



**UNIVERSITY OF GUAM
UNIBETSEDÁT GUÅHAN
Board of Regents**

Resolution No. 25-04

RELATIVE TO AUTHORIZING THE PRESIDENT TO PETITION THE GUAM LEGISLATURE TO UTILIZE LAND GRANT FUND EARNINGS FOR THE IT MODERNIZATION PROJECT AND TO SEEK RELIEF FROM LEGISLATURE INVOLVEMENT IN THE FUND

WHEREAS, the University of Guam (UOG) is the primary U.S. Land Grant and Sea Grant institution accredited by the Western Association of Schools and Colleges Senior College and University Commission serving the post-secondary needs of the people of Guam and the Western Pacific region;

WHEREAS, the governance and well-being of UOG is vested in the Board of Regents (BOR);

WHEREAS, when UOG was designated a Land Grant University a corpus of \$3 million was received in lieu of a grant of land to the University in 1974;

WHEREAS, since that time the Board of Regents has utilized various formulas to allow the corpus to grow while allowing the University to benefit from the earnings of the fund;

WHEREAS, the fund has now reached the target that had been established and the University is now eligible to begin utilizing 4% of the three-year moving average balance of the fund which is expected to be approximately \$800,000 per year;

WHEREAS, the President has determined that the earnings should fund an IT modernization project identified during the Tulos Mo'na strategic planning effort;

WHEREAS, the IT modernization project includes moving the Enterprise Resource Planning Software to the cloud which will lead to reduced software licensing and hardware costs, free up staff time and expand OIT capabilities to continue the implementation of a voice over internet protocol (VoIP) system which will dramatically reduce annual telecommunications expenses, and provide for a more resilient supporting infrastructure (see Appendix A for a more detailed description of the IT Modernization project);

WHEREAS, the projects are all one-time projects and in most cases will result in verifiable savings to the University and are therefore an appropriate use for these funds;

WHEREAS, the legislation that initiated the Land Grant program contains language that requires the approval of the Guam Legislature for any usage of the Land Grant earnings;

WHEREAS, since more than 50 years have passed since the inception of the Land Grant program and the BOR has proven its diligence in managing the fund and maintaining the corpus of the fund, the President also wishes to petition the Guam Legislature for a removal of the requirement for Legislative approval in the spending of the funds; and

WHEREAS, the University has also been custodian over Tobacco Funds which have a similar requirement for Legislative approval before funds can be expended; the President also desires to seek removal of this requirement in law.

NOW, THEREFORE, BE IT RESOLVED, that the BOR hereby authorizes the President to pursue the IT Modernization Projects with funding from the Land Grant earnings; and

BE IT FURTHER RESOLVED, that the BOR further authorizes the President to pursue legislation removing the Guam Legislature from the approval process for expenditures from the Land Grant Endowment Fund and the Tobacco Fund for the same purposes.

Adopted this 20th day of February, 2025.



Lesley-Anne Leon Guerrero, Chairperson

ATTESTED:



Anita Borja Enriquez, D.B.A., Executive Secretary

APPENDIX A

IT MODERNIZATION PROJECTS

Project Description	Project Cost
Upgrade Enterprise Resource Planning Software to cloud based version. This is the direction the software provider is moving and they are incorporating new features in the cloud version that are not available in the on-premises version. This will result in lower annual licensing fees and will lessen the obligation for the University to purchase and maintain servers and will free up OIT technical staff to focus on implementing new technologies for the University.	\$1,200,000
Campus Infrastructure cabling. This is needed to extend VOIP services to buildings lacking sufficient bandwidth for the VOIP project and for use of Hyflex classrooms.	\$404,500
VOIP project equipment. The purpose of the project is to extend Voice Over Internet Protocol (VOIP) system to the entire campus. This would convert the current analog system to run on UOG's fiber network. UOG has estimated the savings in communication costs will exceed \$300,000	\$400,000
Upgrade network switches. Many of UOG's network switches are old and are failing. These are needed to support the campus wireless network, but also to support the VOIP project.	\$350,000
Upgrade and repair of data center supporting infrastructure. UOG's data center needs a reliable source of redundant power, cooling, and security. The current infrastructure is degrading and unreliable, leaving UOG data and services vulnerable during power outages.	\$480,000

MEMORANDUM

TO: PRESIDENT 
Arta Borja Enriquez, D.B.A. (Feb 9, 2025 11:16 GMT+10)

FROM: VPAF/CBO 

DATE: FEBRUARY 8, 2025

RE: RESOLUTION TO SEEK AUTHORIZATION FOR EXPENDITURE OF LAND GRANT FUNDS AND TO SEEK AUTHORIZATION TO REMOVE THE GUAM LEGISLATURE FROM THE SPENDING APPROVAL PROCESS

As you are aware, the University has had a Land Grant Endowment fund which started off as a \$3,000,000 contribution in 1974 from the federal government in lieu of a land donation when the University was first designated as a land grant institution.

The Board of Regents (BOR) established a formula for allowing the University to expend a portion of the earnings of the fund while the corpus of the fund grows. The formula was simple: any earnings in excess of the U.S. Consumer Price Index can be utilized by the University for projects. The one restriction on the use of the funds is that they cannot be used for construction, maintenance, repair or rehabilitation of a building.

In 2020, the Board of Regents amended the rule to read that we would wait until fund earnings exceeded accumulated inflation and from that moment forward, the University would be allowed to remove 4% from the fund per annum. In 2024, the milestone was reached and earnings exceed the accumulated inflation so now, the fund is available to be utilized to help pay for projects approved by the President and the BOR. The balance of the fund exceeded \$20 million. 4% of this amount is approximately \$800,000 per year.

Many projects in the Tulos Mo'na strategic plan have been labeled as part of the IT modernization plan. You have suggested these projects be slated for funding from the Land Grant Endowment Fund. Your approval is now sought to bring this matter to the Board of Regents through the various committees for review and approval.

The largest of these projects is the Upgrade of the Enterprise Resource Planning Software to a cloud-based version. The University has resisted a move to the cloud for several years, but the company whose software is in use by UOG has been adding more and more features to the

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The University of Guam is a U.S. Land Grant Institution accredited by the Western Association of Schools and Colleges Senior College and University Commission and is an equal opportunity employer and provider.

cloud-based version and is not making the same upgrades to the on-premises version. The cost of this implementation has been estimated to be \$1.2 million.

Other projects are part of the Voice Over Internet Protocol (VOIP) project to get the University off its current analog based system and onto a fiber-based communication system. The estimated cost to complete the conversion to VOIP phones exceeds \$1 million, however, the estimated annual savings to the University exceeds \$300,000. Our plan is that once the VOIP savings are realized those monies would be available to complete other IT modernization projects. OIT believes they may need a budget line for an employee to monitor the VOIP system, but we think the savings will be substantial even taking that into consideration.

All of the project costs for the IT modernization project were excluded from the FY26 budget filing.

As you are aware, the Legislation governing this fund requires approval of the Guam Legislature prior to the expenditure of these funds. As we have discussed, this restriction seems unnecessary as the Board of Regents has demonstrated its ability to manage these funds and maintain a reasonable corpus for more than 50 years. Included in this packet is draft legislation to remove the Guam Legislature from the approval process for the expenditure of these funds.

Similarly, UOG received Tobacco Settlement funding around the year 2000. The legislature set up a similar system to grow the corpus of that fund while allowing the University to expend some of the earnings. That fund also requires Legislative approval before funds can be utilized. We have included language in the bill to remove the Legislature from the project approval process for this fund as well.

Finally, there is an unfortunate word contained in the statute governing the investment of the land grant fund with an implication that any investment must have an investment grade rating. Investment grade ratings are only applicable to fixed income investments whereas higher education endowment funds typically invest in a broad array of other types of investments. We included the removal of the term “investment grade” as one component of the draft legislation.

Thus, I’m hoping to get permission from the BOR to pursue legislation to address these three matters.

Please let me know if you have any questions or concerns regarding any of these issues.

I MINA'TRENTAI OCHO NA LIHESLATURAN
GUÅHAN
2025 (FIRST) Regular Session

Bill No. - (COR)

Introduced by:

**AN ACT TO DELEGATE FULL
RESPONSIBILITY FOR THE
MANAGEMENT AND EXPENDITURE OF
THE UOG LAND GRANT FUNDS AND THE
UOG HIGHER EDUCATION
ENDOWMENT FUND TO THE
UNIVERSITY OF GUAM BOARD OF
REGENTS AND TO CLARIFY
ALLOWABLE INVESTMENT LANGUAGE**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Section 221305 of Article 13 of Chapter 22 of Title 5 of Guam Code

Annotated is hereby replaced and re-enacted as follows:

“§ 221305. UOG Higher Education Endowment Funds. There is hereby created, separate and apart from other funds of the government of Guam, a fund known as the ‘UOG Higher Education Endowment Fund’. The UOG Higher Education Endowment Fund shall not be commingled with the General Fund and shall be kept in a separate bank account and administered by the University of Guam. The UOG Higher Education Endowment Fund may be invested or reinvested by the UOG Board of Regents in bonds or in

securities that are approved for the Retirement Fund, or according to modern investment practices of similar funds. The ~~appropriations~~ expenditures from the UOG Higher Education Endowment Fund shall be limited to fifty percent (50%) of the initial deposit from the proceeds of the sale for the first five (5) years. Thereafter, expenditures shall be limited to ninety percent (90%) of the earnings of the Fund. The proceeds from the investments shall remain within the UOG Higher Education Endowment Fund. All monies deposited into the UOG Higher Education Endowment Fund shall be expended exclusively for enhancement of learning resources and technology, including, but not limited to, the following:

- (a) purchase of computer equipment, books, subscriptions, periodical materials and other library supplies and materials;
- (b) training; and
- (c) management of library materials and resources.

The University of Guam shall determine the allocation of this appropriation in compliance with this Section.

Section 2. Section 16126(e) of Chapter 16 of Title 17 of Guam Code Annotated is hereby replaced and re-enacted as follows:

“(e) The Board is designated Custodian or Trustee of the interest from the investment of the \$3,000,000 for the benefit of the University of Guam.

The interest from the investment of said sum shall be expended

~~appropriated by the Legislature directly to~~ by the Board for the endowment, support and maintenance of the University of Guam subject to the provisions of Federal laws establishing the University of Guam as a land-grant college.”

Section 3. Section 16126 of Chapter 16 of Title 17 of Guam Code Annotated is hereby replaced and re-enacted as follows:

§ 16126. University of Guam Land Grant Endowment Fund.

(a) For the purpose of compliance with Federal laws designating the University of Guam as one of the land-grant colleges eligible to receive donations of public land or land scrip for the endowment and maintenance of colleges for the benefit of agriculture and the mechanic arts, there is hereby established the 'University of Guam Land Grant Endowment Fund' which shall be maintained separate and apart from any other funds of the government of Guam, and independent records and accounts shall be maintained in connection therewith by the University of Guam. A quarterly financial statement of the Fund shall be submitted to the Guam Legislature by the Board.

(b) The sum of \$3,000,000 received from the Federal Government in lieu of donation of public land or land scrip shall be credited to the Fund. Said sum shall remain unimpaired and preserved.

(c) Said sum shall be invested in bonds of the United States or of the States or Territories or bank certificates of deposit or some other

~~investment-grade~~ investments as would normally be utilized by higher education institutions in a manner adopted by the Board. The Board shall administer the investment of the funds as trustees for the benefit of the University of Guam.

(d) No portion of said sum, nor the interest thereon, shall be applied, directly or indirectly, to the purchase, erection, preservation, or repair of any building or buildings.

(e) The Board is designated Custodian or Trustee of the interest from the investment of the \$3,000,000 for the benefit of the University of Guam. The interest from the investment of said sum shall be appropriated by the Legislature directly to the Board for the endowment, support and maintenance of the University of Guam subject to the provisions of Federal laws establishing the University of Guam as a land-grant college.

(f) There is hereby established the 'Land Grant Custodial Maintenance Fund' from which the payment of all expenses incurred in the management, investment, and disbursements of the Land Grant Endowment Fund shall be made, and no such expenses shall be paid or deducted directly from the Land Grant Endowment Fund or the interest or income received therefrom. The Land Grant Custodial Maintenance Fund shall be administered by the Board and shall be used solely for the purposes stated in this subsection and all monies appropriated to such fund by the Legislature shall be used only for such designated purposes. The fund shall

be maintained separate and apart from any other funds of the government of Guam, and independent records and accounts shall be made in connection therewith by the University of Guam. A quarterly financial statement of the fund shall be submitted to the Guam Legislature by the Board at the same time that the quarterly financial statement for the University of Guam Land Grand Endowment Fund is submitted.