

UOG Endowment Foundation
Regular Board Meeting
Zoom.us/UOG Endowment Foundation
Mangilao, Guam

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I. CALL TO ORDER

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A. The First 2022 Board of Directors Meeting of the Board was called to order at 4:06 PM on Tuesday, March 01, 2022.

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The following were present:

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Board Members:

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Dr. Wilfred Leon Guerrero, Chairman

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Mr. John Calvo, Vice Chairman

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Mr. George Chiu, Treasurer

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Mr. Jesse Leon Guerrero, Director

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Gov. Joseph Ada, Director

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Ms. Ramona Jones, Director

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Ms. Flo Martinez, Director

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UOG Endowment Staff:

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Ms. Katrina Perez, Executive Director

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Mr. Christian Mondia, Administrative Assistant

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Guests:

22

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

23

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Ms. Deborah Leon Guerrero, Vice Provost for Institutional Effectiveness, Academic & Student Affairs

25

26

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

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Mr. Glenn Leon Guerrero, Director, Facilities Management & Services

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Mr. Anthony R. Camacho, Esq., University of Guam General Counsel

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Ms. Alexandra Leon Guerrero, BGIS

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Mr. Jason Miyashita, Raymond James

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Ms. Amanda Gima, Raymond James

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II. APPROVAL OF THE MINUTES

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A. Thursday, December 09, 2021

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Motion to Approve Subject to Correction: Mr. Leon Guerrero

37

Second: Mr. George Chiu

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1 **Vote:** Unanimous

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3 **III. CHAIRMAN’S REMARKS**

4 None

5 **IV. COMMITTEE REPORTS**

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

7 i. Reports enclosed.

8
9 **1. BGIS**

10
11 Ms. Alexandra Leon Guerrero presented the Board UOGEF’s performance portfolio.
12 Ms. Leon Guerrero stated that UOGEF’s portfolio ending market value as of
13 02/25/2022 was \$9M or an average weighted return of 4.85%. Ms. Leon Guerrero
14 made a reminder that the market value is from 2016 - 2022. For the 3-month period
15 the total portfolio had an average return of -5.27% to date compared to the
16 moderate Aggressive Benchmark of -5.26%. Year to date the portfolio is -5.86%
17 against the moderate aggressive benchmark of -5.85%. The 1Yr mark we are up
18 4.85% versus the benchmark of 3.64%. For Years 3 & 5 both were slightly above the
19 benchmark. Since inception the portfolio has had on average a return of 9.52%
20 versus the benchmark of 9.44%. Ms. Leon Guerrero went on to explain that due to
21 current geopolitical pressures, the market is down, so the performance of the
22 overall portfolio is also down. These pressures are typically short-lived, after about
23 6 months the market values are seen to increase. Based on these key indicators Ms.
24 Leon Guerrero predicts that within 6 months the portfolio will break even and
25 within 1 year the portfolio is looking at a positive return between 4% - 5%. In the
26 past the portfolio has seen excellent double-digit returns, which was due to the
27 stimulus of the federal government. Currently the markets are not doing well, so
28 the portfolio is looking at a very muted return as compared to past performances.
29 Ms. Leon Guerrero made a proposal to the board to allocate 10% of the overall
30 portfolio to Global Infrastructure. By adding to global infrastructure, it would add
31 another piece of diversification and take advantage of the asset allocation which
32 would be put towards the portfolio. The portfolio would also see an increased
33 return of 30 basis points as well as reduced risk by 30 basis points. Ms. Leon
34 Guerrero also believes this would be a promising idea also considering that
35 President Biden approved a \$1T infrastructure bill back in 2021.
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2. Raymond James

Ms. Amanda Gima presented to the Board for Raymond James. The first report discussed was Aristotle Capital Management, which ended at \$1M for a period of \$-88K or a -7.10% return versus the benchmark of -7.80% with an AA Difference of 1.34%. The second account Ms. Gima presented to the Board the Clearbridge ESG for international equity. Ms. Gima reminds the Board that Clearbridge is the one that replaced Renaissance Investment Management (RIM), which is benchmarked against the MSCI EAFE; it had \$410K or a -13.27% return versus the benchmark of -6.78% with an AA Difference of -1.78%. The third account that was presented was the Pacific Income advisors a moderate duration fixed income; it ended at \$442K or a -4.63% return versus the benchmark of -4.00% with an AA Difference of -0.33%. The last account Ms. Gima presented was BlackRock iShares, the global fixed income, which ended at \$242K or a period return of -3.15% versus the benchmark of -3.04%. Ms. Gima then stated that UOGEF's overall portfolio quarter to date at \$2M for a dollar return of \$-180K or -7.42% versus the benchmark of -6.36%. Ms. Gima then presented the Guam Board of Accountancy (GBOA) account invested in the balance hybrid model. Ms. Gima informed the Board that this is a half active, half passive model which ended at \$4M with a return of -6.52% against the benchmark of -6.14% with a period return of \$-309K. The portfolio's overall year to date performance ended at \$4M with a return of \$-309K or -6.52%. Ms. Gima discussed 3 different proposals to reallocate the portfolio to lower volatility. However, it was her recommendation that the board allow the investment managers to finish out the quarter before making any decisions to move forward with any of the proposals that were discussed. She felt despite 2022 starting off a bit rough regarding the market being volatile, the board should at least wait & finish off the quarter and review the reports, then possibly decide to reallocate the portfolio, and invest in either private global real estate markets or even infrastructure markets as heard in the previous investment portfolio. The board agreed to wait & later review the investment reports at the end of the quarter.

ii. USDA Loan (SENG & SSC)

Mr. Randall Wiegand was able to give a minor update regarding the USDA loan. They are still currently waiting for their request to be voted on by the legislature. Based on previous meetings held with the Governor & the Senators from the legislature Bill 197-36 was drafted and that the funds were to be taken from the

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1 EITC Refunds, however funds were not able to be pulled from the EITC Refunds to
2 it was discussed that the legislature would appropriate the funds from different
3 surplus revenues, however Bill 197-36 has still not been discussed and it is a
4 possibility that the funds from those sources are not a guarantee. Senators from
5 the legislature as well as Governor Lou Leon Guerrero would each try to appropriate
6 5M to aid UOG, which is currently short about \$9.1M for the construction contract.
7

8 Regarding the interim financing, Ms. Katrina Perez was able to give an update from
9 Chris Perlitz who is the representative from MCM (Municipal Capital Marketing
10 Groups), requesting for us to obtain some things. First would be a third-party
11 construction reviewer and if we were to obtain a reviewer, the request would have
12 to go through a procurement process. Ms. Perez was able to clarify with the UOG
13 Legal Counsel Mr. Anthony Camacho regarding obtaining a reviewer if it would have
14 to go through the RFP process or not. Mr. Camacho stated that since UOGEF is a
15 501 (c)(3) organization the Guam procurement laws should not apply, so if UOGEF
16 were to personally fund the third-party reviewer then no RFP process would need
17 to be done. However, depending on the USDA terms & agreements, if there is
18 nothing in the award/ funds that stated a portion of the budget may be used to hire
19 a third-party reviewer, then we would have to go through the RFP process.
20

21 It depends on who is doing the contracting and not where the money comes from.
22 If it is UOG, then there must be a procurement process. If it is the Foundation, then
23 perhaps not. If the Foundation is using any encumbered funds, then we will need
24 to look at the language of those encumbrances to make sure we are in compliance.
25 Would a third party paid by the endowment in any way impact the loan, would the
26 loan allow us to do this? Per Mr. Camacho, if the third-party reviewing has anything
27 to do with the oversight of the design, procurement, or construction associated
28 with the project, then it must be understood that UOG has the responsibility of
29 these areas per public law 33-92 (not UOGEF).
30

31 Mr. Camacho stated that it is a possibility for UOGEF to use its funds & give/ gift it
32 to UOG itself to pay for the third-party reviewer; however, since UOG is the party
33 in charge of the capital project an RFP process would be required. So, it would take
34 collaboration between UOGEF & UOG to obtain a third-party reviewer.
35

36 Mr. Randall Wiegand was able to mention that having some meetings with
37 Governor Lou Leon Guerrero, it was discussed that if Governor Leon Guerrero
38 would commit \$7.1M then UOG would cover the remaining \$2M with the funds
39 they were able to recover from the Cares Act. Mr. Dave Okada was able to further
40 elaborate the meetings that were held with Senator Joe San Agustin & Senator

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1 Amanda Shelton who at the time were promising \$10M from the EITC Refunds to
2 UOG, despite UOG only needing \$2M - \$4M to cover the USDA Loan. Further
3 discussions about having the legislature draft a bill that would allow UOG to be
4 awarded the \$10M (Bill 197-36) so the funds can both cover the shortfall of the
5 USDA Loan as well as use the remaining funds for other capital improvement
6 projects. After further negotiations, updated amounts for the funds that would be
7 awarded were agreed upon, as Mr. Wiegand had previously mentioned at the
8 beginning of the report update. The UOGEF Board suggested that Mr. Wiegand
9 meet with the Governor again to discuss other feasible options for federal funding.
10 Gov. Ada recommends that bi-partisan members of the legislature also be met with
11 and not wait for budget hearings, as it will be acted upon separately and is therefore
12 an urgent situation. Two public hearings have occurred already, but there was no
13 identification of the funding source. Mr. Okada noted that Sen. Brown spoke up and
14 wanted her colleagues to acknowledge there is real money behind this bill, as there
15 have been many mentions of how funds are being promised.

16
17 Ms. Jones asked if the concerns of the Interim Financer (in requiring a third-party
18 reviewer) could be relieved if the contractor updates their costs? What other work
19 around is there? Ms. Perez said she would contact the interim financer for another
20 way. Mr. Wiegand spoke to their contractor, who said that the prices have gone up
21 pretty high since the last quote. They are trying to get the funding nailed down
22 now and lock the contract. He suggests talking to Mr. Perlitz for workaround. Ms.
23 Jones recognizes that there will be a lot of juggling of tasks in getting the bank more
24 comfortable.

25
26
27 **iii. Finance Committee Proposed Motions/Recommendations:**

- 28 1. Ms. Flo Martinez motioned to change the IPS to remove Real Estate Investment
29 Trust (REIT) as the only alternative investment so that it will be open to other
30 forms of alternative investments. Investments up to 15% will be allowed, no
31 changes are allowed to be made within the investment area without approval
32 from the board of directors

33 Second: Mr. Jesse Leon Guerrero

34 Vote: Ms. Ramona Jones opposes. All others approve.

35
36 **Discussion:**

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1 The board was able to discuss whether to reallocate 10% of the portfolio into global
2 infrastructure. Based on the recommendation of the finance committee, it was
3 agreed that due to uncertainty of current market conditions, the entire board
4 should vote whether to allocate 10% of the portfolio. With further explanation from
5 Ms. Leon Guerrero & Ms. Flo Martinez, 10% would be considered acceptable to
6 help rebalance the portfolio. The next recommendation from Ms. Leon Guerrero
7 was amending the current IPS to allow the board to invest 10% in global
8 infrastructure. With lengthy discussion amongst board members, it was agreed that
9 the board will change the IPS to remove REIT as the only alternative investment
10 category and investments up to 15% will be allowed. No updates or changes will be
11 made to said investment category without unanimous approval from the board of
12 directors.
13

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

15
16 I. **Yona Lots 177-3-R1** (32,640sm) priced at \$106,080 (terrain-extreme sloping)
17 provides access to Lot 209.

18 II. **Lot 209, Estate no 278** (693,244sm) priced at \$2,253,043.00 (terrain-extreme
19 sloping/ mountainous)

20 III. **Ordot-Chalan Pago - Lot 4326-RS (Chalan Famha)** (20,000sm)

21 IV. **Inarajan – Lot 244-R-1** (173,379sm)

22 **V. Land Committee Proposed Motions/Recommendations:**

23 1. Gov. Ada motioned to approve 2019 impairment of (\$135,569.79) for Yona
24 property 177-3-R1 and Inarajan property 244-R1 to be recorded in the 2020
25 general ledger.

26 Second: Mr. Jesse Leon Guerrero

27 Vote: Unanimous

28
29 **Discussion:**

30
31 Deloitte is currently completing their 2020 audit report and requires approval from
32 the board before making any changes. Back in 2019 the UOGEF board approved a
33 change to the market price for the Inarajan & Yona properties. Unfortunately, there
34 was not any impairment that was recorded, so it was proposed to record the
35 impairment to the 2020 General Ledger, which requires board approval.

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- 2. BOD Consideration: To have surveyors mark 2 boundary points of the Inarajan property.

Discussion:

Due to Mr. John Calvo not being able to stay for the meeting, Ms. Katrina Perez was able to give a quick update. No motions were needed for this topic. Ms. Perez stated that we are in the process of getting quotes for the Inarajan property. If we can show at least 2 boundary points at the Inarajan property, it would hopefully attract potential buyers. Despite Sandy & Duane inspecting the property it was difficult because they were unable to physically identify where the boundary points begin & where does it ends.

C. Lina’la-ta Committee – Gov. Joseph Ada, Committee Chair

- i. Production & Performers
- ii. Sponsorship & Expenses
- iii. Other Business

Discussion:

Ms. Katrina Perez was able to give a quick update regarding the Lina’la-ta fundraiser. Production is currently underway, many performers have been selected for the third episode, just waiting for a few more confirmations. For sponsorships & expenses we are offering three levels of sponsorship: Co-presenter for \$10K, Gold for 5K and Silver for \$2.5K. Many thanks are given to the Board Members who contributed by choosing a sponsorship level. We were able to get an In-Kind sponsor in the amount of \$101K which covers a great deal of the production costs. For cash sponsorships we received pledges of \$73K and just recently also received \$51K. Total expenses we are projecting are \$45K so the net expectation would be just short of \$28K, so we are expecting \$27K if we are able to collect all the pledges. It looks like it is going to be a successful event. There was a minor issue regarding using the term “I Am Guam” in the production, due to a local company having trademark claim to the phrase, however since we are not utilizing the phrase in any of posted commercials or spoken scripts within the production, we feel there should be no problems using a song named, “I Am Guam.”

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1 The first episode will show on March 24th, with repeats six times during the two
2 week period. It will appear on TV8, TV11, Docomo 17, and GTA 1. There is a
3 possibility that we can use these recordings for future fundraising, either via
4 YouTube streaming with private access links or selling flash drive recordings to be
5 used with smart TVs.
6

7 **V. Executive Session**

8 **The Board of Directors reserves the right to move into Executive Session at any time during**
9 **the meeting.**

10
11 **VI. Announcements and Adjournment**

12 A. Ms. Perez noted that UOGEF is planning a 40th year anniversary gala and will be
13 requesting for board members to share memories to be recorded on our website and
14 on social media.
15

16 **The 1st Meeting of the Board of Directors was adjourned at 6:18 pm on Tuesday, March 01,**
17 **2022.**

18 **Motion to Adjourn:** Mr. Leon Guerrero

19 **Second:** Ms. Ramona Jones
20
21

22 **AFFIRMED/APPROVED ON:**

23
24 

25 wpleon.guerrero (May 21, 2022 15:56 GMT+10)

26 Dr. Wilfred P. Leon Guerrero

27 CHAIRMAN
28

29 **ATTESTED BY:**

30
31
32 

33 Thomas Krise (May 20, 2022 11:14 GMT+10)

34 Dr. Thomas W. Krise

35 EXECUTIVE SECRETARY