

UOG Endowment Foundation
Regular Board Meeting
May 10, 2023
Zoom.us/Raymond James
Maite, Guam

1

2 **I. CALL TO ORDER**

3 A. The Third 2023 Board of Directors Meeting of the Board was Called to
4 Order at 4:40pm on Wednesday, May 10, 2023.

5 The following were present:

6 **Board Members:**

7 Mr. Jesse Leon Guerrero, Chairman
8 Mr. John T. Calvo, Vice Chairman
9 Pres. Thomas Krise, Executive Secretary
10 Gov. Joseph Ada, Director
11 Ms. Flo Martinez, Director
12 BG Roderick R. Leon Guerrero, USA, RET., Director

13 **UOG Endowment Staff:**

14 Ms. Katrina Perez, Executive Director
15 Ms. Erika Pagsisihan, Administrative Assistant

16 **Guests:**

17 Dr. Anita Borja-Enriquez, Senior Vice President & Provost, UOG
18 Ms. Cathleen Moore-Linn, Executive Director, Research Corporation of UOG
19 Mr. Randy Wiegand, Vice President, Administration & Finance/Chief Business
20 Officer
21 Mr. Jim Hollyer, Acting Chief Planning Officer, President's Office
22 Mr. Glenn Leon Guerrero, Director, Facilities Management & Services
23 Ms. Maree Pelkey Sgro, BGIS
24 Ms. Amanda Gima, Raymond James

25 **II. APPROVAL OF THE MINUTES**

26 A. Wednesday, 03/01/2023 - Regular Board Meeting
27 **Motion to Approve Subject to Correction:** Ms. Flo Martinez
28 **Second:** Mr. John T. Calvo
29 **Vote:** Unanimous

1 **III. CHAIRMAN’S REMARKS**

2 None

3 **IV. UOG President’s Report**

4 President Krise presented a verbal report to the board. 8 of 9 members of the
5 Board of Regents, including their student regents, attended this year’s AGB
6 Conference in San Diego, California. They were pleased with the experience and
7 they look forward to the next conference which will be held in Boston,
8 Massachusetts. President Krise moved discussion to the Presidential Search
9 process. The third finalist finished her interviews today and they are now
10 anticipating holding a Board of Regents meeting on the 26th of May to discuss
11 feedback on the finalists. UOG’s application for their WASC Accreditation Report
12 is due at the end of June and is being done through the efforts of Dr. Anita Borja
13 Enriquez, Dr. Sharleen Santos-Bamba and fifty-nine other contributors. The APEC
14 Accreditation for the School of Engineering is on track with the help of Dr. Lee
15 Yudin, Interim Dean of the School of Engineering. The Carnegie Classification for
16 Community Engagement is due today and will be sent in a few hours. They are
17 also working on the Faculty Union Contract Negotiations which should be done
18 by September. President Krise thanked the Endowment Foundation and the rest
19 of the board for the resources we’ve provided to them as they were able to raise
20 \$50.1M out of the building projects. He assured the board that we are very close
21 to the completion of the Nursing Annex, WERI Building, and the Engineering
22 Building. The last thing needed for the Engineering building is a surveyor’s map
23 which should be done this week. He mentioned since the previous board
24 meeting the occurrence of the 14th Annual Conference on Island Sustainability.
25 It was a successful turnout with over 400 attendees. He was able to host a
26 presidential summit with other college and university presidents from the
27 whole region including American Samoa Community College and Jeju National
28 University. The highlight of the conference were the recognized efforts of the
29 Guam Green Growth Initiative in which he had the honor of co-chairing with
30 Gov. Lou Leon Guerrero, Lt. Gov. Joshua Tenorio, and Dr. Austin Shelton.
31 He encourages everyone to visit the G3 dashboard on their website as it displays
32 essential data about Guam such as graduation rates, demographics, etc.

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1 Currently they are in preparation for their upcoming budget hearing. Proposals
2 are expected to be delivered by Dr. Anita Enriquez, SGA President Kyona Rivera,
3 and himself. Their proposed budget request is \$42M and word has been spread
4 throughout social media to spotlight its benefit for their faculty and students.
5 These posts have received 86.7K impressions, 7,000 engagements, 3,400 clicked
6 links, and 14,800 video views. Mentions of the budget hearing have come across
7 289 articles covered from regional sources. One of the things to be aware of and
8 are complicating their strategy is the 22% raise to the general pay plan. So far
9 they've had eight formal meetings with senators on the budget who are pledging
10 to support the \$42M. The budget must match at least \$42M otherwise the
11 proposal would be difficult to put up to the legislature. Last year's proposal was
12 23.6M—the initial budget request for this year was at 30.7M. Their goal is to get
13 the initial budget increased to cover the new salary scale.

14 President Krise confirmed he'll be present for one last boarding with us and
15 continues to thank the board for all the support and work we have accomplished
16 together for UOG over the course of five years during his presidency. The
17 Endowment Foundation has secured a total of 50.1M to fund multiple sources
18 and launch the first significant building projects whilst improving maintenance
19 processes. We've enriched the student experience with the Triton Advisement
20 Center, a welcome center, the Peace Corp Program, the UOG Canoe House,
21 and a military defending campus. We've improved our retention and graduation
22 rates, helping our students complete their degrees and excel in their careers.
23 We've professionalized operations and updated accountable policies and
24 procedures, helping reduce legal risks. We've developed new sources of revenue
25 and private partnerships. President Krise and his wife Patty have been more than
26 delighted to live on Guam and are very proud Tritons of the university.

27 **V. COMMITTEE REPORTS**

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

29 i. Reports Enclosed

30 1. **BGIS**

UOG Endowment Foundation
Regular Board Meeting
May 10, 2023
Zoom.us/Raymond James
Maite, Guam

1 Ms. Maree Pelkey Sgro presented to the board for BGIS with an update of our
2 portfolio as of April 30, 2023. Inflation remains high currently around 5%.
3 Consumer spending is still strong and the labor market remains tight.
4 Unemployment is very low and so growth hasn't slowed to the satisfaction of the
5 Feds. Feds did raise interest rates another 0.25% in March and again last week
6 bringing the total to 5% over the last 14 months. Ms. Sgro expects them to
7 pause for the remainder of the year and if growth slows to a point
8 raising recessionary concerns, they may start to cut interest rates later at the
9 end of the year or next year. They did see a negative effect with the quick rise in
10 interest rates that caused the collapse of several bank banks in the US. The Fed
11 was quick to react in spreading contagion to other regional banks by creating a
12 short term lending program that allowed banks to access liquidity without having
13 to liquidate their long-term bonds at losses. A lot of the turmoil has slightly
14 gone down. Our YTD is at 6.6% return in the portfolio. They transferred \$1.7M
15 out of the capital campaign fund into CD investments which are geared towards
16 other assistance goals towards the end of next year. Those funds were invested
17 in CD's anywhere from 5 to 5.1% maturing next year. We ended April 30th just
18 over \$8 million. We are ahead of a cash benchmark of 1.49%. The portfolio is up
19 2.43% and since inception back in 2016, we have a 7.2% annualized return.

20 Discussion:

21 One of the things discussed with the finance committee was the performance
22 of emerging markets within this portfolio. We considered taking 8% and shifting
23 it into fixed income. The return is a little over 5% whereas the emerging market
24 was yielding about 2.5%. Right now emerging markets which is part of the non-
27 us allocation represents 28% of the portfolio and fixed income is 25%. This shift
28 would essentially cause a change in the non-us equity portfolio with 20%
29 increasing fixed income to 33%. This is within the upper and lower limit bands of
30 the IPS. Overall, we're within those allocations and the shift from equities into
31 fixed income would give a little more stability and less risk to the portfolio. Ms.
32 Sgro assures the board that they would continue to monitor this regularly
33 and make sure that we stay within the upper and lower limit allocations because
34 the asset classes will shift based on how the market moves in any given day.

UOG Endowment Foundation
Regular Board Meeting
May 10, 2023
Zoom.us/Raymond James
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1 **2. Raymond James**

2 Ms. Amanda Gima presented to the board for Raymond James. She first went
3 through the overview of the monthly snapshot. We're expecting to have mild
4 recession in the third quarter. There was a 25% rate hike in the bond market
5 in the past week. CD's are now up to 5% and we do not expect to see another
6 rate hike or lower this year. Ms. Gima moved onto the March 31st report of 2023.
7 As of January 20, 2023, we are up 5% vs. our policy index of 2.9%. We had nice
8 performance with Aristotle Clearbridge Specific Income. The majority of our
9 managers did not go that far, bringing our 1-year number down -3%. Since
10 inception, we are still annualizing a return of 8.14%. Ms. Gima went into the
11 update as of May 8th (March 31st-May 2nd). Aristotle is at \$1,056,000, down
12 1.53% and about 3.51% overweight. Our large growth ESG model
13 non-US equity, Clearbridge Investments, is at \$452,000, up 1% vs. 1.45%
14 and 6.23% overweight. Pacific income moderate duration is at \$411,000 which
15 is at 26 vs. 59 basis points. BlackRock iShares (our only ETF) is at \$219,000 with a
16 34% return vs. 32% and about 18 points overweight. The Blackstone Group is at
17 \$27,449. Overall, our total funds are at \$2,177,201, down 45 basis points vs. a
18 policy index of 35%. Our FYTD (December 31st-May 2nd) is at 3.7% vs. a
19 benchmark of 2.84%. GBOA RJ AMS Freedom is at \$4,409,441 and down 4 basis
20 points. Our total fund FYTD is up 5.5% vs. a benchmark of 5.23%.

21 Discussion:

22 Ms. Flo Martinez briefed the board on action items made from the previous
23 finance committee. For the Clearbridge ESG Fund from the international
24 portfolio, the finance committee decided to center it to its counterpart. They
25 feel that the intent was good when the recommendation was made by Amanda
26 and the group, but they are finding it is controversial. She mentioned Ms.
27 Ramona Jones' suggestion whereas being more concerned about the
28 environment, social equality, corporate governance, etc. Ms. Martinez believes
29 our main job is to assure that events are performing well. They discussed with
30 Mr. Jason Miyashita that they are going to convert to Clearbridge International, a
31 non ESG fund. Ms. Gima confirms by the consensus of the board that the change
32 will be made with no paperwork necessary. A letter will be sent to the board

UOG Endowment Foundation
Regular Board Meeting
May 10, 2023
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Maite, Guam

1 stating these changes. Ms. Gima opted starting a new account or keeping it
2 constant which would be an easier route. BG Rod inquired if funds were needed
3 to start a new account. Ms. Gima explained that with opening a new account,
4 the simple process consists of paperwork that would need to be given to Ms.
5 Katrina Perez to authorize transfers of all equities and cash that has already
6 been in the account into the new one, then the manager will trade based off
7 of this transfer. There are no fees associated with transfer of investments to a
8 new account.

9 **Finance Committee Recommendations:**

10 i. The Finance Committee saw controversy investing in the Clearbridge ESG
11 fund and recommended to switch to the Clearbridge non ESG fund.

12 1. **Ms. Flo Martinez made the first motion to approve the shift from the**
13 **Clearbridge ESG fund to the Clearbridge non ESG fund.**

14 Second: Gov. Ada

15 Vote: Unanimous

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

17 Mr. Randy Wiegand gave a brief update regarding the USDA loan and interim
18 financing. The new impasse they are at is identifying the money at USDA's
19 request in which they are referring to the \$7.1 million grant that was committed
20 to them from the US treasury in relations to Covid. They have submitted
21 numerous versions of the application with the current version doing well.
22 Unfortunately, they have not heard back from the treasury within months, but
23 they are now engaged. We are currently on hold with the closing of the loan due
24 to their demand of sighting the cash from the treasury. Mr. Wiegand gave an
25 update of the EDA projects. EDA came up with new items for them to address in
26 which have been cleared to start moving forward with the bid issuance for the
27 construction of the WERI building and Nursing Annex. The land that was
28 appraised was different than the land that was initially applied for the
29 subdivision. As USDA was reviewing the appraisal, there had been some

UOG Endowment Foundation
Regular Board Meeting
May 10, 2023
Zoom.us/Raymond James
Maite, Guam

1 miscommunication. The actual land that was covered by the lease is a bit smaller
2 than what was appraised. A new appraisal is not necessary but an adjustment to
3 the actual value will have to be made.

4 Discussion:

5 Chairman Leon Guerrero acknowledges the situation with USDA and informs
6 Randy that he requested from them we move forward with the advances.
7 According to his last meeting with Anthony Barcinas, Mr. Barcinas and his team
8 can find a way to move forward without the \$7.1M contingency. He will update
9 UOG and the board until further notice. Ms. Martinez had a concern with the
10 terms of the loan whereas she had thought it was based on forty years
11 compared to the LOC which had stated twenty-six. Ms. Perez explained that
12 they are basing it off the very first time the LOC was made. Since then, a lot
13 of resubmissions were done with the same information. Because of the delay
14 within the last five years, the term had lessened. Mr. Wiegand added that the
15 Guam legislature had passed a law stating that they were committed to paying
16 through 2055, therefore, the term should not have been low as twenty-six years.
17 If we were to close this year, we would have thirty-two more years of financing
18 (two years of construction and thirty years of mortgage payments). He will need
19 to push back on this issue. The interest rate is 2.25% for this loan.

20 **Finance Committee Recommendations:**

21 No recommendations at this time.

22 **B. Land Committee – Vice Chairman John T. Calvo, Ms. Katrina Perez**

23 Vice Chairman John Calvo stated there are no recommendations at this time and
24 gave a brief update regarding Lot 177-3R1 and Yoña Lot 209. There are some
25 interests being shown in the properties, therefore, a PTR was ordered to gauge
26 those interests. No further action will be taken.

27 Discussion:

UOG Endowment Foundation
Regular Board Meeting
May 10, 2023
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1 BG Rod noticed one of the lots' land value went down from \$2.4M to \$1.9M.
2 Ms. Perez explained the board had voted to relist certain properties at reduced
3 prices to see if they will entertain more interests in the market within 45 days or
4 or so. BG Rod suggested that the values indicated are not pursuable enough for
5 buyers. Ms. Perez considered that some of these properties could be utilized by
6 a new program. She mentioned that a portion of the Inarajan property could be
7 a good idea of a donation to CIS considering their search for an efficient
8 environment to restore watersheds. BG Rod insists that if we cannot sell these
9 properties for their true value, we should rethink the prices they were relisted
10 at. Chairman Leon Guerrero assured that these are prices that are bearable in
11 the market and they are willing to consider best possible offers received.

10 **Land Committee Recommendations:**

11 No recommendations at this time.

12 **VI. New Business**

13 None

14 **VII. Executive Session**

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

17 **VIII. Announcements and Adjournment**

18 **A.** Ms. Perez invited the board to President Krise's Farewell Ceremony which will
19 be this Friday at the SBPA atrium. President Krise's last board meeting will be in
20 in July.

20 **B.** On June 6th, our 2nd Kavalan Whisky Tasting event fundraiser will take place at
21 the Guam Museum to benefit the Taiwan Scholarship for ALS Student Exchange.

22 **C.** Opening on the same day of the Kavalan Whisky Tasting is the 2023 Taiwan

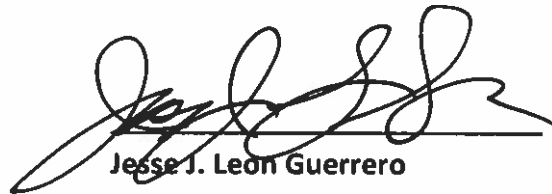
UOG Endowment Foundation
Regular Board Meeting
May 10, 2023
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- 1 Guam Austronesian International Arts Exhibit which was donated by Jackson
- 2 Yang and his family. It will run from June 6th-10th.

- 3 **The 3rd Meeting of the Board of Directors 2023 was adjourned at 6:10 pm on**
- 4 **Wednesday, May 10, 2023.**

- 5 **Motion to Adjourn: Gov. Joseph Ada**
- 6 **Second: Ms. Flo Martinez**
- 7 **Vote: Unanimous**

AFFIRMED/APPROVED ON:



Jesse J. Leon Guerrero
CHAIRMAN

ATTESTED BY:



Dr. Thomas W. Krise, Ph.D.
EXECUTIVE SECRETARY

