

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1

2

I. CALL TO ORDER

3

A. The 2nd 2020 Meeting of the Board was called to order at 4:10 pm on Thursday, February 14, 2020.

4

5

6

The following were present:

7

8

Board Members:

9

Dr. Wilfred Leon Guerrero, Chairman

10

Mr. John T. Calvo, Vice-Chairman

11

Mr. George Chiu, Treasurer

12

Dr. Thomas Krise, Executive Secretary

13

Mr. Jesse Leon Guerrero, Director

14

Ms. Flo Martinez, Director

15

Dr. Saied Safabakhsh, Director

16

Fr. Francis Hezel, Board of Regents Representative

17

UOG Endowment Staff:

18

Ms. Katrina Perez, Executive Director

19

Ms. Myracle Mugol, Associate Director

20

Ms. Emilee Beachy, Administrative Clerk

21

Guests:

22

Mr. David Okada, Chief Planning Officer/ Interim Chief of Staff, Office of the President

23

24

Mr. Randall Wiegand, Vice President, Administration & Finance/ Chief Business Officer

25

26

27

II. APPROVAL OF THE MINUTES

28

A. June 12, 2019

29

B. September 11, 2019

30

C. December 12, 2019

31

D. January 29, 2020

32

33

*Ratified in the Executive Session

34

35

III. CHAIRMAN'S REMARKS

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 Chairman Wilfred Leon Guerrero welcomed Ms. Flo Martinez to the Board of Directors.
2 Chairman Wilfred Leon Guerrero gave the Board background on Ms. Martinez. He explained
3 that she graduated from UOG, was a teacher, was an advisor with Asia Pacific and now owns a
4 finance management firm.

5 Mr. Jesse Leon Guerrero suggested waiting to ratify the Board Minutes until the end of the
6 meeting because the minutes included some Executive Session information.

7
8 **IV. COMMITTEE REPORTS**

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

- 10 i. Finance Committee Meeting held on January 22, 2020
11 ii. Reports enclosed

12 **1. SENG/SSC Loan Update**

13 Ms. Katrina Perez presented the report from the Finance committee. She told the
14 Board that they were close to getting the loan for the School of Engineering and the
15 Student Success Center buildings. Mr. Wiegand agreed and explained that there is
16 good and bad news. He told the Board that Live Oak Bank has been digging through
17 Guam laws that will allow the bank to have 1st place lien, and he also found a clause
18 that might make it possible. However, after meeting with GEDA, the council decided
19 that Live Oak Bank should not take 1st place on these laws and there are conflicting
20 laws that need to be revised. Mr. Wiegand continued that the bills that were
21 passed authorized the payment from FY2015 and forty years on. However, five
22 years have passed, and if there is a four-year construction period, there will only be
23 31 years to pay off the USDA Loan. He told the Board that basically that meant they
24 would be paying 1 million dollars a year from 2056-2060, and they are trying to get
25 that extended, which may involve passing a new bill, or amending the old one.
26 USDA had been demanding that the loan be on a blended basis, but a few weeks
27 ago USDA told UOG to redo the Financial Feasibility Report with an 80%/20%
28 blended rate, and then USDA said to do a 90/10 blended rate which is much more
29 feasible for the institution versus the original 50/50 blend USDA wanted.

30 **Discussion:**

31 Dr. Saied Safabakhsh asked what the interest rate on the bank was currently. Mr.
32 Wiegand responded that it was 5.49%. Dr. Saied Safabakhsh asked if they tried
33 looking at other banks. Mr. Wiegand responded that they had checked Bank of
34 Guam and they were higher. Ms. Perez told the Board that from the recent loan
35 information she was provided by Bank of Guam the interest rates were as follows:

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 5.25% for construction phase (24MO interest payments only) then it would be
2 2.50% for 5 years and the rate would be adjusted after the 5th anniversary to 4.23%
3 with a 40 year amortization and maturity. Mr. George Chiu asked if they could slow
4 down and take it one step at a time. He said that if they need a bill passed or even
5 amended, the current legislature would not do it. He told the Board that they are
6 relatively green and trying to convince them to pass a bill was going to take forever.
7 He also noted that just because a law says that Live Oaks Bank could get the 1st
8 place lien, it doesn't mean that they get it. It only means that we could give it to
9 them, despite the legalities of it. Mr. George Chiu asked why they were bothering
10 to look at all these other options. He said, 'this started as a USDA loan, is that loan
11 still viable?' Mr. Wiegand responded yes, that was what they were discussing. Dr.
12 Saied Safabakhsh told Mr. George Chiu that USDA told UOG that they need to
13 provide 10% from a private bank. Mr. George Chiu clarified that USDA had asked
14 for that. Mr. Wiegand confirmed saying that USDA is asking for a 90/10 split.
15 Chairman Wilfred Leon Guerrero asked why doesn't UOG do the loan application
16 themselves. He said that they were using the Foundation as a way to avoid
17 Government red tape, but that it looked like they were still going back to the
18 government. Mr. Wiegand said that they would need a really big law if they did that
19 because UOG could not borrow any more, they were at their debt ceiling. Chairman
20 Wilfred Leon Guerrero asked if that meant the Government of Guam could no
21 longer borrow. Mr. Wiegand said that he wasn't sure that they would borrow for
22 UOG and that they were close to their debt ceiling as well. Mr. George Chiu asked
23 what the total cost of the building was again. Ms. Perez responded that it was
24 \$21.7M. Mr. George Chiu said so \$22M and you have to put 10% down for the USDA
25 loan. Mr. Wiegand said that USDA was insisting that the 10% be from a private bank.
26 Mr. George Chiu asked why putting up the \$2.2M in equity would not satisfy the
27 loan requirement since it was still private involvement. He wondered why USDA
28 was making all these new requests. President Thomas Krise said that with the
29 change of administration the USDA now wanted more private involvement. Mr.
30 George Chiu asked why borrowing against their own stock portfolio would not be
31 considered private involvement. President Krise responded that they were just
32 trying to do what they asked. Mr. George Chiu said, okay, but doesn't it make more
33 sense to borrow against our own line and be charged 3% and that money is still
34 working for you? So you're be charged 3%, but you are earning more than that so
35 you are still good until you start paying the loan back. Right now, it's crazy to put
36 up your own cash because the earnings you receive on your own cash is greater
37 when you borrow against your own line. So, it's like a pledge. You're not taking out
38 your pledge money and you're still earning on your endowment money. Mr.
39 Wiegand said the they can look it this option because USDA just wanted to make

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 sure that someone else had a stake in the loan and it would be a much better option
2 than trying to use Live Oak since the interest rates are better. Dr. Saied Safabakhsh
3 asked who Live Oaks was. Mr. George Chiu explained that Live Oak Bank was the
4 bank that had really good rates when USDA was insisting on using a 50/50 split.
5 However, now that USDA has lowered the upfront amount from 50% to 10% UOG
6 and UOGEF does not need them to fund the portion of non-USDA funds. Mr.
7 Wiegand said that he wasn't sure about getting the 3% rate against the line for 40
8 years, which was what the rates from Live Oak Bank was doing. Mr. George Chiu
9 suggested still using this financing option and if the rates turn to where the interest
10 is higher and the returns are not as high, then they can refinance the \$2.2M and
11 only have to pay that amount off. He continued that this is the best option available
12 right now, because it will make it so the building can start getting built and there's
13 movement. He told the Board that most likely if they didn't follow this line of
14 financing, they would be sitting there next year still talking about the loan.
15 Chairman Wilfred Leon Guerrero asked Mr. Wiegand if they needed any action from
16 the Board. Mr. Wiegand responded that he was just giving an update. Mr. Jesse
17 Leon Guerrero asked if they could do what Mr. George Chiu was suggesting. Mr.
18 Wiegand responded that they could look into it. Mr. Jesse Leon Guerrero said that
19 they needed to do something, not just look at it. President Thomas Krise asked if
20 the Board would be willing to pass a resolution allowing for UOG to borrow the 10%
21 against the stock portfolio, while they were there with a quorum and then UOG can
22 go back and see if it is allowed within the rules. President Thomas Krise explained
23 that a lot of the difficulties were coming from the change in rules by the USDA.

24 **Motion:**

25 **Mr. George Chiu motioned to approve that the UOG Endowment Foundation will**
26 **come up with the 10% to fulfill the requirement of the USDA. Now that 10% will**
27 **not be a long-term 40-year loan, probably not. It could be as long as the interest**
28 **rates stay at 3%, you can keep it there, but at the time it is no longer 3% you will**
29 **need to come up with a way to refinance it, but it will kickstart and get the**
30 **building off of the ground and get USDA to say yay or nay. Right now, USDA is**
31 **playing with us, so one way or another get an answer yes or no from USDA, so we**
32 **know if we have the 90% financing.**

33 **Second: Dr. Saied Safabakhsh**

34 **Discussion:**

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 Mr. Jesse Leon Guerrero asked if the USDA would eventually take out the 10%. Mr.
2 Wiegand replied that they would not. Mr. Jesse Leong Guerrero asked if the
3 arrangement was still a leaseback situation. Mr. Wiegand responded that yes, it
4 was. Mr. Jesse Leon Guerrero noted that he wanted those clarified because it
5 meant that new loan documents would need to be signed by Chairman Wilfred
6 Leon Guerrero. Chairman Leon Guerrero asked if they have the money. Mr. Jesse
7 Leon Guerrero said that they were only pledging the money, they didn't need to
8 actually take the money out. Chairman Wilfred Leon Guerrero said that he just
9 wanted the information on record. Ms. Perez added that inside the packet there
10 was a paper that showed the balances in all the investment accounts. Mr. George
11 Chiu told Ms. Perez that the Chairman was not asking about the investment
12 accounts, adding that UOGEF definitely had the 2.2M for sure. He clarified that the
13 Chairman was asking if UOG had the money to pay back the loan because they
14 didn't want UOG to default on the loan and leave UOGEF to pay it off. Mr. Wiegand
15 said that it would be based on the appropriations they receive from the government
16 of Guam. Chairman Wilfred Leon Guerrero said, so we are going to use UOGEF stock
17 portfolio as collateral. Are there any other questions?

18 **Vote: Unanimous**

19

20 **2. New Fund Forms**

21 Ms. Perez presented the board with a set of updated New Fund Forms for approval.
22 She told the Board that Deloitte is insisting that the Board approve the forms before
23 putting them into use. She told the Board that these forms will be used to create
24 more uniformity in the creation of funds with the endowment, including a
25 stipulation about dormant funds.

26 **Discussion:**

27 Chairman Wilfred Leon Guerrero asked if she was bringing the form to the Board's
28 attention for approval. Ms. Perez responded yes, that Deloitte wanted them
29 approved by the Board.

30

31 **Motion to approve the forms that were issued: Mr. Jesse Leon Guerrero**

32 **Second: Mr. George Chiu**

33 **Vote: Unanimous**

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

3. 2018 Audit Report

Ms. Perez presented the Audit report to the Board. She told the Board that are a few things that Deloitte found. She explained that one of the deficiencies that Deloitte said via the Audit report was that they want to bring the pledges up to the present-day value.

Discussion:

Mr. George Chiu said that there was no way to record a pledge other than in Accounts Receivables. Ms. Perez noted that for some of the pledges they had received partial funds. Mr. George Chiu responded that they didn't need to adjust it, it was an immaterial amount. He also added that Deloitte gave UOGEF a clean audit, meaning that there are no major concerns. He explained that the deficiencies that Deloitte found were things that they include in the report to cover their due diligence and that the report Ms. Perez had presented was not the final. He told her that there should be responses from her about the deficiencies that they found, and Deloitte will type it all up and send out the final. Chairman Wilfred Leon Guerrero asked Ms. Perez if the audit report got passed through the Finance Committee. Mr. Jesse Leon Guerrero said they had just gotten the report. Mr. George Chiu said they had not seen it. Chairman Wilfred Leon Guerrero said to send it back to the Finance Committee.

4. Reports/ Budget Review

Ms. Perez told the Board that UOGEF had a 68% increase Year over year. She told the Board that she believes this is due to UOGEF's ability to accept major donations like those presented by President Thomas Krise and Patty Krise, Dr. Saied Safabakhsh, The Whiting Foundation and so on. She also said that the team is working with donors to make sure they are able to put their donations where they feel it is most needed. Ms. Perez told the Board that there were 12 new scholarships created in 2019 and an increase in individuals giving versus events. She also gave the Board the top 100 donors for 2019.

Ms. Perez then presented the 2020 Budget for UOGEF. She told the Board that she took into consideration the Finance Committee's suggestions. She explained that the highlighted items were items that had a large change in the percentage points. Ms. Perez added that there were some unanticipated costs for building improvements, though the allocated budget is lower than previously suggested. She told the Board that there was some ceiling damage in her office, as well as still

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 needing to get a door and those were the priority issues. She said that hopefully
2 the \$6,400 will cover those items.

3 **Discussion:**

4 Chairman Wilfred Leon Guerrero asked if there were any questions about the
5 budget. Dr. Saied Safabakhsh asked what the total increase in the budget was going
6 to be. Mr. George Chiu explained that the total increase in the budget was \$50,000
7 on the expense side, but \$75,000 of the increase was the SBPA debt service that
8 was not budgeted for in 2019, which makes up for more than half of the increase.

9 **Motion to approve; Mr. George Chiu**

10 **Second: Mr. Jesse Leon Guerrero**

11 **Vote: Unanimous**

12

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

14 Mr. John Calvo presented the Land Committee report to the Board, noting that Ms.
15 Perez highlighted the latest updates regarding the land issues. He said that he
16 would briefly go over the updates. He explained that a map was created and
17 delivered to Land Management for the Yona Property, pending their approval.

18 Mr. John Calvo told the Board that the Ordot-Chalan Pago lot had some issues. He
19 told the Board that it was suggested to talk to the Sablans before going further
20 because it could get messy if they try to go through the court system. The Calvo
21 family is on board for the Quick Claim. Ms. Katrina Perez added that the Sablans
22 had been difficult to locate and that UOGEF may need to hire out someone to find
23 an heir to the property.

24 **Discussion:**

25 Chairman Wilfred Leon Guerrero asked if there was any reaction to the map. Mr.
26 John Calvo explained that they have not had the court hearing yet, and that it was
27 scheduled for March 19th.

28 Mr. George Chiu asked if UOGEF fixed all the valuation on the all the land. Ms.
29 Perez responded that all the valuations on the land except the Inarajan lot were
30 properly valued. Mr. George Chiu reminded the Board that the auditors were the
31 ones that pointed the valuation error out, so they wouldn't have given UOGEF a

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 clean opinion if it hadn't been adjusted. Ms. Perez said that she would double
2 check, but that she believed it had been resolved. Mr. George Chiu added that the
3 Board and UOGEF staff will need to remember not to take the valuation of the land/
4 in-kind donations based on the donor's valuation but needs to get an appraised
5 value. Mr. John Calvo added that they had taken the suggestion from the realtor's
6 suggestion about the Inarajan property and hold back on trying to sell it. He added
7 that they need to get identification points for the Inarajan Property before they do
8 anything else so that they can at least have an idea of where the property starts.
9 Father Francis Hezel asked if what they were discussing was land that was being
10 donated. Mr. George Chiu responded that it was land that had been donated
11 several years ago. Ms. Perez noted that the land had been donated in 2013-2014.
12 Father Francis Hezel asked if this was land that was donated but was not sold. Mr.
13 Jesse Leon Guerrero told him that some of the land had been sold. Father Francis
14 Hezel asked how many pieces of land there were. Ms. Katrina Perez told him that
15 there were 13 pieces of land total, but that there was one piece of land that was
16 not sold, and two lots that were on contract with buyers. Father Francis Hezel asked
17 if the land was appraised. Mr. George Chiu explained that when the land was
18 donated it was recorded at the property tax appraisal, which is traditionally low on
19 Guam, but somehow the properties that were donated were valued even lower
20 than the property tax appraisal. He continued that it was unfortunate that it
21 happened, but that it had to be written down and rectified. Ms. Katrina Perez noted
22 that there was a decision that needed to be made about the Inarajan property and
23 whether the Board wanted to relist it. Mr. John Calvo noted that they would need
24 to know where in Inarajan the property actually is so that they could sell it. Mr.
25 George Chiu asked how much it would be to get it surveyed and the land might not
26 be useable.

27 **C. Comprehensive Campaign Committee- Mr. David John, Committee Chair (Exhibit**
28 **D)**

29 Ms. Myracle Mugol presented the Comprehensive Campaign Report to the Board.
30 She announced that in 2018 UOGEF had raised about \$34,000 for the G is for Giving
31 Campaign and for 2019 UOGEF had raised \$136,936.27. She noted that the
32 scholarships going out for Spring 2020 were the Palau Women's Club Scholarship
33 and the Micronesian Studies (Marmie) Scholarship which totaled \$1,500. Then
34 announced the event UOGEF hosted and will be hosting for 2020. This included the
35 How to Say I Love event that benefited CLASS held the night prior to the meeting,
36 then the Educators Lifetime Award the following Saturday, the SBPA Mixer the 27th

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 of February and the Talofoto Surf Classic to celebrate the Marine Lab's 50th
2 Anniversary in March.

3 She told the Board that as far as media partnerships UOGEF is working with IMC,
4 Sorensen, and Choice Broadcasting, as well as the UOG Financial Aid Office to create
5 one site where students can go looking for scholarships so that it is easier on them.

6 **Discussion:**

7 Chairman Wilfred Leon Guerrero asked if the money was from the unit or going to
8 the unit regarding the G is for Giving report. Ms. Myracle Mugol replied that when
9 people donated to the campaign they could choose where to send their donation,
10 so that's the money going to the unit. Chairman Wilfred Leon Guerrero explained
11 to the Board that he would like to challenge the administrators of UOG to give,
12 using President Krise' donation as the motivator. President Thomas Krise
13 responded that of the top 35 donors of UOGEF's top 100 donor list, 11 of the people
14 were professors and administrators of UOG. Mr. Jesse Leon Guerrero also
15 commented about the Board of Regents donations also. President Thomas Krise
16 said that he saw several of their names on the top 100 list as well.

17

18 **V. NEW BUSINESS**

19 **A. New Handbook**

20 Ms. Perez announced that the UOGEF Handbook was out of date and needed approval by
21 the Board so that it could be implemented by the staff. She told the Board that the yellow
22 highlights were changes they made and green highlights were things that were added into
23 the handbook that were not issues in the workforce before, but now need to be addressed.

24 **Discussion:**

25 Dr. Saied Safabakhsh stated that he was still confused by UOGEF's affiliation with UOG as
26 far as payroll was concerned. He asked why UOGEF is getting paid by UOG. Ms. Katrina
27 Perez explained that UOGEF is invoiced for their salaries. She told the Board that UOG
28 processes UOGEF's payroll, calculates the FICA, Social Security, and taxes, they work with
29 ASC Trust for the 401K, and even produce the W-2's at the end of the year. She continued
30 that every month UOG provides UOGEF with an invoice for what they do which is about
31 \$14,000. Dr. Saied Safabakhsh asked if that includes the UOGEF salaries. Ms. Katrina Perez
32 replied that yes, it included all of the salaries. Dr. Saied Safabakhsh stated that he didn't
33 understand why it was like that. Chairman Wilfred Leon Guerrero asked if they were
34 charging UOGEF. Ms. Katrina Perez said that UOG informed them that they would be, but

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

1 so far had not charged them a service fee. Dr. Saied Safabakhsh said because UOGEF is an
2 independent entity that UOG and UOGEF's payroll should not be together. He added that
3 he was surprised an auditor had not said that it was wrong to do the payroll that way. Mr.
4 George Chiu asked if they are doing the payroll first. Ms. Katrina Perez replied yes. Dr. Saied
5 Safabakhsh said no, that UOG pays the UOGEF salaries and then UOGEF pays them back.
6 Mr. Jesse Leon Guerrero said that it was all a wash, but that the Endowment was doing it
7 that way because otherwise they wouldn't be able to have the 401K and health insurance
8 because there weren't enough employees.

9 Chairman Wilfred Leon Guerrero asked to table the discussion about payroll and vote on
10 the Handbook.

11 Dr. Saied Safabakhsh said that to add that the handbook is to include 'at will'. Mr. George
12 Chiu added that the two most important phrases that should be in the handbook was 'at
13 will' and 'all other collateral duties as assigned.'

14 **Motion to approve subject to adding the language; Mr. George Chiu**

15 **Second: Mr. Jesse Leon Guerrero**

16 **Vote: Unanimous**

17
18 **VI. Executive Session**

19 **Motion to ratify minutes; Dr. Saied Safabakhsh**

20 **Second: Mr. Jesse Leon Guerrero**

21 **Vote: Unanimous**

22 **Discussion:**

23 Mr. George Chiu told Ms. Katrina Perez that he would prefer that she communicate the big
24 picture to the Board and not to bother with relaying the details to them. He told her that they
25 are expecting more from her as a Director. He noted that 'at will' meant that even though she
26 had a two-year contract it didn't guarantee her spot as Executive Director for two years.

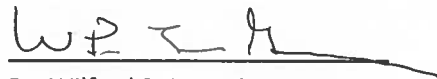
27
28 **VII. Announcements and Adjournment**

29
30 **The 2nd 2020 Meeting of the Board of Directors was adjourned at 5:50 pm on Thursday,**
31 **February 14, 2020.**

UOG Endowment Foundation
Regular Board Meeting
Thursday February 14, 2020
Pacific Medical Group Conference Room
Sinajana, Guam

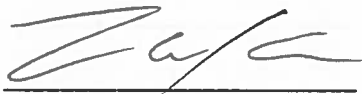
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

AFFIRMED/APPROVED ON:



Dr. Wilfred P. Leon Guerrero
CHAIRMAN

ATTESTED BY:



Dr. Thomas W. Krise
EXECUTIVE SECRETARY

