are currently 93 days remaining on the contract,
29 although it could extend to about 120 days with a proposed change order for
30 an additional 30 days to accommodate the furniture design. However, he
31 reassured that this delay won't affect the USDA deadline, which remains set
32 for September 25th. With the change order, the new projected project
33 completion date is July 22nd. He mentioned that the project is about 66%
34 complete, with all the concrete work finished. The focus is now on interior
35 finishes, with most of the drywall installed on the first floor, and work
36 beginning on the second floor. Additionally, fire protection, electrical, and
37 ductwork are in progress. Site work began about a week ago, and the team is
38 currently working on the underground power connections. Afterward, they'll
39 focus on the exterior sidewalks and parking lot.

40 Mr. Belanger also highlighted ongoing coordination with the
41 University and CAHA for the artwork, mentioning that the President had
42 previously shown interest in a lemai tree for the donor walls. She is
43 considering incorporating something similar to that for at least one wall in
44 each of the four new buildings planned for the campus.

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Chairman Leon Guerrero questioned if UOG has the funds for the furniture and fixtures and Mr. Belanger responded that Governor Leon Guerrero gave \$900,000. Mr. Belanger shared that the current estimate for furniture and fixtures is between \$700,000 and \$900,000. He noted that they expect to have more finalized numbers in about a month, once the furniture design is complete. From there, they'll move into the pricing phase with Reliable Builders. Chairman Leon Guerrero also questioned if UOG is going to bid it out and Mr. Belanger responded that bidding out would cause UOG to wait 6 to 9 months. Mr. Belanger shared that the university decided to move forward with a change order to Reliable Builders to get the work done efficiently. The timeline they're working with is about four months from the official start—if they begin by the end of April, that would put completion around the end of August.

Mr. Belanger shared that the School of Engineering is progressing well, and the structure has already topped out. They're aiming to have everything completed by mid-July. There are 67 days left on the contract and 81% of the work already done. The interior finishes are well underway, with the first floor nearly finished and the second floor on track. They're targeting a substantial completion date of April 19th, with the final month dedicated to addressing any issues and ensuring everything is fully operational. The current completion date is still set for May 27th.

Power is expected to be up and running by the end of April or early May, which will allow them to begin testing the elevators and other electrical systems. The elevator installation is almost complete, and site development is progressing as well. The entire site is now leveled and ready for paving, which should take place around the third week of April, about a month from now.

Mr. Belanger also mentioned that they're coordinating with Dean James Sellmann and the engineering group on artwork, although there haven't been any final decisions yet. One possibility being discussed is a donor wall that President Enriquez would like to feature in the lobby area.

Mr. Belanger shared that the WERI and School of Health projects are currently 40% complete. The structures are finished, and all the concrete work has been done. They've just begun installing the drywall studs on the first floor and are working on getting the underground power in place to start bringing in all the utilities. With 40% of the work completed, they're aiming for completion by the end of October, so there's still plenty of time left. He also mentioned that they're very pleased with the progress and quality of work from Pacific Federal Management.

Mr. Belanger mentioned that they're expecting a change order of around \$800,000 to \$900,000 for the furniture in the Student Success Center. For the WERI building, there was an additional cost of a couple hundred

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3 thousand dollars for extra power and water needs, which he estimated to be
4 around \$250,000 to \$260,000.

5 Mr. Belanger explained that there was a change order for the School of
6 Engineering to bring their timeline up to par and to cover the necessary
7 insurance costs. While he didn't have the exact figure on hand, he estimated
8 the cost to be around \$120,000. This covered all the insurance required from
9 the start of the contract in August 2022 through to May 2025.

10 Mr. Belanger mentioned that they're planning a ribbon-cutting
11 ceremony for the School of Engineering, which he expects to take place
12 sometime in June, as they're scheduled to finish by May 27th. For the Student
13 Success Center, he anticipates a ceremony closer to August 1st. As for the
14 School of Health and the WERI building, if everything stays on track, they're
15 looking at a ribbon-cutting in November.

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17 iii. Investment Advisor Report

18
19 a. Raymond James

20
21 Mr. Miyashita provided an update on the market's performance and
22 discussed recent developments. He noted that we are about 55 days into
23 President Trump's term, during which time there has been considerable
24 market volatility. Since the end of last year, the markets have faced significant
25 declines, with the S&P 500 falling around 10% and the Nasdaq, which is more
26 technology-focused, dropping approximately 15%. Mr. Miyashita emphasized
27 that such fluctuations are common and encouraged remaining calm and patient
28 during these periods.

29 He pointed out that the first two quarters of the year tend to be more
30 volatile, which is typical in the markets. While media coverage has focused on
31 uncertainty, Mr. Miyashita reassured that this is nothing out of the ordinary,
32 particularly given President Trump's negotiating tactics. He explained that his
33 approach, while demanding, could ultimately be beneficial for the U.S. in the
34 long term.

35 Despite this, he acknowledged that markets are often forward-looking,
36 and companies are struggling to make plans due to the uncertainty around
37 tariffs, which have added extra taxes on imports. However, he remains
38 optimistic about certain sectors, such as technology, healthcare, and financials,
39 which he believes have strong growth potential, particularly with
40 advancements in AI and machine learning.

41 Mr. Miyashita highlighted that 2022 saw a significant downturn of
42 25% which was regained at the beginning of this year. As we move into 2025,
43 he expects the market to shift toward more moderate growth of 8-10%, with
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2 some declines before the summer and a potential rebound by year-end as more
3 clarity on tariffs and policies emerges.

4 On the Federal Reserve's actions, Mr. Miyashita noted that they
5 recently raised interest rates to 4.25%-4.5% but expects two rate cuts this year,
6 possibly bringing the rate down to around 4% or 3.75%. He believes these
7 adjustments will stimulate the economy and improve borrowing conditions for
8 businesses. He also mentioned that the real estate sector would be impacted by
9 these changes.

10 Regarding the portfolio's performance, Mr. Miyashita reported that
11 despite the volatility, the portfolio has gained 2.3% since the end of last year,
12 slightly underperforming the benchmark, which has risen by 3.13%. He
13 discussed Aristotle's underperformance, with the fund currently up just under
14 1%, while the benchmark has increased by 3.3%. He explained that this
15 discrepancy is due to Aristotle's limited exposure to technology stocks,
16 particularly the "Magnificent 7," which have been driving recent gains.
17 Despite this, Mr. Miyashita expressed confidence in Aristotle's fundamental
18 approach and believes its long-term strategy will outperform.

19 He also noted that the investment committee had placed Aristotle on
20 watch due to recent performance, although the firm remains confident in the
21 strategy. Raymond James has suggested a potential replacement through
22 Putnam Investments as part of an ongoing search process. Additionally,
23 Raymond James was able to negotiate a lower management fee for Aristotle,
24 reducing it from 0.5% to 0.35% for all clients, which provides more flexibility
25 for clients.

26 Mr. Miyashita further highlighted the strength of other portfolio
27 managers, such as Clearbridge, which has been performing well in
28 international equity. The international allocation currently makes up 15% of
29 the portfolio, and he noted that lower valuations abroad provide strong
30 investment opportunities.

31 In terms of bond allocation, the portfolio is slightly outperforming its
32 benchmark, with the bond portion yielding 2.71% compared to the
33 benchmark's 2.6%. Non-U.S. fixed income also shows a slight
34 underperformance but is still outperforming its benchmark.

35 Mr. Miyashita discussed the potential changes to the portfolio's equity
36 allocation, suggesting a shift towards a 25% allocation in large-cap growth
37 stocks, managed by a second firm, to complement the 25% value allocation
38 already in place with Aristotle. He emphasized that while Aristotle's long-
39 term performance has been strong, its recent underperformance in the short
40 term warrants a closer look. However, the goal is to diversify the U.S. equity
41 exposure rather than making drastic changes immediately.

42 Regarding the recent sale of a stock held by the Bank of Guam, Mr.
43 Miyashita proposed reallocating the \$500,000 into the portfolio without
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3 making any significant alterations to the strategy. He also provided a brief
4 update on the Board of Accountancy Fund, which stands at \$5.5 million,
5 showing a slight decline of 0.2% for the year, a typical outcome given its
6 balanced nature.

7 Looking at the Endowment fund, Mr. Miyashita shared that its long-
8 term performance remains strong, particularly with key positions like
9 Amazon. Despite last year's underperformance, he emphasized that the
10 portfolio's managers are confident in their strategy and expect a positive
11 outlook moving forward. He reiterated that the strategy is focused on growth,
12 and diversification between value and growth stocks is key to building a more
13 stable foundation for the future.

14
15 b. BGIS

16
17 Ms. Sgro provided an update on the portfolio's performance through
18 March 19th, noting that the portfolio started the year at \$9.4 million. During
19 this period, deposits of \$752,000 were made, including funds from a preferred
20 stock redemption. By March 19th, the portfolio value had reached
21 \$10,207,000, reflecting a return of 0.33%. She pointed out that, despite recent
22 volatility, the performance remained relatively flat.

23 She explained that the portfolio's one-month return has been affected
24 by the market's fluctuations, showing a decline of approximately 3.5%.
25 However, year-to-date, it remains slightly positive with a 0.33% return. Ms.
26 Sgro attributed much of the volatility to uncertainty surrounding President
27 Trump's tariffs and trade policies, which have created significant market
28 noise. While markets often react poorly to uncertainty, she believes much of
29 the response has been an overreaction to the headlines.

30 Reflecting on the end of last year, Ms. Sgro emphasized that the
31 economic fundamentals heading into 2025 where strong unemployment is low,
32 inflation is under 3%, earnings are growing, and the consumer sector is
33 resilient. She noted that these fundamentals haven't changed recently, which
34 leads her to believe that the U.S. economy remains solid, with the current
35 market fluctuations representing a typical market correction.

36 She mentioned that it's common to experience market pullbacks of
37 around 5% several times a year, with a 10% pullback at least once. Given the
38 strong performance in 2023 and 2024, she saw this correction as somewhat
39 expected. Despite the volatility, she expressed that a year-to-date return of
40 0.33% was still relatively strong.

41 For the one-year return, she noted a decrease to 7.89%, while the three-
42 year return stands at 4.81%. Since inception in 2016, the portfolio has had an
43 average annual return. The portfolio is structured with a 75% equity and 25%
44 fixed income allocation. The negative return seen recently has mostly come

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from U.S. stocks, especially the S&P 500, which is down 3.2% year-to-date, and small-cap stocks, which have dropped 6%. However, large-cap value stocks have performed well and are positive year-to-date. International stocks, particularly in the Eurozone, have also outperformed, showing strong growth.

Fixed income has been positive, helping to offset the volatility in the stock market. Ms. Sgro expressed confidence in the portfolio's asset allocation, particularly given its status as an endowment fund requiring long-term growth strategies.

Ms. Sgro proposed a strategy shift that had been discussed in the previous board meeting. Although the allocation was approved, the strategy change was still under review. The current portfolio is mostly active, which has performed well in recent years. However, the new strategy is designed to evaluate whether the current active portfolio is outperforming the benchmark and providing the desired returns.

The proposed strategy focuses on more selective and nimble asset management, rather than being aggressively active. Ms. Sgro explained that given the ongoing bull market and recent volatility, a more active approach would allow for better asset selection, positioning the portfolio for future outperformance.

She emphasized that while passive strategies, like tracking the S&P 500, have worked well, a more active approach will be necessary moving forward. The new strategy involves replacing the S&P 500 Index fund with a large tech core manager, the Columbia Contrarian Core Manager. This manager will focus on selecting 70 to 90 positions believed to outperform the benchmark, as opposed to investing in all 500 S&P 500 stocks. Mutual funds will also be included to further balance the portfolio.

Ms. Sgro clarified that the goal of this shift is to outperform the benchmark through a more focused, strategic investment approach, rather than broad exposure to all 500 stocks in the S&P 500 index. She explained that passive management simply mirrors the index's performance, whereas active management aims to beat the index by being more selective in choosing securities.

She further discussed that active management isn't about making drastic trades but about being more discerning and selective in the market, particularly given the volatility. For example, even if the S&P 500 rises by 5%, not all 500 stocks will perform equally well—some might rise by 10%, while others may decline. The goal is to strategically choose securities that will outperform the broader index.

Ms. Sgro reiterated that this shift is not about increasing costs. The goal is to enhance performance through a more selective approach. After two years of 25% returns from the S&P 500, this level of growth is unlikely to be sustainable long-term, and the portfolio strategy needs to evolve. While the

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3 S&P 500 will continue to reflect the overall market, an active manager will be
4 more adaptable, selecting securities based on current market conditions and
5 economic factors, offering the portfolio greater flexibility.
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7 iv. Fundraising Committee – Ms. Ramona Jones, Committee Chair
8

9 Ms. Perez shared that there's a fundraising event coming up next
10 Sunday from 11AM to 3PM at the Country Club of the Pacific in Talofofo.
11 It's \$100 per bucket, and it's a bit different from a regular golf tournament,
12 you don't need to be an experienced golfer. There are 3 different games which
13 is the Longest Drive, the Straightest Drive, and Triton's Bullseye.
14

15 **Motion to approve the shift of BGIS Investments to more active**
16 **management: Governor Joseph Ada**
17 **Second: BG Roderick Leon Guerrero**
18 **Vote: Unanimous**
19

20 **Motion to approve the reallocation of US Equity funds with Raymond**
21 **James from the Large Cap Value fund with half of the allocation amount**
22 **to be invested in Large Cap Growth: Governor Joseph Ada**
23 **Second: Dr. Saied Safabakhsh**
24 **Vote: Unanimous**
25

26 **Motion to approve the reinvestment of the \$500,000 from liquidated Bank**
27 **of Guam preferred stocks to BGIS: Mr. George Chiu**
28 **Second: Governor Joseph Ada**
29 **Vote: Unanimous**
30

31 B. Land Committee – Mr. John Calvo, Committee Chair
32

- 33 i. Yona Lot 177-3-R1 (32,640sm) priced at \$62, 434 or
34 \$2.074/sm (terrain-extreme sloping/mountainous)
35
36 ii. Yona Lot 209, Estate no. 278 (693,244sm) priced at \$1,432,242
37 or \$2.07/sm (terrain-extreme sloping/mountainous)
38
39 iii. Ordot – Chalan Pago Lot 3426-R2
40
41 iv. Inarajan Lot 244-R2-1 (173,379sm) priced at \$345,000 or
42 \$1.99/sm
43
44 v. Sasayan, Mangilao Lot 5354-3A-5-14

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Ms. Perez shared that UOGEF has relisted all the properties. She also informed the Board that President Enriquez plans to use any proceeds from the Marbo Cave property to fund the installation of alumni donor walls across campus.

VI. NEW BUSINESS

None

VII. EXECUTIVE SESSION

None

VIII. ANNOUNCEMENTS AND ADJOURNMENT

- i. The 2nd Meeting of the Board of Directors for 2025 was adjourned at 5:51PM.
Motion to Adjourn: Governor Joseph Ada
Second: Mr. George Chiu
Vote: Unanimous

AFFIRMED/APPROVED ON:


Jesse J. Leon Guerrero
CHAIRMAN

ATTESTED BY:


Dr. Anita Borja-Enriquez, DBA
EXECUTIVE SECRETARY

