



UNIVERSITY OF GUAM UNIBETSEDAT GUAHAN

OFFICE OF THE PRESIDENT
UOG Station, Mangilao, Guam 96923
Telephone: (671) 735-2990 • Fax: (671) 734-2296

October 12, 2016

Honorable Governor Eddie Baza Calvo
Ricardo J. Bordallo Governor's Complex
Adelup, Guam 96910

Hafa Adai Governor Calvo,

This morning during a live interview on a local radio station, you alluded to the University of Guam saying "it's amazing how University of Guam invents a financial crisis." You then went on to say that this was "manufactured" so that a senator could appear as a "knight in shining armor" to save the day. Your claim is inaccurate and weaves a conspiracy that is without evidence. It is beneath the dignity of any public official to suggest conspiracies on serious matters.

In reality, I worked hard with the Lt. Governor (a UOG alumnus) and the Director of the Department of Administration (DOA) to facilitate a payment schedule in order to facilitate a solution to our financial situation. I thank them and commend them for their efforts.

Since you may not be aware of the facts, I have attached documents that detail the financial standing of the University over the course of the fiscal year and payments made by DOA. The first attachment shows that UOG was owed \$20M as of late August—less than a month before the end of the fiscal year. This unpaid amount represented over 50% of our total budget allotment for FY16.

Not many institutions or organizations would have been able to survive such a shortfall. The delay of payments strained the University to a point that affected daily operations, including meeting payroll and UOG's ability to distribute local financial aid to its students at the beginning of the Fall 2016 semester.

The University survived by instituting financial controls on purchasing, capital improvement, and hiring and by depleting cash reserve accounts that are meant for times like these. Throughout the year, we met with DOA several times to discuss payment plans and later, met with them again to make adjustments to those plans when the payments did not arrive as scheduled.

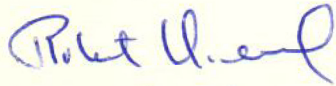
To DOA's credit, we are now receiving payments every week that either meet or exceed the amounts agreed upon in our most recent payment schedule, and the shortfall balance has now been reduced to \$13.9M, which we hope will be reconciled in the next few weeks. This amount is calculated in the second attachment.

Despite our financial situation, we are in the midst of a great time at the University of Guam. We are very close to starting construction on a new Student Services Center and School of Engineering Building; we are beginning to harness our unique research strengths; we have a vibrancy on campus among our students and a positive outlook for this new academic year; and in April, we were awarded accreditation for the next eight years from the Western Association of Schools and Colleges Senior Commission.

Please recognize that the accrediting agencies monitor statements by public officials that speak to institutional credibility. This is why I need to formally correct any misunderstanding or misinformation about our financial situation.

As always, I am available to meet with you to answer any questions you may have or to discuss our financial situation in more detail.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Underwood". The signature is fluid and cursive, with the first name "Robert" and last name "Underwood" clearly distinguishable.

Robert Underwood
President