
Finance and Facilities Committee Agenda

- 1.0 Call to Order/Roll/Declaration of a Quorum (10:00 am) (5 min) *Chair Vince Jones*
- 2.0 Consent Agenda (10:05 am) (5 min) *Chair Jones*
- 2.1 Approve Minutes of the June 11, 2024, meeting (10:10 am) (5 min) *Chair Jones*

Reports

- 3.1 Fiscal Operations Advisory Council (FOAC) Report (10:15 am) (10 min) *Assistant Professor Don DaSaro*
- 3.2 FYE June 2023-24 Management Report (10:25 am) (10 min) *Vice President of Finance and Administration, John Harman*
- 3.3 Q-4 FYE 2023-24 Financial Dashboard (10:35 am) (10 min) *VP Harman*
- 3.4 Q-4 FYE 2023-24 Investment Report (10:45 am) (10 min) *VP Harman*
- 3.5 FY 2024-25 August Management Report (10:55 am) (10 min) *VP Harman*
- 3.6 Q-1 FY 2024-25 Facilities Report (11:05 am) (15 min) *Director of Facilities and Property Management, Thom Darrah*
- 3.7 Eide Bailly, LLP Internal Audit Report (11:20 am) (15 min) *Eide Bailly reps Kristin Diggs, Audrey Donovan, and Douglas Sluyk*

Action Items

- 4.1 Budget Adjustment and Spending Authorization (11:35 am) (10 min) *VP Harman*
- 4.2 Spending Authorization for Banner Finance Reinstallation (11:45 am) (10 min) *VP Harman*
- 5.0 Discussion Items (11:55am) (5 min) *Chair Jones*
- 6.0 Other Business/New Business (12:00 pm) (5 min) *Chair Jones*
- 7.0 Adjournment (12:00 pm) *Chair Jones*

All times are approximate

**Finance and Facilities Committee
DRAFT Minutes**

Trustees Present:

| | | |
|--------------------|----------------|----------------------------------|
| Vince Jones, Chair | Michele Vitali | Kanth Gopalpur |
| Mason Wichmann | Stefan Bird | Dr. Nagi Naganathan (ex officio) |

Other Trustees in Attendance:

| | | |
|------------|------------------|--------------|
| John Davis | Cec Amuchastegui | Phong Nguyen |
|------------|------------------|--------------|

University Staff and Faculty Present:

Nesli Alp, Dean of Engineering, Technology & Management
Mandi Clark, Associate Vice President & Dean of Students & Interim VP for Student Affairs
Thom Darrah, Director-Facilities Management Services
Don DaSaro, President-Fiscal Operations Advisory Council
Kristin Diggs, Eide Bailly
Ken Fincher, Vice President of University Advancement & Interim Board Secretary
David Groff, General Council
John Harman, Vice President Finance & Administration
Joanna Mott, Provost, Vice President Academic Affairs
Adria Paschal, Senior Executive Assistant to the President
Bryan Wada, Information Technology Consultant 2

1. Call to Order/Roll/Declaration of a Quorum *Chair Vince Jones*

Chair Jones called the meeting to order at 9:39 a.m. The Board Secretary called the roll, and a quorum was declared.

2. Consent Agenda *Chair Vince Jones*

2.1 Approve Minutes of the April 12, 2024, 2024 meeting.

No changes to the minutes were voiced. Minutes approved as submitted.

3. Action Item:

3.1 FY 2024-25 Annual Budget, *Vice President John Harman*

- Vice President Harman shared the 2024-25 Budget Development Calendar and how the university underwent the budget build process. Meetings were held with FOAC, the tuition recommendation committee, university vice presidents, and others during this process. The short legislative session also occurred during the budget build.
- VP Harman explained the university's funding sources, including state funding, tuition, and investment earnings. He also explained Oregon Tech's budgeted expenses and the Public University Support Fund of which Oregon Tech receives about 7%.
- VP Harman explained the budget challenges and the proposed strategic budget investments. VP Harman further explained the process of closing the gap between the projected budget deficit and budget reductions needed to reach a final budget that would be presented to the board.
- He went on to explain budget targets, which included budget cuts and the reinstatement of funds for strategic purposes.
- VP Harman explained the budget by division, including net adjustments, reductions, the total budget, and variances. Overall, a budget variance of -3.9% was identified, which was reconciled during the budget build, thanks to due diligence by all parties.
- VP Harman provided the 2024-25 fiscal year proposed budget, explained the rationale for strategic funding requests, explained those areas where there are increased costs (labor, utilities), and the request for approval to utilize \$2.5 million from reserves.
- He also shared the non-E&G funds budget, which includes student affairs, the Tech Nest, and OMIC, among others. These auxiliary funds are self-supporting and cost-recovery budgeted funds.
- President Naganathan thanked VP Harman for his thorough presentation. Committee Chair Jones asked for any questions or statements. Trustee Gopalpur noted the hard work of the budget process; he asked for a sense of how each division has perceived this process. VP Harman answered that there was concern, especially early in the process, but there was due diligence in making sure certain priorities and positions were funded appropriately and prudently.
- Trustee Wichmann inquired about the funding model's suitability for the future, particularly the utilization of reserves. VP Harman answered that we are taking action and making decisions to address the utilization of funds and that there is a board action related to the utilization of reserves. He added that continuous utilization of reserves is not a tenable position, and continued conversations will be needed for us to move ahead.
- Chair Davis thanked VP Harman, the FOAC group, and others who were involved in the budget build process. Chair Davis echoed other statements that we face some economic realities with increased fixed costs and other expenses that cannot be reduced. He added that we run on a very lean administrative platform and that, as others have stated, we cannot cut our way to prosperity, but we cannot continue to draw on reserves. Also, he commented

we are in a good place when compared to others but additional work is need to maintain our position.

- President Naganathan added that we really need to drive our revenue, which will allow us to maintain our strategic initiatives. He added that we are looking to increase federal investments, with some indicators becoming evident for success and some aggressive grant writing taking place.
- Chair Jones presented the motion:

MOTION

After review of the proposed FY 2024 -25 All Funds Budget and related documents, staff requests a Motion by the Finance and Facilities Committee to the full board for approval of the FY 2024-25 All Funds Budget.

Motion: Trustee Gopalpur

Second: Trustee Vitali

Roll Call Vote: Trustee Jones aye, Trustee Bird aye, Trustee Gopalpur aye, Trustee Vitali aye, Trustee Wichmann aye.

The motion passed unanimously.

4. Reports

4.1 Fiscal Operations Advisory Council, *Professor Don Desaro, Chair of the FOAC*

- Professor DaSaro added the need for pro-action and added some ideas for strategic revenue generation. Ideas he mentioned included a fund drive, partnerships with medical entities, and marketing promotions that increase program participation, such as the Construction Management Degree Program. He added that certificates in Construction Management would be sought after by some and would help people increase their professional opportunities. In essence, programs need to look at growth opportunities.
- Professor DaSaro reported that increased industry relations would be an opportunity and can be utilized for sponsored research. Also reported was an idea to help persons return to school and complete a degree/credential, and it is cost-efficient.

4.2 FY 2023-24 YTD April Management Report, *Vice President Harman*

- VP Harman reported that we are tracking toward our approved budget.
- He provided information related to tuition income, spending, fund transfers, and strategic management of resources. He provided data related to revenue and labor expenses.
- VP Harman reviewed the general fund balance and data related to budget variances. He indicated we may need to utilize less from researchers than had been requested and approved.

4.3 Q-3 Financial Dashboard & Investments, *Vice President Harman*

- VP Harman reviewed the Q3 Financial Dashboard and explained the cash flow related to the report.

4.4 FYE 2022-23 Financial Statement Ratios, *VP Harman*

- He reported on the university's spending rate and debt burden ratio, how we met the board-directed ratios, that the quasi-endowment was performing well, and the composite finance index.

4.5 Q-4 FY 2023-24 Facilities Report Written Report Included in Board Packet, Director of Facilities, Management Services and Capital Planning, Thom Darrah

- Committee Chair Jones referred the committee members to the written report included in their packet.

4.6 Eide Bailly, LLP Internal Audit Report, *Eide Bailly rep Kristin Diggs*

- Diggs provided an update on the grant management evaluation engagement, which includes federal & state grants.
- She also reported on the cyber risk assessment and the Pen Test and provided estimated timelines of updates.
- She updated the board on Ethics Lines Complaints; the 5, 3 are closed/resolved and 2 are open.

5. Discussion Items, *Chair Vince Jones*

6. Other Business/New Business *Chair Vince Jones*
None

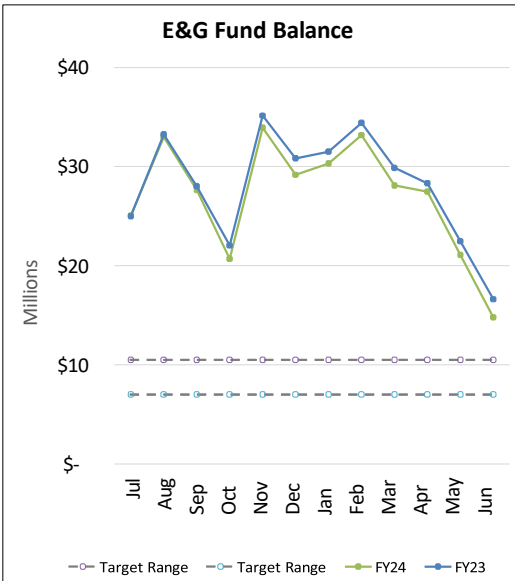
7. Adjournment: 11:01 p.m.

General Fund Monthly Report
FY 2023-24 June Year End (in thousands)

| | YTD Comparison | | FY 2023-24 Budget & Forecast | | | Notes |
|--|--|--|---|-------------------------------|--|-------|
| | FY 2022-23 June Year End Actuals | FY 2023-24 June Year End Actuals | FY 2023-24 Board Adopted Budget (BAB) | FY 2023-24 Adjusted Budget | Board Adopted Budget to Actuals Variance | |
| Revenue | | | | | | |
| State Appropriations | \$33,744 | \$36,813 | \$33,942 | \$34,964 | \$2,871 | (1) |
| Tuition & Fees | 37,487 | 38,691 | 39,514 | 39,514 | (823) | (2) |
| Remissions | (6,600) | (7,318) | (5,805) | (5,805) | (1,512) | (3) |
| Other | 3,498 | 3,774 | 2,374 | 2,398 | 1,401 | (4) |
| Total Revenue | \$68,130 | \$71,961 | \$70,024 | \$71,070 | \$1,936 | |
| Expenses | | | | | | |
| Administrative Staff Salary | \$8,468 | \$8,723 | \$10,234 | \$10,135 | (\$1,511) | |
| Faculty Salary | 13,008 | 14,129 | 14,405 | 14,458 | (275) | |
| Adjunct and Admin/Faculty Other Pay | 3,622 | 3,009 | 3,649 | 3,450 | (640) | |
| Classified | 6,092 | 6,691 | 6,396 | 6,444 | 295 | |
| Student | 909 | 1,105 | 1,041 | 1,037 | 64 | |
| GTA | 94 | 82 | 121 | 121 | (39) | |
| OPE | 17,570 | 17,657 | 19,841 | 19,985 | (2,184) | |
| Total Labor Expense | \$49,763 | \$51,396 | \$55,687 | \$55,630 | (\$4,291) | (5) |
| Service & Supplies | \$14,560 | \$16,992 | \$15,517 | \$16,979 | \$1,474 | |
| Internal Sales | (1,287) | (1,256) | (1,388) | (1,388) | 132 | |
| Debt/Investment | 1,718 | 1,719 | 1,208 | 1,208 | 511 | (6) |
| Capital | 620 | 465 | 175 | 744 | 290 | |
| Utilities | 1,686 | 1,657 | 1,205 | 1,205 | 452 | (7) |
| Transfers In | - | - | - | - | - | |
| Transfers Out | 1,433 | 1,406 | 1,406 | 1,406 | - | (8) |
| Total Direct Expense | \$18,731 | \$20,982 | \$18,123 | \$20,154 | \$2,859 | |
| Total All Expense | \$68,494 | \$72,378 | \$73,811 | \$75,784 | (\$1,432) | (9) |
| Net from Operations before Other Resources (Uses) | (\$364) | (\$418) | (\$3,787) | (\$4,714) | \$3,369 | (10) |
| Other Resources (Uses) | | | | | | |
| Transfers In | \$180 | \$278 | \$887 | \$887 | (\$608) | (11) |
| Transfers Out | (441) | (1,705) | (100) | (100) | (1,605) | (12) |
| Use of Reserve | 626 | 1,845 | 3,000 | 3,000 | (1,155) | |
| Total Other Resources (Uses) | \$364 | \$418 | \$3,787 | \$3,787 | (\$3,369) | (13) |
| Total from Operations and Other Resources (Uses) | \$ - | \$ - | \$ - | (\$927) | \$ - | |
| Beginning Fund Balance | \$17,218 | \$16,613 | \$16,613 | \$16,613 | \$- | |
| Fund Balance Adjustment | (605) | (1,824) | (3,000) | (3,000) | 1,176 | (14) |
| Ending Fund Balance | \$16,613 | \$14,789 | \$13,613 | \$12,686 | \$1,176 | |
| Fund Balance as % Operating Revenues | 24.4% | 20.6% | 19.4% | 17.8% | 2.7% | |
| Ending Cash Balance | \$18,091 | \$17,944 | | | | (15) |

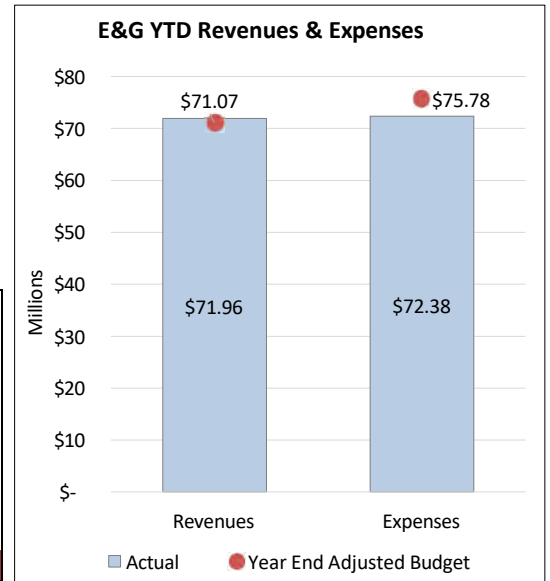
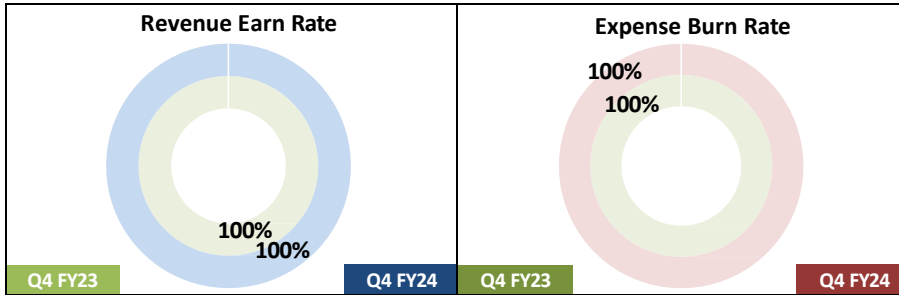
Notes:

- FY 2023-24 State Appropriations Actuals** - State appropriations increased from the Governor's budgeted four percent PUSF increase to the legislatively approved 11%.
- FY 2023-24 Tuition & Fees Forecast** - Reflects impact of unexpected 3.8% enrollment decline (excludes ACP). Flat enrollment was budgeted for FY 2023-24.
- FY 2023-24 Remissions Actuals** - Reflects impact of increased President's Award amounts.
- FY 2023-24 Other Revenue Actuals** - Reflects unbudgeted increases in PUF earned interest and indirect grant revenue.
- FY 2023-24 Total Labor Expense Actuals** - Reflects budgeted positions remaining unfilled for all or part of the year (mostly in administrative staff and faculty), and associated savings in other payroll expenses.
- FY 2023-24 Debt Service/Investment Actuals** - Increase due to realized Public University Fund investment losses.
- FY 2023-24 Utilities Actuals** - Increase due to unbudgeted increase in electricity expenses.
- FY 2023-24 Transfers Out YTD Actuals** - Transfers-out are regular, budgeted support of Athletics and the Shaw Library.
- FY 2023-24 Total All Expense BAB** - To match the Total Expenses row in the June 2nd, 2023 Board of Trustees docket, subtract the net of Other Resources (Uses) Transfers In and Transfers Out rows.
- FY 2023-24 Net from Operations YTD Actuals** - Because of increased revenue and decreased expenses, the net loss at year-end is less than budgeted - however, that reduction is partially offset by reduced transfers-in and increased transfers-out associated with reduced spend of prior year Applied Computing and Rural Health and transfers-out for unbudgeted capital project expenses.
- FY 2023-24 Transfers In (Other Resources (Uses)) YTD Actuals & Budget** - Budgeted transfers-in include use of prior year Applied Computing and Rural Health Initiatives funding and miscellaneous transfers, reduced because of lower forecasted spend.
- FY 2023-24 Transfers Out (Other Resources (Uses)) YTD Actuals & Budget** - Transfers-out include budgeted institutional support for the AIRE grant, unspent TRU+PSU Sustainability funds, and miscellaneous transfers for unbudgeted capital project expenses.
- FY 2023-24 Total Other Resources (Uses) YTD Forecast** - Total Other Resources (Uses) is less than budgeted because of reduced transfers-in of prior year Applied Computing and Rural Health Initiatives, increased transfers-out for unspent TRU+PSU Sustainability funds and unbudgeted capital project expenses, and lower use of reserve.
- FY 2023-24 Fund Balance Adjustment** - Fund balance adjustments reflect the use of reserve, and an accounting adjustment related to an Athletics interfund loan.
- FY 2022-23 Ending Cash Balance Actual** - FY 2022-23 cash is restated due to a correcting entry related to an audit adjustment.

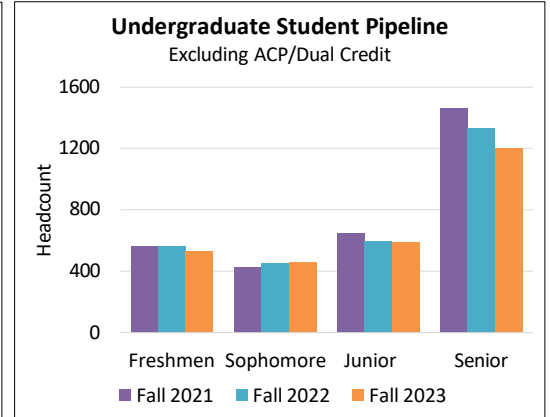
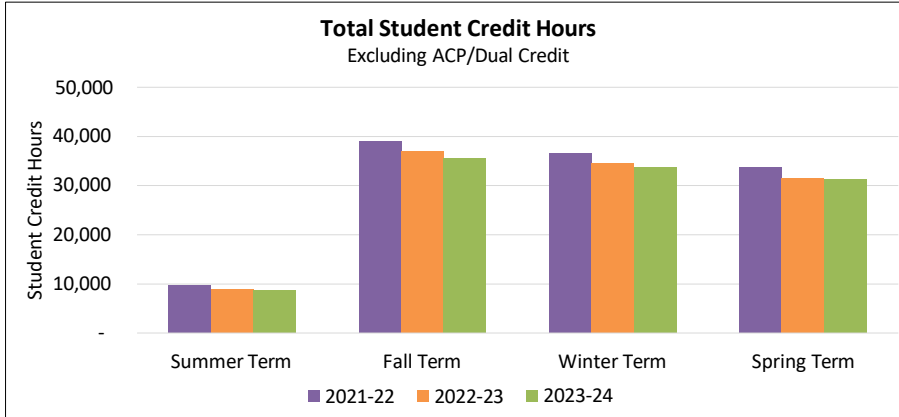


Quarterly Financial Dashboard

As of June 30, 2024



| Key Financial Indicators | | |
|--------------------------|----------|----------------------|
| E&G Fund Balance: | \$14,789 | As of June 30, 2024 |
| Debt Burden Ratio: | 4.29% | As of June 30, 2023 |
| Quasi Endowment: | \$6,785 | As of March 31, 2024 |
| Foundation Assets: | \$41,583 | As of June 30, 2023 |



| Student Tuition | | |
|-----------------------|----------|----------|
| Undergraduate Tuition | | |
| | 2022-23 | 2023-24 |
| Resident: | \$10,002 | \$10,492 |
| Non-Resident: | \$31,837 | \$33,397 |
| WUE: | \$15,003 | \$15,738 |
| Online: | \$13,230 | \$13,860 |
| Differential: | 37% | 37% |

| Degree Completions | | | | |
|----------------------|---------|---------|---------|----------|
| | 2023-24 | 2022-23 | 2021-22 | 3 Year Δ |
| Undergraduate | | | | |
| Resident: | 476 | 470 | 528 | -9.8% |
| Non-Resident: | 206 | 193 | 237 | -13.1% |
| Graduate | | | | |
| Resident: | 20 | 17 | 25 | -20.0% |
| Non-Resident: | 19 | 20 | 16 | 18.8% |

| Graduate Tuition | | |
|--------------------|----------|----------|
| | 2022-23 | 2023-24 |
| Resident: | \$18,404 | \$19,306 |
| Non-Resident: | \$30,896 | \$32,409 |
| Online (MS-AH): | \$15,048 | \$15,768 |
| Online (MS-ET): | \$21,888 | \$22,968 |
| Resident (DPT): | \$20,827 | \$21,848 |
| Non-Resident(DPT): | \$34,963 | \$36,677 |
| Differential: | 37% | 37% |

Notes:
 (1) Student tuition rates are shown at 15 credits per term for undergraduates and 12 credits per term for graduates.
 (2) Note: Degree Completions Data for 2023-24 not yet final.

FY2024 Q4 Investment Report

BACKGROUND

The Oregon Tech (university) investment report for the fourth quarter (Q4) of FY2024 is presented in the following sections:

- **FY2024 Q4 Oregon Tech Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university's operating assets that are invested in the Public University Fund and the university's endowment assets managed by the Oregon State Treasury.
- **FY2024 Q4 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the fourth quarter of FY2024 (i.e., April 1 – June 30, 2024).

FY2024 Q4 OREGON TECH INVESTMENT REPORT

The schedule of Oregon Tech's investments is shown in the investment summary below.

Public University Fund

(Prepared by the Public University Fund Administrator)

Oregon Tech's operating assets are invested in the Public University Fund (PUF). As of June 30, 2024, OIT had \$24.8 million on deposit in the PUF. The PUF increased 1.1% for the quarter and 5.1% fiscal year-to-date. The PUF's three-year and five-year average returns were 1.3% and 1.9%, respectively.

The Oregon Short-Term Fund (OSTF) increased 1.3% for the quarter and 4.9% for the fiscal year, equal to its benchmark for the quarter and underperforming its benchmark by 50 basis points for the fiscal year. The Core Bond Fund (CBF) increased 0.9% for the quarter and 5.1% for the fiscal year, outperforming its benchmark by 30 basis points and 90 basis points, respectively. The PUF investment yield was 1.3% for the quarter and 4.8% for the fiscal year. The OSTF and CBF annualized investment yields as of June 30, 2024, were 5.2% and 5.0%, respectively.

The OSTF continues to benefit from an inverted yield curve as short-dated maturities, such as 3-month Treasury Bills, provide higher coupons (5.22%) than longer dated maturities, such as 5-year Treasury Bonds (4.33%). The primary reason for the OSTF's 50 basis point relative underperformance for the fiscal year was the fund's higher average duration versus its benchmark during the early portion of the year, reducing the fund's reaction to rising short-term interest rates. Short duration corporate bonds and structured credit supported the CBF's relative outperformance during the quarter and fiscal year.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets increased 0.8% for the quarter and 5.0% for the fiscal year. The Oregon Intermediate-Term Pool performance outperformed its benchmark by 20 and 80 basis points for the quarter and fiscal year, respectively. The Endowment assets were valued at \$6.8 million, as of June 30, 2024.

FF&A Item 3.4 Investment Report

Oregon Tech
Investment Summary
as of June 30, 2024
 (Net of Fees)

| | Quarter Ended 6/30/2024 | Current Fiscal YTD | Prior Fiscal YTD | 3 Yr Avg | 5 Yr Avg | 10 Yr Avg | Market Value | Actual Asset Allocation | Policy Allocation Target |
|---|----------------------------|-----------------------|---------------------|----------|----------|-----------|----------------------|-------------------------|--------------------------|
| OIT Operating Assets Invested in Public University Fund | | | | | | | | | |
| Oregon Short - Term Fund | 1.3% | 4.9% | 2.9% | 2.8% | 2.3% | 1.8% | \$ 7,656,059 | 30.9% | 1 |
| Benchmark - 91 day T-Bill | 1.3% | 5.4% | 3.6% | 3.0% | 2.2% | 1.5% | | | |
| PUF Core Bond Fund | 0.9% | 5.1% | 0.4% | -0.5% | 1.5% | N/A | 17,126,645 | 69.1% | 1 |
| Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ² | 0.6% | 4.2% | -0.1% | -1.2% | 0.7% | 1.7% | | | |
| Public University Fund Total Return | 1.1% | 5.1% | 1.3% | 1.3% | 1.9% | N/A | <u>\$ 24,782,704</u> | <u>100.0%</u> | |
| Public University Fund Investment Yield ³ | 1.3% | 4.8% | 3.4% | 3.2% | 2.9% | N/A | | | |
| OIT Endowment Assets | | | | | | | | | |
| Oregon Intermediate-Term Pool | 0.8% | 5.0% | 0.4% | -0.6% | 1.3% | N/A | \$ 6,841,965 | 100.0% | |
| Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ⁴ | 0.6% | 4.2% | -0.1% | -1.2% | 0.5% | 1.3% | | | |

¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed.

Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund.

Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

² 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

³ The reported investment yield for the quarter and fiscal year-to-date represent earned yields for the period and are not annualized rates.

⁴ 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of January 1, 2021. From June 1, 2015 to December 31, 2020 the benchmark was Bloomberg Barclays 3-5 Year U.S. Aggregate Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

June 30, 2024

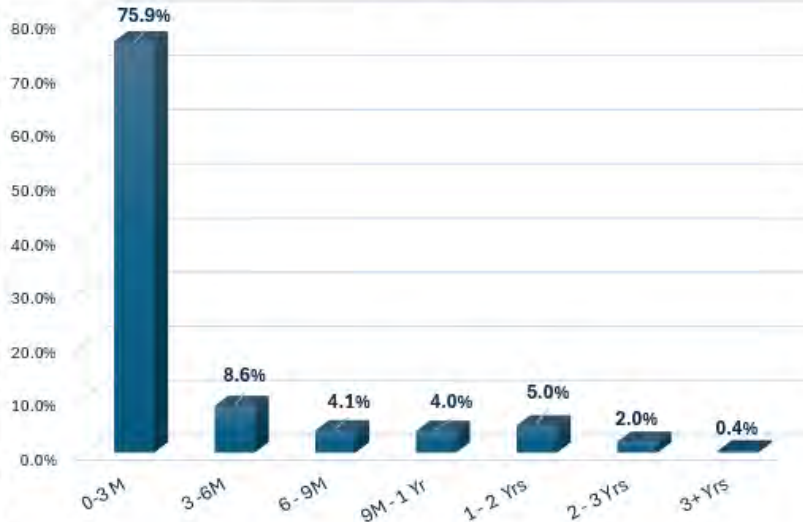
Portfolio Characteristics

| | |
|----------------------------------|----------------|
| Market Value 6/30/2024 | \$ 170,567,010 |
| Weighted Average Credit Quality | AA |
| Book Yield (%) | 5.26% |
| Weighted Average Maturity (days) | 109 Days |
| Duration (years) | 0.25 |
| Spread Duration (years) | 0.58 |

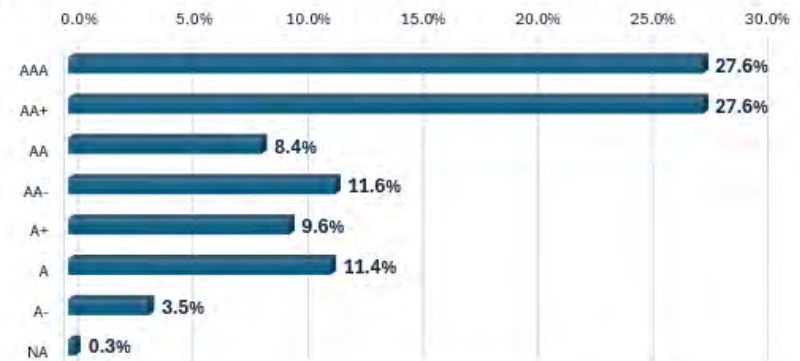
Top 10 Issuers

| | |
|---|--------------|
| United States Treasury | 24.4% |
| Canada Pension Plan Investment Board Capital Incorporated | 2.6% |
| Royal Bank of Canada | 2.3% |
| American Honda Finance Corporation | 1.8% |
| Toyota Motor Credit Corporation | 1.7% |
| CDP Financial Incorporated | 1.7% |
| Federal Home Loan Banks | 1.4% |
| Capital One Multi-Asset Execution Trust | 1.4% |
| JPMorgan Chase & Company | 1.3% |
| Toronto-Dominion Bank (The) | 1.3% |
| Total | 39.9% |

Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

Core Bond Fund

June 30, 2024

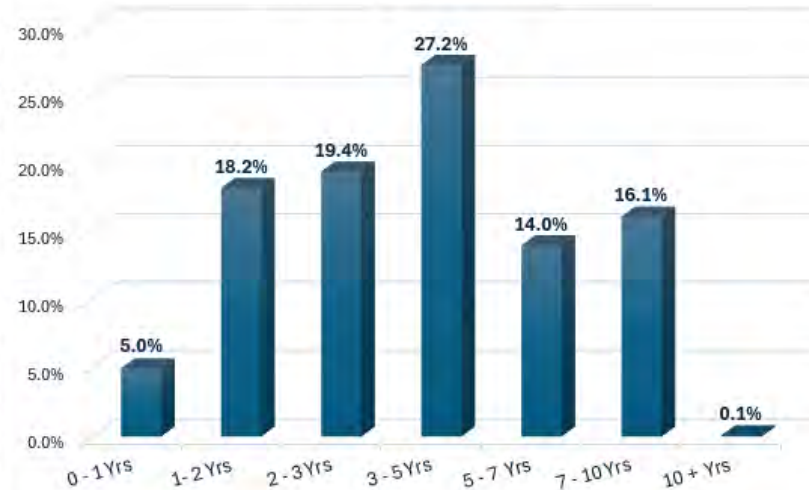
Portfolio Characteristics

| | |
|-----------------------------------|----------------|
| Market Value 6/30/2024 | \$ 381,559,335 |
| Weighted Average Credit Quality | AA- |
| Book Yield (%) | 4.97% |
| Weighted Average Maturity (years) | 4.57 |
| Duration (years) | 3.76 |
| Spread Duration (rate) | 1.45 |

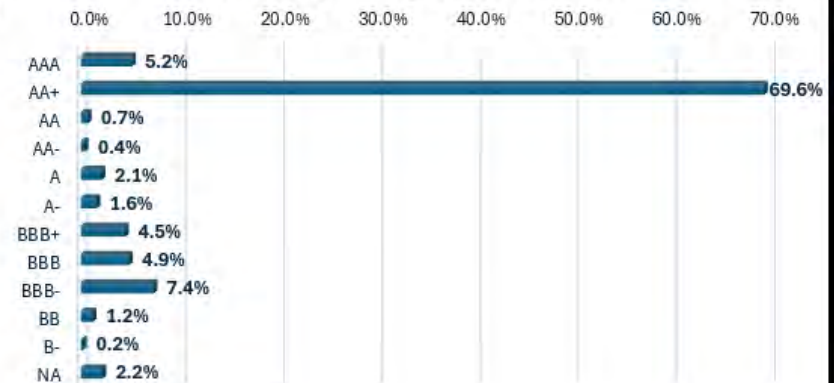
Top 10 Issuers

| | |
|--|--------------|
| United States Treasury | 61.0% |
| Federal Home Loan Mortgage Corporation | 4.0% |
| Federal National Mortgage Association | 2.3% |
| Rexford Industrial Realty Incorporated | 2.2% |
| Agree Realty Corporation | 2.2% |
| Charles Schwab Corporation (The) | 1.9% |
| Oscar US Funding Trust | 1.7% |
| Ford Credit Trust 22-C | 1.7% |
| Safehold Incorporated | 1.5% |
| CHN Equipment Trust | 1.4% |
| Total | 79.9% |

Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

FF&A Item 3.4 Investment Report

FY2024 Q4 MARKET COMMENTARY

(Prepared by Meketa Investment Group, consultants to the Oregon Investment Council)

Report on Investments – as of June 30, 2024

Economic and Market Update

Softening economic data, the potential for additional Federal Reserve Funds rate cuts, and ongoing artificial intelligence (AI) optimism drove most asset classes higher in the second calendar quarter.

- While the Federal Reserve remains data dependent, improvements in inflation and a cooling labor market may clear the way for several rate cuts this calendar year.
- Inflation pressures have eased in most countries from their pandemic peaks, but some uncertainty remains and levels are still above most central bank targets. In the second calendar quarter, headline and core inflation measures in the U.S. both fell, with most readings coming in below expectations.
- The U.S. equity market (S&P 500 index) added to its gains in the second calendar quarter, rising 4.3%. Technology continued to drive results in the calendar quarter due to AI demand and investment.
- Non-U.S. developed equity markets (Morgan Stanley Capital Indices (MSCI) Europe, Australia, Far East (EAFE)) fell in the second calendar quarter (-0.4%) on continued strength in the U.S. dollar and political uncertainty in Europe.
- Emerging market equities (MSCI Emerging Markets (EM)) rallied 5.0% for the calendar quarter. Chinese stocks were up 7.1% as coordinated buying of Chinese exchange traded funds by state-backed financial services companies helped boost stock prices.
- U.S. interest rates rose over the calendar quarter but finished off their highs. Income offset capital losses though, leading to the broad U.S. bond market (Bloomberg U.S. Aggregate) rising 0.1% in the second quarter.

Looking to the rest of this calendar year, the paths of inflation and monetary policy, China's economic disorder and slowing economic growth, and the many looming elections will be key factors.

FF&A Item 3.4 Investment Report

Market Returns¹ June 30, 2024

| | Month | Quarter | YTD | 1-Year | 3-Year | 5-Year | 7-Year | 10-Year |
|-------------------------------------|--------|---------|--------|--------|---------|--------|--------|---------|
| S&P 500 | 3.60% | 4.30% | 15.30% | 24.60% | 10.00% | 15.00% | 14.30% | 12.90% |
| MSCI EAFE-ND | -1.60% | -0.40% | 5.30% | 11.50% | 2.90% | 6.50% | 5.70% | 4.30% |
| MSCI EM-ND | 3.90% | 5.00% | 7.50% | 12.50% | -5.10% | 3.10% | 3.50% | 2.80% |
| MSCI China-ND | -1.90% | 7.10% | 4.70% | -1.60% | -17.70% | -4.30% | -1.30% | 1.40% |
| Bloomberg US Aggregate | 0.90% | 0.10% | -0.70% | 2.60% | -3.00% | -0.20% | 0.90% | 1.30% |
| Bloomberg US TIPS | 0.80% | 0.80% | 0.70% | 2.70% | -1.30% | 2.10% | 2.50% | 1.90% |
| Bloomberg US Corporate High Yield | 0.90% | 1.10% | 2.60% | 10.40% | 1.60% | 3.90% | 4.20% | 4.30% |
| ICE BofAML US 3-Month Treasury Bill | 0.40% | 1.30% | 2.60% | 5.40% | 3.00% | 2.20% | 2.10% | 1.50% |
| ICE BofAML 1-3 Year US Treasury | 0.60% | 0.90% | 1.20% | 4.50% | 0.40% | 1.10% | 1.30% | 1.10% |
| ICE BofAML 10+ Year US Treasury | 1.60% | -1.50% | -4.40% | -5.10% | -10.00% | -4.00% | -1.30% | 0.70% |

¹Source: Oregon State Treasury

U.S. Equities: U.S. stocks continued their rise in June driven by on-going AI optimism. Nearly all the calendar year quarterly market gains in the S&P 500 were driven by large cap technology stocks, with the S&P 500 equal weighted index down 3.1% for the quarter. U.S. large cap stocks continue to outperform small cap stocks. This dynamic is driven by the large technology stocks like NVIDIA, Apple, and Alphabet and the underperformance of small cap biopharma companies and banks. Growth outperformed value for the calendar quarter, with the most pronounced outperformance in the large cap space (8.3% versus -2.2%).

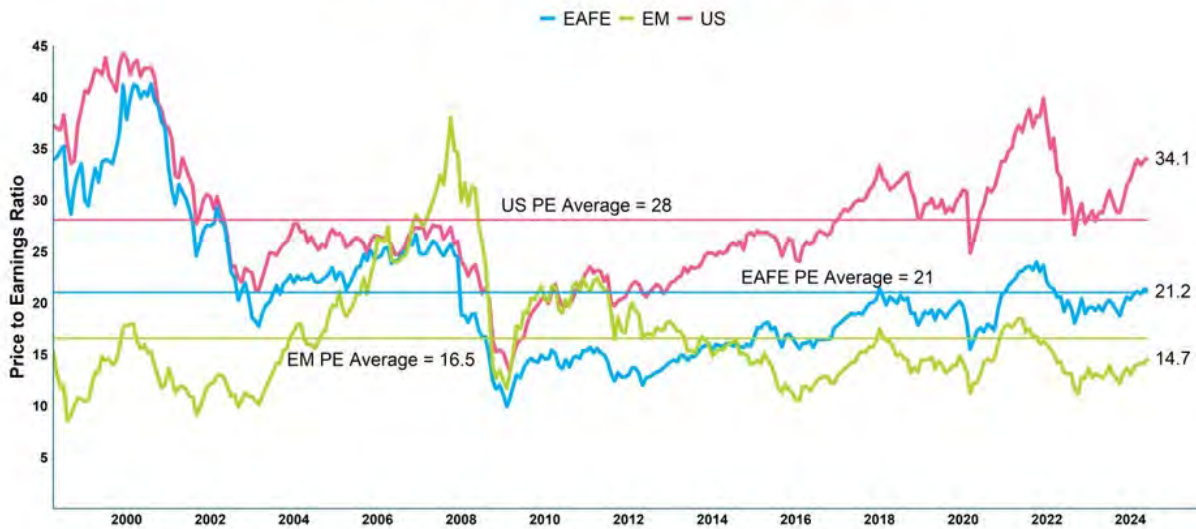
Unlike the first calendar quarter's performance, where all sectors gained, the second calendar quarter saw mixed results across the major sectors. Technology (+12.9%) continued to drive results fueled by on-going AI optimism. Utilities were a distant second, increasing 3.5% on expectations of increased demand from AI-related companies. Many other sectors fell, including financials (-1.3%), health care (-1.4%), consumer staples (-2.7%), energy (-2.9%), materials (-4.7%), and industrials (-4.9%). All sectors had positive returns for the calendar year-to-date period. Technology stocks (+27.8%) continue to lead the broader market, followed by financials (9.7%).

Foreign Equity: Developed international equities (MSCI EAFE) fell 0.4% in the second calendar quarter, while emerging market equities (MSCI EM) gained 5.0%. For the second calendar quarter, the developed market equities decline was driven by continued strength in the U.S. dollar and regional political risks, particularly in France. U.K. and Japanese equities made new all-time highs during the calendar quarter, but this was not enough to offset losses in Europe.

Emerging market equities outpaced developed market equities during the calendar quarter given strong results in China (7.1%). China equities moved into positive territory for the calendar year (4.7%) due to government purchases of shares, improving economic data, and returning foreign investors.

At the end of the second calendar quarter, the U.S. equity price-to-earnings ratio remained elevated and above its 21st century average. International equity market valuations remain well below the U.S. International developed market valuations and have increased to slightly above their long-term average, while emerging market equities remain below their long-term average despite recent gains.

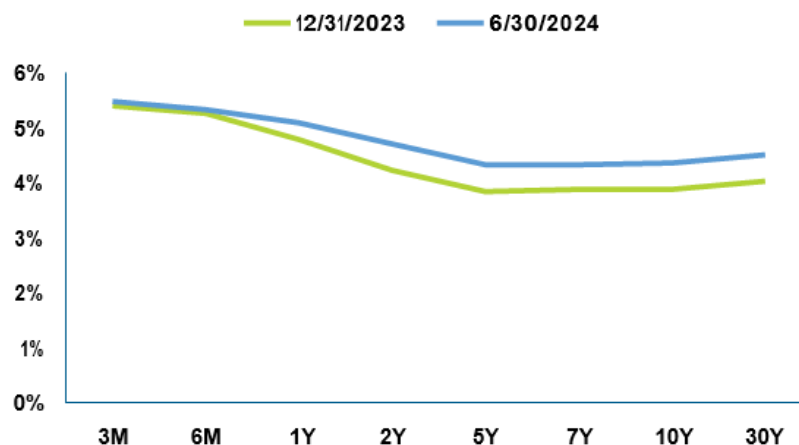
Equity Cyclically Adjusted P/E Ratios¹



¹ Source: U.S. Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of June 2024. The average line is the long-term average of the U.S., EM, and EAFE PE values from April 1998 to the recent month-end respectively.

Fixed Income: The Bloomberg Universal index rose 0.2% in the second calendar quarter, reducing the year-to-date decline to -0.3%. Bonds finished the quarter slightly up as May and June gains offset the April declines. The broad U.S. bond market (Bloomberg Aggregate) rose 0.1% in the second quarter, with the broad Treasury Inflation Protected Securities (TIPS) market gaining 0.8%. The less interest rate sensitive short-term TIPS index increased 1.4% for the quarter, leading to the best results. High yield bonds (1.1%) also rose, as risk appetite remains strong.

US Yield Curve¹



¹ Source: Bloomberg. Data is as of June 30, 2024.

FF&A Item 3.4 Investment Report

Year-over-year headline inflation continued to fall in June (3.3% to 3.0%) and again came in below expectations. Over the calendar quarter, inflation fell by a total of 0.5%. Month-over-month inflation was negative for the first time since March 2020, largely because of price declines in energy and core goods. Core inflation (excluding food and energy) also declined in June (3.4% to 3.3%) and came in below expectations. A drop in used car prices, transportation services, and a slowing of the pace of shelter price increases all contributed to the decline. Inflation expectations (breakevens) have been volatile, but they finished the calendar quarter largely where they started.

US Unemployment¹

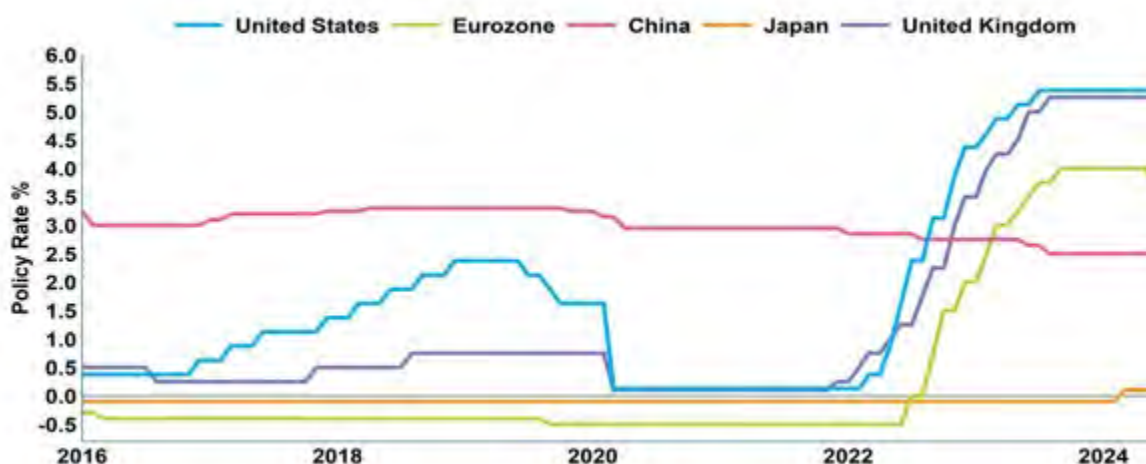


¹ Source: FRED. Data is as June 30, 2024

Overall, the U.S. labor market remains healthy, but there have been some recent signs of softening. The unemployment rate came in above expectations in June reaching 4.1%, a level not seen since early 2022. Over the second calendar quarter unemployment increased 0.3%. Wage growth remains strong though (around 3.9% annually), and initial claims for unemployment are still subdued. Despite significant downward revisions to job gains in April and May, the economy added 206,000 jobs (above expectations) in June. The government added the most jobs (70,000), followed by the healthcare sector (49,000).

Despite the strong labor market and higher wages, pressures are building on the U.S. consumer. This is an important consideration as consumer spending has been a key driver of economic growth. Revolving consumer credit surged to new highs in 2023 even as credit card interest rates hit levels not seen before (the prior peak was around 19% in the 1980s). Recently, we have also seen payment delinquencies on credit cards and auto loans start to increase, particularly for younger people. The return of student loan repayments after a three-year pandemic-related reprieve could add to pressures on consumers' budgets. This might be partially mitigated by recently initiated repayment and forgiveness programs. It is worth noting though that many people locked in low-rate fixed mortgages before rates increased and many corporations issued debt at extremely low levels, reducing the sensitivity to higher rates.

Policy Rates¹



¹ Source: Bloomberg. Data is as of June 30, 2024. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

In the U.S., interest rates have remained at current levels (5.25%-5.50%) for a year now. The most recent “dot plot” (the Fed’s expectation on the path of rates) showed a median expectation of roughly one rate cut this year. Markets are now pricing in two to three rate cuts in 2024 given the improving inflation data with the probability of a cut around 100% in September and slightly over 90% for December. The European Central Bank (ECB) cut its policy rate by twenty-five basis points at the beginning of June, as expected. Like the U.S., cuts are also anticipated at the September and December meetings. After ending the last negative interest rate policy given higher inflation levels, the Bank of Japan (BOJ) has since kept rates at slightly above 0%. Policy is expected to tighten going forward with the BOJ announcing at their recent meeting they would also start reducing their bond purchases. Interest rate futures markets are pricing in roughly two rate hikes (of 10 basis points) through the end of the year. The central bank in China has maintained interest rates at record low levels and continues to inject liquidity into the banking system, to support economic growth.

Summary-Key Trends:

- According to the International Monetary Fund’s (IMF) April report, global growth this year is expected to match the 2023 estimate at around 3.2% with most major economies predicted to avoid a recession. Continued strong economic growth does run the risk of inflation and interest rates staying higher for longer.
- Key economic data in the U.S. has largely weakened and come in below expectations, causing markets to expect between two and three rate cuts this year. Uncertainty remains though regarding the timing and pace of interest rate cuts in the coming year.
- We have started to see some divergences in monetary policy with other central banks, such as the European Central Bank (ECB), starting to cut interest rates while the Fed

FF&A Item 3.4 Investment Report

remains on hold. This disparity will likely influence investment flows and currencies.

- U.S. consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs are elevated, and the job market may weaken.
- A focus for U.S. equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including China's economic uncertainty and ongoing weakness in the real estate sector. Japan's recent tightening of monetary policy along with changes in corporate governance in the country could influence relative results.

General Fund Monthly Report
FY 2024-25 August (in thousands)

| | YTD Comparison | | FY 2024-25 Budget & Forecast | | | | Notes |
|--|---------------------------------|---------------------------------|-----------------------------------|---|-------------------------------|-----|-------|
| | FY 2023-24 August Actuals | FY 2024-25 August Actuals | FY 2023-24 Year End Actuals | FY 2024-25 Board Adopted Budget (BAB) | FY 2024-25 Adjusted Budget | | |
| Revenue | | | | | | | |
| State Appropriations | \$12,911 | \$14,056 | \$36,813 | \$37,446 | \$37,446 | (1) | |
| Tuition & Fees | 14,863 | 15,599 | 38,691 | 38,056 | 38,056 | | |
| Remissions | (141) | (150) | (7,318) | (7,520) | (7,520) | | |
| Other | 251 | 592 | 3,774 | 3,136 | 3,136 | | |
| Total Revenue | <u>\$27,884</u> | <u>\$30,096</u> | <u>\$71,961</u> | <u>\$71,118</u> | <u>\$71,118</u> | | |
| Expenses | | | | | | | |
| Administrative Staff Salary | \$1,408 | \$1,564 | \$8,723 | \$10,190 | \$10,190 | | |
| Faculty Salary | 471 | 456 | 14,129 | 13,916 | 13,916 | | |
| Adjunct and Admin/Faculty Other Pay | 731 | 770 | 3,009 | 3,829 | 3,829 | | |
| Classified | 1,008 | 1,144 | 6,691 | 6,951 | 6,951 | | |
| Student | 119 | 132 | 1,105 | 932 | 932 | | |
| GTA | 11 | 4 | 82 | 121 | 121 | | |
| OPE | 2,427 | 2,553 | 17,657 | 19,136 | 19,136 | | |
| Total Labor Expense | <u>\$6,174</u> | <u>\$6,621</u> | <u>\$51,396</u> | <u>\$55,074</u> | <u>\$55,075</u> | | |
| Service & Supplies | \$3,982 | \$4,273 | \$16,992 | \$15,633 | \$15,632 | | |
| Internal Sales | (224) | (223) | (1,256) | (1,363) | (1,363) | | |
| Debt/Investment | 940 | 925 | 1,719 | 1,317 | 1,317 | | |
| Capital | 102 | 87 | 465 | 484 | 484 | | |
| Utilities | 205 | 165 | 1,657 | 1,292 | 1,292 | | |
| Transfers In | - | - | - | - | - | | |
| Transfers Out | 348 | 335 | 1,406 | 1,351 | 1,351 | | |
| Total Direct Expense | <u>\$5,352</u> | <u>\$5,562</u> | <u>\$20,982</u> | <u>\$18,714</u> | <u>\$18,713</u> | | |
| Total All Expense | <u>\$11,526</u> | <u>\$12,183</u> | <u>\$72,378</u> | <u>\$73,788</u> | <u>\$73,788</u> | | |
| Net from Operations before Other Resources (Uses) | <u>\$16,358</u> | <u>\$17,913</u> | <u>(\$418)</u> | <u>(\$2,671)</u> | <u>(\$2,671)</u> | | |
| Other Resources (Uses) | | | | | | | |
| Transfers In | \$ - | \$ - | \$278 | \$171 | \$171 | | |
| Transfers Out | - | - | (1,705) | - | - | | |
| Use of Reserve | - | - | 1,845 | 2,500 | 2,500 | | |
| Total Other Resources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$418</u> | <u>\$2,671</u> | <u>\$2,671</u> | | |
| Total from Operations and Other Resources (Uses) | <u>\$16,358</u> | <u>\$17,913</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | |
| Beginning Fund Balance | \$16,613 | \$14,789 | \$16,613 | \$14,789 | \$14,789 | | |
| Fund Balance Adjustment | - | - | (1,824) | (2,500) | (2,500) | | |
| Ending Fund Balance | <u>\$32,971</u> | <u>\$32,703</u> | <u>\$14,789</u> | <u>\$12,289</u> | <u>\$12,289</u> | | |
| Fund Balance as % Operating Revenues | 118.2% | 108.7% | 20.6% | 17.3% | 17.3% | | |
| Ending Cash Balance | <u>\$21,101</u> | <u>\$21,424</u> | <u>\$17,944</u> | | | (2) | |

Notes:

- FY 2024-25 State Appropriations Actuals** - The increase in state appropriations reflects a shift from 41% of the biennial funding allocated in year one to 51% in year two and the addition of a special line item appropriation for Behavioral Health received in quarter one.
- FY 2023-24 Ending Cash Balance Actuals** - FY 2023-24 year end and monthly cash are restated due to an audit adjustment.

BOARD OF TRUSTEES / 10.16.2024



Oregon Tech's - Capital Projects Update

Thom Darrah | Director of Facilities & Capital Planning

Presentation Outline



Capital Projects – Upcoming and Underway

- New Student Housing
- Geothermal Systems Emergency Renovation
- Industrial Park Drive Improvements
- ABA Clinic Renovation
- Campus Security Cameras

- *Project status updates reflect progress through 9.31.24*

New Student Housing



| New Student Housing (85,000 sq ft) | | | | | | | | |
|---|---|--------------------------|---------------|---|--------------|-----|---------------|--------|
| Project Start: 4.01.2023 | | | | Project Completion: 12.01.2025 | | | | |
| Project | Progress Highlights | Cost Breakdown | Orig. Budget | Rev. Budget | Cost To Date | % | Balance | |
| UPE822 / FNRESH | Visioning: January 2023 - February 2023 | | | | | | | |
| Bond Type: XI-F 2022 | Design: March 2023 - April 2024 | | | | | | | |
| | Construction: May 2024 - August 2025 | Visioning/Design (6%): | \$ 2,231,400 | \$ 2,299,000 | \$ 1,841,684 | 80% | \$ 457,316 | |
| | Project underway. | Construction (82%): | \$ 28,000,000 | \$ 28,500,000 | \$ 5,694,778 | 20% | \$ 22,805,222 | |
| Design: Mahlum Architects | | Other (12%): | \$ 4,768,600 | \$ 4,201,000 | \$ 491,921 | 12% | \$ 3,709,079 | |
| CM/GC: Bogatay Const. | Plan Design Bid Build Closeout | Project Totals: | \$ 35,000,000 | \$ 35,000,000 | \$ 8,028,383 | 23% | \$ 26,971,617 | |
| <h3>Budget Breakdown</h3> <p>■ Design ■ Construction ■ Other/Cont</p> | | <u>CO's / Amendments</u> | | <h3>Percent Complete (%)</h3> <p>■ Complete ■ Remaining</p> | | | | |
| | | MA: Amd. 1 | \$ | | | | | 32,500 |
| | | MA: Amd. 2 | \$ | | | | | 35,100 |
| | | | \$ | | | | | - |
| | | | \$ | | | | | - |
| | | | \$ | | | | | - |
| | | | \$ | | | | | - |
| | | Total: | \$ | 67,600 | | | | |

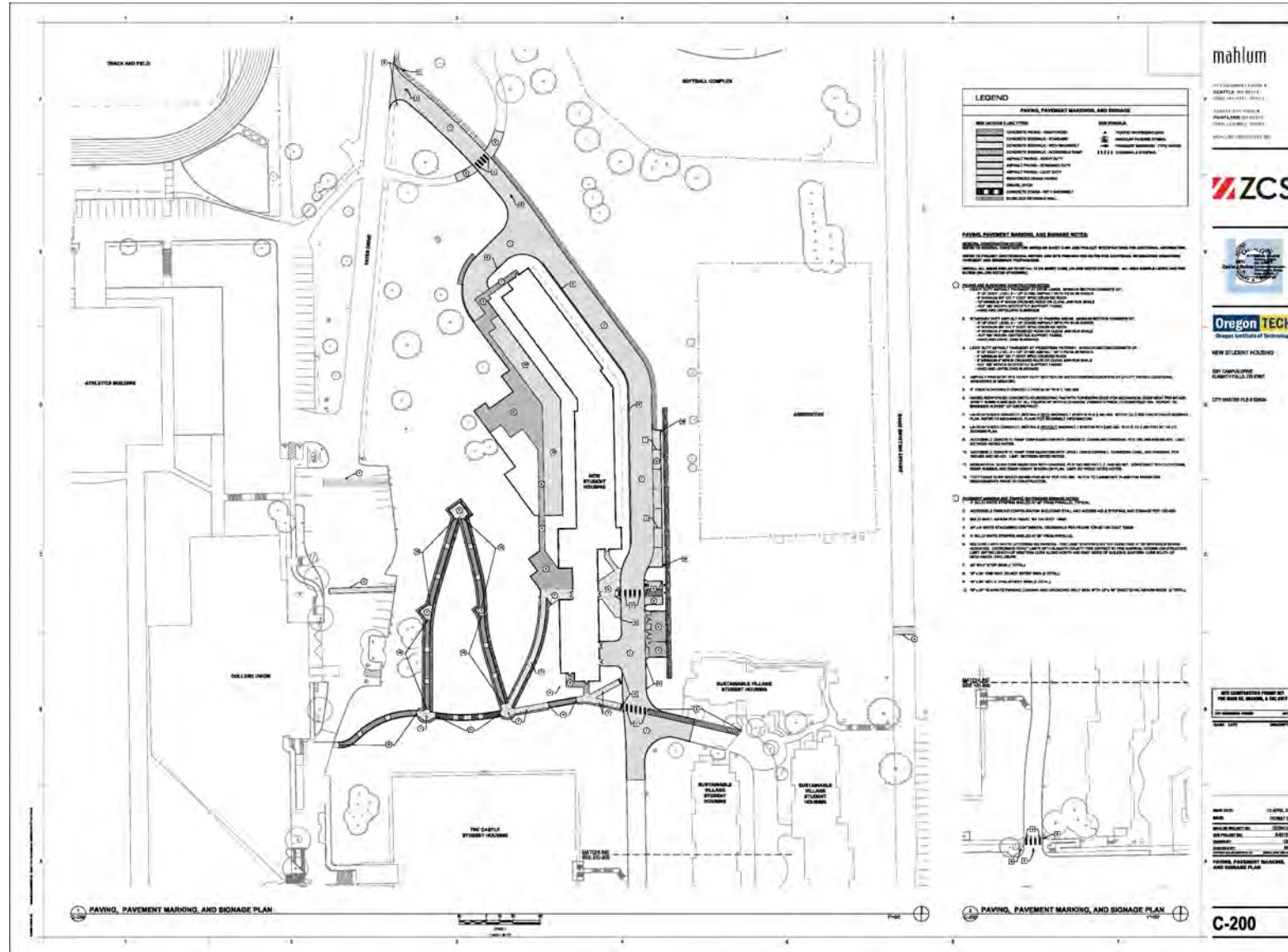
New Student Housing



Extended Project Insights

- Early Work: 4.08.24 through 6.07.2024
- Project Construction: 6.10.2024 through 11.01.2025
- Project Closeout: 11.02.2025 through 12.01.2025
- Project GMP of \$28,500,000 approved on 5.23.2024
- Project Scope: New 85,000 sqft, four story building with 511 beds.
- 89% of work by firms within 100-mile radius of project. (57% Klamath Falls / 32% Southern Oregon)
- Project Camera: <https://app.truelook.cloud/?code=cnpi13lm080mqpqm2fupahbuj>

New Student Housing



mahlum

ZCS

Oregon TECH
Oregon Institute of Technology

NEW STUDENT HOUSING
CLATSOP COUNTY
CLATSOP COUNTY

C-200

New Student Housing



New Student Housing



New Student Housing



Geothermal Systems Emergency Renovation



| Geothermal Systems Emergency Renovation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------------------------|--------|-----|--|---------------|-----------------|--------------|---------------|---------------|--------------|----|---------------|---|----|---|----|---|----|---|----|---|----|---|----|---|--------|------|---|--|--|--|
| Project Start: 11.06.23 | | | | Project Completion: 11.14.2026 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project | Progress Highlights | | | Cost Breakdown | Orig. Budget | Rev. Budget | Cost To Date | % | Balance | | | | | | | | | | | | | | | | | | | | | | |
| UPE: TBD | Design: Underway | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Construction: Pending | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Project underway. | | | Design (7%): | \$ 1,295,615 | \$ 1,175,000 | \$ 518,743 | 44% | \$ 656,257 | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Construction (84%): | \$ 14,467,115 | \$ 15,096,150 | \$ 926,195 | 6% | \$ 14,169,955 | | | | | | | | | | | | | | | | | | | | | | |
| Design: AES | | | | Other (9%): | \$ 2,193,420 | \$ 1,685,000 | \$ 8,267 | 0% | \$ 1,676,733 | | | | | | | | | | | | | | | | | | | | | | |
| CM/GC: Bogatay const. | Plan | Design | Bid | Build | Closeout | Project Totals: | | \$ 17,956,150 | \$ 17,956,150 | \$ 1,453,205 | 8% | \$ 16,502,945 | | | | | | | | | | | | | | | | | | | |
| <h3>Budget Breakdown</h3> <p>■ Design ■ Construction ■ Other/Cont</p> | | | | <h3>CO's / Amendments</h3> <table border="1"> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>\$</td><td>-</td></tr> <tr><td>Total:</td><td>\$ -</td></tr> </table> | | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | Total: | \$ - | <h3>Percent Complete (%)</h3> <p>■ Complete ■ Remaining</p> | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | \$ | - | | | | | | | | | | | | | | | | | | | | | | | | |
| \$ | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total: | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

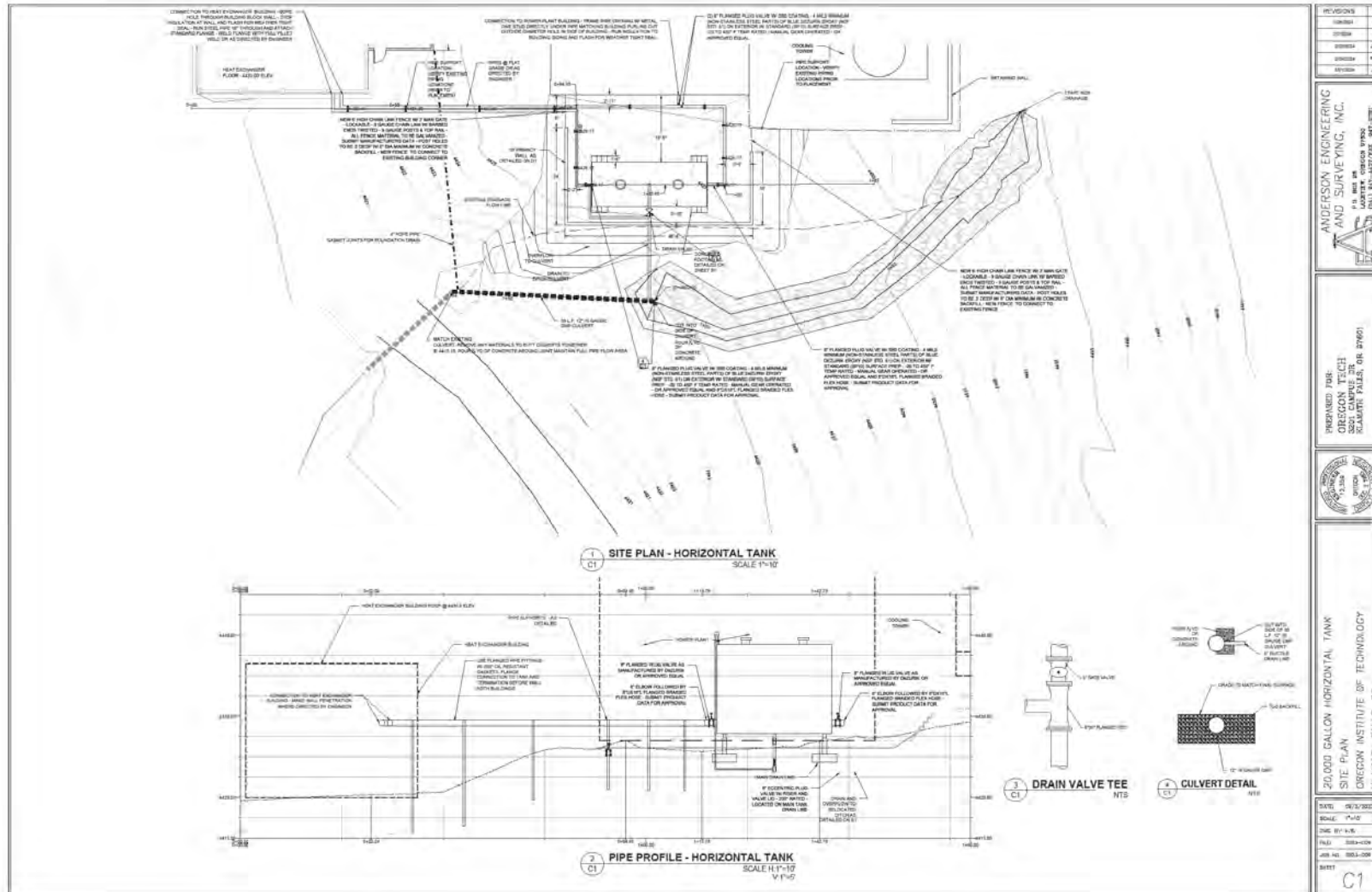
Geothermal Systems Emergency Renovation



Extended Project Insights

- Project is made up of five phases.
- Phase 1 - Geo HX Building Renovation
 - New 20,000 gal. geo storage tank in place.
 - HX Renovation design complete.
 - HX Renovation underway.
- Phase 2 - Geo Distribution Piping
 - Direct bury geo piping design complete.
 - Early procurement of direct bury geo piping completed.
 - Tunnel geo piping design underway.

Geothermal Systems Emergency Renovation



Geothermal Systems Emergency Renovation



Geothermal Systems Emergency Renovation



Geothermal Systems Emergency Renovation



Industrial Park Drive Improvements



| Industrial Park Drive Improvements | | | | | | | | | | |
|------------------------------------|------------------------------------|--------|---------|------------------------------|--------------|---------------------------------|--------------|--------------|-----------|------------|
| Project Start: 5.01.24 | | | | Project Completion: 10.11.24 | | | | | | |
| Project | Progress Highlights | | | Cost Breakdown | Orig. Budget | Rev. Budget | Cost To Date | % | Balance | |
| UPE | Design: Underway | | | | | | | | | |
| UPE803 | Construction: May 2024 - Aug. 2024 | | | | | | | | | |
| UPE805 | Project underway. | | | Design (5%): | \$ 75,000 | \$ 131,765 | \$ 124,030 | 94% | \$ 7,735 | |
| | | | | Construction (90%): | \$ 2,175,000 | \$ 2,313,145 | \$ 2,246,480 | 97% | \$ 66,665 | |
| Design: ZCS | | | | Other (5%): | \$ 250,000 | \$ 55,090 | \$ 4,632 | 8% | \$ 50,458 | |
| Build: BCI | Plan | Design | Bid | Build | Closeout | Project Totals: | | | | |
| | | | | | | \$ 2,500,000 | \$ 2,500,000 | \$ 2,375,142 | 95% | \$ 124,858 |
| Budget Breakdown | | | | CO's / Amendments | | Percent Complete (%) | | | | |
| | | | | ZCS: Amd. 1 | \$ | | | | | 25,400 |
| | | | | ZCS: Amd. 2 | \$ | | | | | 28,155 |
| | | | | ZCS: Amd. 3 | \$ | | | | | 15,600 |
| | | | | BCI: Amd. 1 | \$ | | | | | 170,180 |
| | | | | ZCS: Amd. 4 | \$ | | | | | 2,610 |
| | | | | BCI: Amd. 2 | \$ | | | | | 19,151 |
| BCI: Amd. 3 | \$ | 58,383 | | | | | | | | |
| | \$ | - | | | | | | | | |
| | \$ | - | | | | | | | | |
| | \$ | - | | | | | | | | |
| Total: | | \$ | 319,479 | | | | | | | |

Industrial Park Drive Improvements



Extended Project Insights

- Project required by “Deferred Improvement Agreement”, dated 1/13/2020, with City of Klamath Falls specific to the CEET project.
- Project Scope: Complete rebuild of IPD from Dan O’Brian Way to Facilities Loop Road adding new storm system, concrete curbs and sidewalks and stripped bike lane to both sides as well as a landscaped center median with new street lighting.
- Substantial Completion: September 23, 2024
- Final Completion: October 30, 2024
- Industrial Park Drive and Lot E are open for use.

Industrial Park Drive Improvements



Industrial Park Drive Improvements



Industrial Park Drive Improvements



ABA Clinic Renovation



| ABA Clinic Renovation (5,000 sq ft) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|--------------------------|--------|-----|---|--------------|-----------------------------|--------------|-------------|------------|-------------|-----------|--|------|--|------|--|------|--|------|--|------|--|------|--|------|---------------|------------------|--|--|--|--|
| Project Start: 10.02.23 | | | | Project Completion: 1.31.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project | Progress Highlights | | | Cost Breakdown | Orig. Budget | Rev. Budget | Cost To Date | % | Balance | | | | | | | | | | | | | | | | | | | | | | |
| UPE824 | Design: Underway | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| UPE805 | Construction: Pending | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Project underway. | | | Design (0%): | \$ - | \$ - | \$ - | | \$ - | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Construction (90%): | \$ 1,040,190 | \$ 1,080,140 | \$ 193,843 | 18% | \$ 886,297 | | | | | | | | | | | | | | | | | | | | | | |
| | | | | Other (10%): | \$ 114,810 | \$ 74,860 | \$ 7,726 | 10% | \$ 67,134 | | | | | | | | | | | | | | | | | | | | | | |
| Design: SDRA | | | | Project Totals: | \$ 1,155,000 | \$ 1,155,000 | \$ 201,569 | 17% | \$ 953,431 | | | | | | | | | | | | | | | | | | | | | | |
| Build: Modoc | Plan | Design | Bid | Build | Closeout | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Budget Breakdown | | | | CO's / Amendments | | Percent Complete (%) | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | <table border="1"> <tr><td>Modoc: CO 1</td><td>\$ 18,060</td></tr> <tr><td>Modoc: CO 2</td><td>\$ 7,502</td></tr> <tr><td>Modoc: CO 3</td><td>\$ 14,389</td></tr> <tr><td></td><td>\$ -</td></tr> <tr><td></td><td>\$ -</td></tr> <tr><td></td><td>\$ -</td></tr> <tr><td></td><td>\$ -</td></tr> <tr><td></td><td>\$ -</td></tr> <tr><td></td><td>\$ -</td></tr> <tr><td></td><td>\$ -</td></tr> <tr><td>Total:</td><td>\$ 39,951</td></tr> </table> | | Modoc: CO 1 | \$ 18,060 | Modoc: CO 2 | \$ 7,502 | Modoc: CO 3 | \$ 14,389 | | \$ - | | \$ - | | \$ - | | \$ - | | \$ - | | \$ - | | \$ - | Total: | \$ 39,951 | | | | |
| Modoc: CO 1 | \$ 18,060 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Modoc: CO 2 | \$ 7,502 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Modoc: CO 3 | \$ 14,389 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total: | \$ 39,951 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

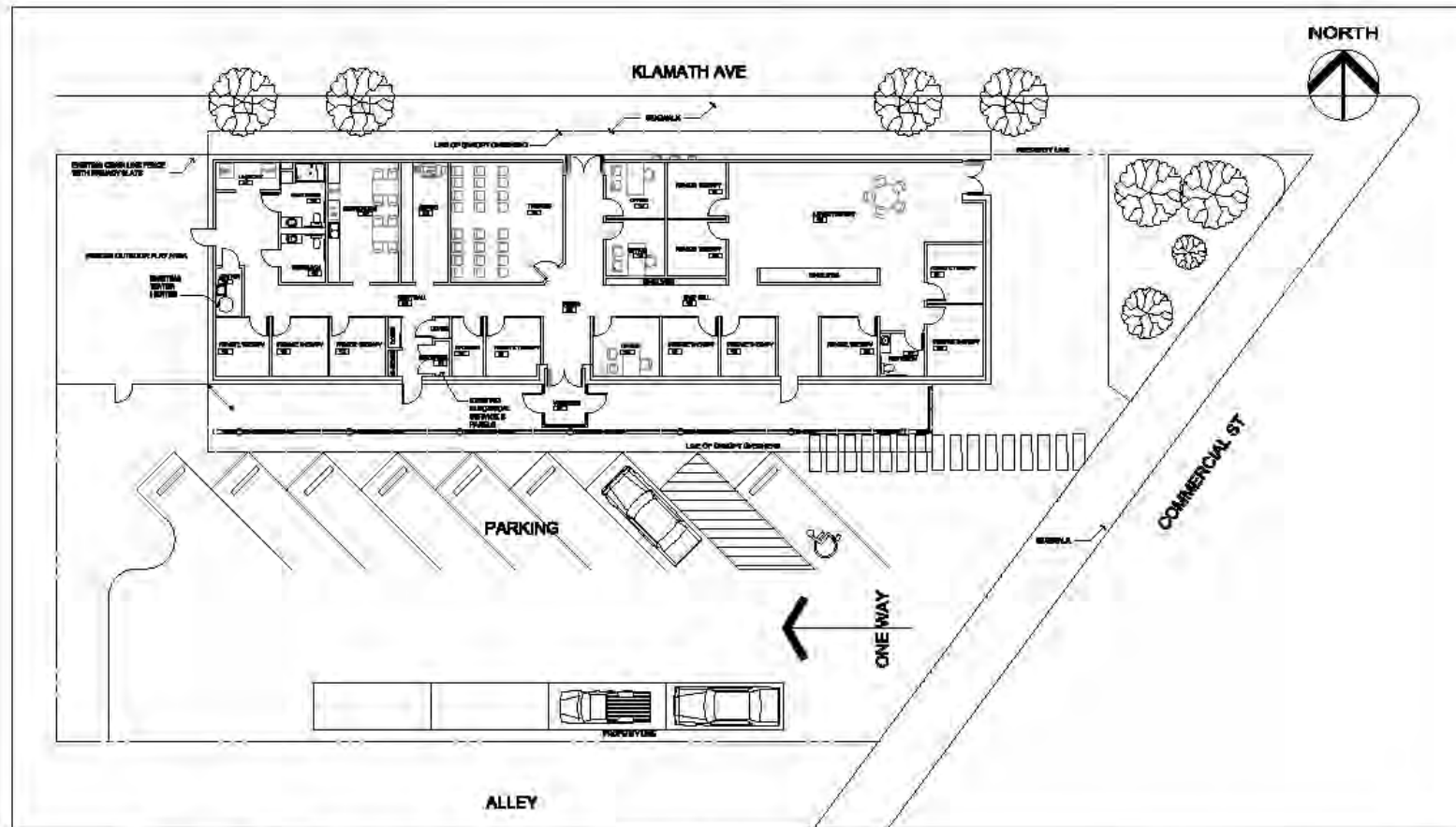
ABA Clinic Renovation



Extended Project Insights

- All design services provided pro bono by Soderstrom Architects , ZCS Engineering (Structural) and Interface Engineering (MEP).
- Project Scope: Full interior renovation and some exterior improvements.
- Project Schedule: June 18, 2024 through January 31, 2025
- Interior demolition complete.

ABA Clinic Renovation



OREGON TECH
APPLIED BEHAVIOR ANALYSIS
CLINIC

1 FLOOR PLAN
1/16" = 1'-0"

Soderstrom Architects | A1
10/25/23

Campus Security Cameras



| Campus Security Cameras | | | | | | | | | | | | |
|-----------------------------|--------------------------------------|--------|-----|------------------------------|--------------|---------------------------------|--------------|--------------|--------------|------------|-----|------------|
| Project Start: 4.10.24 | | | | Project Completion: 12.31.24 | | | | | | | | |
| Project | Progress Highlights | | | Cost Breakdown | Orig. Budget | Rev. Budget | Cost To Date | % | Balance | | | |
| UPE 805 | Construction: April 2024 - Dec. 2024 | | | | | | | | | | | |
| | Project underway. | | | Design: | \$ - | \$ - | \$ - | | \$ - | | | |
| | | | | Construction (90%): | \$ 949,535 | \$ 977,120 | \$ 449,788 | 46% | \$ 527,332 | | | |
| | Design: NA | | | Other (10%): | \$ 94,965 | \$ 67,380 | \$ - | 0% | \$ 67,380 | | | |
| Build: IronClad Security | Plan | Design | Bid | Build | Closeout | Project Totals: | | \$ 1,044,500 | \$ 1,044,500 | \$ 449,788 | 43% | \$ 594,712 |
| Budget Breakdown | | | | CO's / Amendments | | Percent Complete (%) | | | | | | |
| | | | | IC: Amend 3 | \$ | | | | | | | 7,701 |
| | | | | IC: Amend 4 | \$ | | | | | | | 19,883 |
| | | | | | \$ | | | | | | | - |
| | | | | | \$ | | | | | | | - |
| | | | | | \$ | | | | | | | - |
| | | | | | \$ | | | | | | | - |
| | | | | Total: | \$ | 27,584 | | | | | | |

Campus Security Cameras



- **Extended Project Insights**

- Project Scope: Installation of campus security cameras on both the Klamath Falls and Portland=Metro campuses.
- Substantial Completion: November 30,2025
- Final Completion: December 31, 2025

Campus Security Cameras



Campus Security Cameras





Contact Information

Thom Darrah, Director of Facilities

Phone: 541.885.1661

Email: Thom.Darrah@oit.edu



CPAs & BUSINESS ADVISORS

INTERNAL AUDIT STATUS UPDATE

October 16, 2024

GRANT MANAGEMENT – SPGA

Objective & Scope

University's Sponsored Programs Grant Administration

To evaluate the effectiveness and efficiency of the SPGA processes. The audit will evaluate compliance with grant provisions and applicable federal, state, local and University regulations, and best practices. Additionally, the audit will identify opportunities for the University to enhance and optimize its grant management activities.

The scope of this engagement is of SPGA activities from July 1, 2023, to current operations.



OMIC R&D OPERATIONS

Objective & Scope

Oregon Manufacturing Innovation Center Research and Development Operations (OMIC R&D)

To evaluate the internal controls over fees, contracting, fiscal management processes, and grant management to ensure effective and efficient operations. Additionally, we will assess the OMIC R&D business plan, including capital and equipment replacements and revenue initiatives as well as evaluating OMIC R&D operations for compliance with University provisions and regulations at the local, state, and federal levels.

The scope of this engagement is of OMIC activities from July 1, 2024, to current operations.



INFORMATION TECHNOLOGY



Cyber RA

ETHICS LINE STATUS UPDATE

| Ethics Line Cases | Status | Notes |
|-------------------|---------------|-------------------------------------|
| Case #65 | Closed | Resolved - No further action needed |
| Case #66 | Open | Under review by Division |
| Case #67 | Closed | Resolved - No further action needed |

Finance and Facilities Committee

Agenda Item No. 4.1

Budget Adjustment and Spending Authorization

Background

The Oregon Tech (the University) campus water distribution infrastructure features an extensive distribution network and is nearing the end of its useful life. Because the University would be faced with significant investments and campus disruptions over the next several years to replace and expand many system components it was determined that a more expedient and cost-effective alternative would be to transition to a municipal water system. On August 1, 2024, Oregon Tech completely transition from the prior campus-based water system to the City of Klamath Falls municipal water system for all water on campus.

The cost of switching to the City's municipal water system is a one-time expenditure and is unbudgeted for FY 2024-25. The \$2.3 million total required is a significant investment, with one component exceeding \$1 million alone, thus Board approval is required (see Attachment A)

A one-time \$1.1 million System Development Charge (SDC) for switching to municipal water is due to the City of Klamath Falls by the end of calendar year 2024 (see Attachment B). Additionally, Oregon Tech is implementing a water pressure pump station that will compensate for the difference in pressure from the prior on-campus system versus the new City water system. This additional pressure will help distribute the water more efficiently throughout campus and will also support the new 512 bed student housing facility that will come online in December 2025. The water pressure pump is estimated to require a \$982,500 one-time investment. Finally, additional water utilities costs are expected to require an extra \$240,000. For FY 2024-25, the difference in the total of these unbudgeted project expenditures and available Capital Improvement and Renewal (CIR) funds allocated to Oregon Tech through the Higher Education Coordinating Commission is \$1.6 million.

Staff Recommendation

After discussion and review of related documents, staff requests a **motion to approve an additional \$1.6 million in spending from reserve funds in FY 2024-25 to support the transition to the City of Klamath Falls municipal water system, which includes a \$1.1 million SDC and an additional \$500,000 to partially support a system pressure pump and estimated increased utilities expenditures, as well as delegation of authority to the President or his designee, as available under policy and law, to make minor and technical adjustments as necessary to correct mathematical rounding, errors, inconsistencies, or omissions and execute the Board's directives.**

Attachments

Attachment A- Project Funding and Expenditure Schedule

Attachment B- City of Klamath Falls Invoice for System Development Charges

F&F Item 4.1 Attachment A

Oregon Tech Water Project Budget

Source of Funds

| | <u>Projected</u> | <u>Notes</u> |
|---------------|--------------------|--------------|
| CIR Funds | \$ 900,000 | 1 |
| Board Request | 1,600,000 | 2 |
| TOTAL | \$2,500,000 | |

Expenses

| | <u>Projected</u> | |
|-----------------|--------------------|---|
| SDC Fees | \$1,100,860 | 3 |
| Design Services | 300,000 | 4 |
| Booster Station | 425,000 | 5 |
| Installation | 225,000 | 6 |
| Project Permits | 32,500 | 7 |
| Water Expense | 240,000 | 8 |
| TOTAL | \$2,323,360 | |

Contingency \$176,640 9

Remainder \$0

Notes

1. Capital Improvement and Renewal (CIR) funds available for expenditures **allowable** with bond funds
2. **Additional funds requested from reserve** to fund transition to City water w/campus pressure pump station.
3. System Development Charge (SDC) assessed by City to switch to City Water
4. RFP #2024-06 estimated cost includes system cost analysis and booster pump services
5. Pre assembled booster station with standby generator
6. Booster Station installation estimate
7. Estimate of permits to complete project
8. Anticipated additional utilities expense for city water usage
9. Project Contingency at 7%



City of Klamath Falls
 Accounts Receivable
 222 S. 6th Street
 PO Box 237
 Klamath Falls, OR 97601
 Phone: (541) 883-5357
 Fax: (541) 851-2466

INVOICE

Billed To:

Oregon Institute of Technology
 3201 CAMPUS DRIVE
 KLAMATH FALLS, OR 97601

DATE: 9/5/2024
 INVOICE #: INV22179
 DUE DATE: 1/5/2025
 TOTAL DUE: 1,100,859.14

CUSTOMER ACCOUNT # : 0661

INVOICE DESCRIPTION: Water Sys Dev Charges/6" Water Service Connection

| ITEM DESCRIPTION | UNITS | PRICE | AMOUNT |
|---------------------------|-------|--------------|---------------------|
| Water-Compliance SDC | 1.00 | 57,354.76 | 57,354.76 |
| Water-Improvement SDC | 1.00 | 1,015,542.56 | 1,015,542.56 |
| Water-Reimbursement SDC | 1.00 | 27,961.82 | 27,961.82 |
| TOTAL THIS INVOICE | | | 1,100,859.14 |

For questions, contact Accounts Receivable at (541) 883-5313 or ar@klamathfalls.city

REMIT TO:

City of Klamath Falls
 Accounts Receivable
 PO Box 237
 Klamath Falls, OR 97601

Received

SEP 09 2024

Business Office

Finance and Facilities Committee

Agenda Item No. 4.2

Spending Authorization for Banner Finance Reinstallation

Background

A robust and seamless integrated enterprise resource planning (ERP) platform is essential for the success of any organization. This system is used to manage all day-to-day business activities including: accounting and financial reporting, human resource management, payroll, procurement, project management, risk management, compliance and supply chain operations as well as student information, class scheduling and academic learning applications. The system configuration and data definitions define how data is captured, categorized and aligned which influences the functionality and ability to report at business unit levels and also determines transaction workflows and data archetypes for storage in the data warehouse. Comprehensive ERP systems also incorporate enterprise performance management software that helps plan, budget and forecast with data analytics while also reporting financial results to support data driven decision making. An ERP is essentially the information backbone for the university.

Oregon Tech (the University) has used Banner as its core ERP platform for decades. Banner is the choice for many universities because of its complete suite of applications. In 2020 the University decided to migrate away from the Banner Finance module and implemented Blackbaud Financial Edge NXT, a software solution designed primarily for non-profit foundations in fundraising and scholarship management ([Blackbaud](#)). Implementing this software created an unintended disconnect within the otherwise contiguous data and information system of the University. After four years of use, it has not yielded the labor or cost efficiencies expected and has instead resulted in a cumbersome and labor-intensive system of additional workflows and manual processes that impede operational synergies, constrain reporting capabilities and frustrate end-users with its limited modality.

Because Blackbaud is not designed to support the robust financial tractions, data and informational reporting needs in higher education, the University began planning last year to install a realigned and reconfigured Banner Finance module. Access to real-time reporting unencumbered by disconnected systems and the need for redundant iterations is essential in an increasingly competitive higher education financial environment. The University has recently completed the request for proposals process (RFP). Reinstallation of a fully aligned and integrated Banner Finance module will require a one-time \$1,442,988 investment over 18 months that will benefit the University for many years to come through cost savings, operational efficiencies, enhanced reporting, improved budget performance and accountability, consolidating our systems into a single robust platform ideally positioned for future conversions and upgrades.

The University has a unique opportunity to implement a reconfigured Banner Finance module supported mostly through one-time [Financial Sustainability Funds](#) made available by the 82nd Oregon Legislature and administered through the [Higher Education Coordinating Commission](#) (HECC). These funds are available only to the Technical and Regional Universities and Portland State University

(TRUs+PSU). One of the fundamental requirements in securing these funds is tied to *Administrative Services and Efficiencies* projects that are designed to strengthen the long-term financial sustainability of the TRUs+PSU.

While the University used most of its \$1,000,000 Tranche 1 funding for enrollment, student success and retention, workforce and economic development projects and student information systems, \$300,000 was committed to acquiring and implementing the Millenium FAST budgeting module.

The University will receive \$2,300,000 million in reimbursement basis funding in Tranche 2 of Financial Sustainability Funds. While nine projects were submitted to the HECC under Tranche 2, only five projects were approved for funding. The balance of funds remaining (\$770,000) was approved by HECC for repurposing toward the Banner Finance project. These funds, along with the unexpended funds from the Tranche 1 budget initiative (\$258,000), will provide \$1,028,000 toward the \$1,442,988 Banner Finance project funding. The remainder (\$414,988) will be identified in the FY 2025-26 University budget process or may be achieved through project implementation cost savings (see Attachment A).

Staff Recommendation

After discussion and review of related documents, staff requests a **motion to authorize the President or his designee to negotiate and execute an Agreement with [CampusWorks](#)* in an amount not to exceed \$1,442,988 to support the reinstallation of Banner Finance, to be funded using \$1,028,000 in the State of Oregon Financial Sustainability Funds received through HECC and the remaining \$414,988 from other FY 2025-26 University operating resources, as well as delegation of authority to the President or his designee, as available under policy and law, to make minor and technical adjustments as necessary to correct mathematical rounding, errors, inconsistencies, or omissions and execute the Board's directives.**

Attachments

Attachment A- Banner Finance Funding Summary

*CampusWorks is an Information Technology Services and Consulting company headquartered in Bradenton, FL and in business for 25 years with 247 employees and over \$52 million in annual revenue.

Banner Finance Funding Summary

Key Banner Finance Implementation Outcomes

1. **Cost Savings:** The transition from FENXT to Banner Finance is projected to yield annual contractual savings of \$150,000. This will be achieved by eliminating licensing and maintenance costs associated with FENXT and Zobrio, systems that have proven both inefficient and unreliable.
2. **Operational Efficiency:** FENXT's functional insufficiency, lack of scalability, and instability have led to frequent manual interventions and problem-solving efforts. Reverting to Banner, a system with a proven record of reliability, will significantly reduce manual processes. Our initial assessment indicates a minimum time savings of over 2,000 hours or approximately \$90,000 per year in the Business Affairs Office alone.
3. **Enhanced Reporting:** In today's fast-paced educational environment, quick, data-driven decision-making is crucial. Once the Banner is installed and integrated with the new Millennium FAST budget and reporting software the Banner enterprise resource planning (ERP) and integrated components will provide best in class reporting, forecasting and data analytics capabilities. This will empower us to make informed and timely decisions, respond to financial challenges more effectively and adapt swiftly to changing circumstances.
4. **Improved Budget Visibility and Accountability:** The new software when integrated with Millennium FAST will enhance budget visibility across departments and promote accountability and improved budget management. It will enable more efficient allocation of resources, better tracking of budgetary performance and will ensure alignment with our financial goals.
5. **Future-Proofing Our Systems:** Reimplementing Banner not only allows seamless data integration between modules but also prepares our institution for potential future ERP conversions. This strategic move minimizes complications for future technological changes by consolidating our systems onto a single, robust ERP platform.

One-Time \$1,442,988 Investment mostly from Higher Education Coordinating Commission (HECC) Financial Sustainability Funds:

- \$258,000 Tranche 1 Financial Sustainability Funds (HECC)
- \$770,000 Tranche 2 Financial Sustainability Funds (HECC)
- \$414,988 Other University Operating Resources during FY 2025-26

Conclusion: Reinstalling Banner Finance combined with the new budget and reporting software is a strategic imperative. It promises cost savings, enhanced operational efficiencies and stability, superior reporting capabilities, and improved budget visibility and resource accountability. While there are initial one-time costs, the long-term benefits far outweigh these expenditures. This move will position our university for sustained financial success, ensuring we can continue to provide high-quality programs consistent with our mission while effectively managing our data and information resources in an increasingly competitive higher education landscape.