
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 October 16, 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 FY 2024-25 YTD November Management Report (10:25 am) (10 min) *VP Harman*
- 3.3 Q-1 FY 2024-25 Financial Dashboard (10:35 am) (10 min) *VP Harman*
- 3.4 FY 2024-25 YTD November Investment Report (10:45 am) (10 min) *VP Harman*
- 3.5 Q-2 FY 2024-25 Facilities Report (10:55 am) (15 min) *Director of Facilities and Property Management, Thom Darrah*
- 3.6 CliftonLarsonAllen, LLP- Update on Yearend Financial Statement Audit and Annual Report (11:10 am) (15 min) *CLA reps Bryan Simkanich and Devin Holmes*
- 3.7 Eide Bailly, LLP Internal Audit Update (11:25 am) (15 min) *Eide Bailly reps Kristin Diggs, Audrey Donovan, and Douglas Sluyk*
- 3.8 Update on Banner Finance Module Project (11:40 am) (10 min) *AVP Alicia Dillon*

Action Items

- 4.0 None
- 5.0 Discussion Items (11:50 am) (5 min) *Chair Jones*
- 6.0 Other Business/New Business (11:55 am) (5 min) *Chair Jones*
- 7.0 Adjournment (12:00 pm) *Chair Jones*

All times are approximate

Finance and Facilities Committee
DRAFT Minutes

Trustees Present:

Chair Jones
Trustee Vitali
Trustee Bird
Trustee Gopalpur
Trustee Starr
Trustee Cauble
Dr. Nagi Naganathan (*ex officio*)

Other Trustees in Attendance:

Chair John Davis, J.D.,
Trustee Dentinger (*non-voting student member*)
Trustee Hill
Trustee Neupert

University Staff and Faculty Present in person:

Dr. Abdy Afjeh, Vice Provost for Research and Academic Affairs,
Dr. Nesli Alp, Dean of Engineering, Technology & Management
Dr. Mandi Clark, Associate Vice President for Student Affairs
Thom Darrah, Director-Facilities Management Services
Professor Don DaSaro, President-Fiscal Operations Advisory Council
Audrey Dillon, Eide Bailly
Dr. Ken Fincher, Vice President of University Advancement & Interim Board Secretary
David Groff, J.D., General Counsel
John Harman, Vice President Finance & Administration
Devon Holmes, Clifton Larson Allen
Dr. Joanna Mott, Provost, Vice President Academic Affairs
Adria Paschal, Senior Executive Assistant to the President
Eric Talbot, Soderstrom Architects
Doug Tripp, Executive Director of Resilience Emergency Management and Safety
Bryan Wada, Information Technology Consultant 2
Alicia Dillion, CPA, AVP Finance and Administration

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

Chair Jones called the meeting to order at 10:02 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 June 11, 2024, meeting.

No changes to the minutes were voiced. Minutes were approved as submitted, and all members present voting voted aye.

3. Reports:

3.1 Fiscal Operations Advisory Council (FOAC): *Assistant Professor Don DaSaro*

- Professor DaSaro provided an overview of the fiscal operations committee's discussion(s), including budgeting, enrollment, competition from other higher education providers, market share, and marketing degree offerings.
- Professor DaSaro also identified a need to promote industry partnerships and maintain positive legislative relationships to examine reserve utilization, an endowment drive, workplace educational opportunities, increased financial aid, and increased degree offerings such as construction management and certificate programs.

3.2 FYE June 2023-24 Management Report: *Vice President of Finance and Administration, John Harman*

- VP Harman provided a budget performance review for FY 2023-24. He reviewed revenue versus labor expenses, non-labor expenditures, and net from operations. He concludes with the FY 2023-24 YTD comparison bottom line. VP Harman answered questions from Committee Chair Jones.

3.3 Q-4 FYE 2023-24 Financial Dashboard: *Vice President Harman*

- VP Harman reviewed the quarterly financial dashboard, identified trends within it, and reviewed the Key Financial Indicators.

3.4 Q-4 FYE 2023-24 Investment Report: *Vice President Harman*

- VP Harman reviewed the market highlights for the 4th quarter. He also noted the Public University Fund market gains and reviewed the Oregon Tech Investment Summary. VP Harman answered questions from the trustees. President Naganathan addressed questions related to hours and credits.

3.5 FY 2024-25 August Management Report: *Vice President Harman*

- VP Harman reviewed the August revenue and labor expenses and noted that we are very early in the budget cycle. President Naganathan added that there is a need for mindfulness related to budgeting. VP Harman answered questions from trustees.

3.6 Q-1 FY 2024-25 Facilities Report: *Director of Facilities, Management Services and Capital Planning, Thom Darrah*

- Director Darrah presented on capital projects, including new student housing, the geothermal systems emergency renovation, the industrial park drive improvements, the ABA Clinic Renovation (downtown), and Campus Security Cameras. VP Harman and Director Darrah answered questions from trustees. It was noted that over \$172 million in improvements have been made to the campus since 2017.

3.7 Eide Bailly, LLP Internal Audit Report: *Audrey Donovan*

- Donovan reported on behalf of Eide Bailly regarding their internal audit status. She reviewed their grant management review (University Sponsored Programs Grant Administration, USPGA), which will be completed in December 2024. She also reported that their review of the Oregon Manufacturing Innovation Center (OMIC) was progressing and should wrap up at the same time as the USPGA report. Donovan then shared that the final report for the Cyber Security Risk Analysis has been completed. Donovan concluded her report by reviewing the Ethics Hotline status. Donovan then answered questions related to her presentation.

4. Action Items

4.1 Budget Adjustment and Spending Authorization: *Vice President John Harman*

- VP Harman reviewed the need for a budget adjustment and spending authorization to address the need to move the university to city-provided water. A change needed to meet new regulatory requirements. Harman reviewed the due diligence undertaken for the move to city water and the rationale for expediting the change. VP Harman answered questions from the trustees. President Naganathan added that the timing of the change in requirements made a need for a decision imminent, but that the university will also explore external funding opportunities.
- A discussion on water requirements took place.
- Chair Jones proposed a revision of the presented motion to the one indicated below to include the motion be a recommendation to approve to the full board. The Board secretary provided the revised motion as follows:
- **Motion: After discussion and review of related documents, staff requests a motion recommending that the full board 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.**
- **Motion Made by Trustee Vitali**
- **Motion Seconded by Trustee Bird**
- **Voting Aye: Jones, Bird, Gopalpur, Starr, Vitali, Cauble**
- **Voting Nay: None**
- **The motion passes**

4.2 Spending Authorization for Banner Finance Reinstallation: *Vice President Harman*

- VP Harman reported on the request to allow the university to reinstall Banner as its core ERP platform. This would entail a move from Blackbaud and would call for a \$1.4 million cost over 18 months, with a majority of the costs being covered through Tranche 1 and 2 Financial Sustainability Funding through HECC. AVP Dillon added the benefits of moving back to Banner would be exponential and would allow for greater utilization of human and financial resources. President Naganathan added that having a good ERP platform in place would also be beneficial as state-level shared services are being revisited and that cost recovery will also be beneficial.
- **Motion: After discussion and review of related documents, and with the approval of the Finance and Facilities Committee, 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 one-time 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.

- Motion Made by Trustee Gopalpur
 - Motion Seconded by Trustee Vitali
 - Voting Aye: Jones, Bird, Gopalpur, Starr, Vitali, Cauble
 - Voting Nay: None
 - The motion passed, and Trustee Vitali added that the Banner adoption is highly supported.
5. Other Business/New Business *Chair Vince Jones*
None
 6. Adjournment: 12:16 p.m.

DRAFT

REPORT

Agenda Item No. 3.0

Finance, Facilities and Audit: Quarterly Update

Background

The Quarterly Finance, Facilities and Audit Status Report provides information on major responsibility areas under the Finance and Administration Division of Oregon Tech. The Report generally highlights budget performance, financial and enrollment indicators, facilities, equipment, capital projects and invested funds, as well as internal and external audit coordination. Depending on the timing of the quarterly Board meeting, some data may not yet be available for reporting. The information contained in the Report is used by the Office of the Vice President of Finance and Administration to track progress toward achieving the institution's financial and operational goals.

The report is shared with the Finance, Facilities and Audit Committee on a quarterly basis to provide information essential in supporting the Board's governance and fiduciary responsibilities.

Staff Recommendation

No action required. For information and discussion purposes only.

Reports/Attachments

Due to the timing of the January 2025 Board meeting and the related document submission deadline, some financial data through the end of the second quarter (December 2024) is not yet available. Finance, Facilities and Audit Status Reports include the following Attachments:

- 3.1- Fiscal Operations Advisory Council (FOAC) Report- *verbal*
- 3.2- FY 2024-25 YTD November Management Report
- 3.3- Q-1 FY 2024-25 Financial Dashboard
- 3.4- Q-1 FY 2024-25 Investment Report
- 3.5- Q-2 Capital Projects Report
- 3.6- CliftonLarsonAllen, LLP- Financial Statement Audit Update
- 3.7- Eide Bailly, LLP- Internal Audit Update
- 3.8- Banner Finance Implementation Update

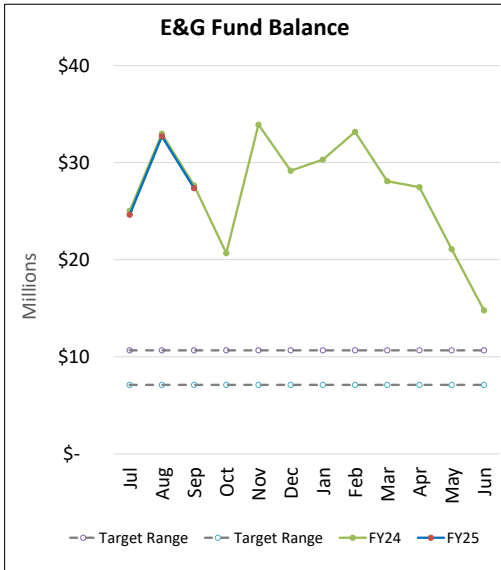
General Fund Monthly Report

FY 2024-25 November (in thousands)

	YTD Comparison		FY 2024-25 Budget & Forecast					Notes
	FY 2023-24 November Actuals	FY 2024-25 November Actuals	FY 2023-24 Year End Actuals	FY 2024-25 Board Adopted Budget (BAB)	FY 2024-25 Adjusted Budget	FY 2024-25 Forecast	Forecast to Budget Variance	
Revenue								
State Appropriations	\$22,446	\$23,150	\$36,813	\$37,446	\$37,446	\$38,160	\$714	(1)
Tuition & Fees	25,756	27,618	38,691	38,056	38,056	40,951	2,895	(2)
Remissions	(2,634)	(2,900)	(7,318)	(7,520)	(7,520)	(7,712)	(192)	
Other	<u>1,211</u>	<u>1,673</u>	<u>3,774</u>	<u>3,136</u>	<u>3,136</u>	<u>3,904</u>	<u>769</u>	(3)
Total Revenue	<u>\$46,779</u>	<u>\$49,540</u>	<u>\$71,961</u>	<u>\$71,118</u>	<u>\$71,118</u>	<u>\$75,303</u>	<u>\$4,186</u>	
Expenses								
Administrative Staff Salary	\$3,504	\$3,959	\$8,723	\$10,190	\$10,238	\$9,930	(\$259)	
Faculty Salary	3,863	3,498	14,129	13,916	13,902	13,244	(672)	(4)
Adjunct and Admin/Faculty Other Pay	1,309	1,503	3,009	3,829	3,834	3,829	-	
Classified	2,610	2,840	6,691	6,951	6,898	7,031	80	
Student	411	362	1,105	932	999	1,087	155	
GTA	27	20	82	121	121	92	(29)	
OPE	<u>7,005</u>	<u>6,320</u>	<u>17,657</u>	<u>19,136</u>	<u>19,130</u>	<u>18,412</u>	<u>(724)</u>	
Total Labor Expense	<u>\$18,729</u>	<u>\$18,502</u>	<u>\$51,396</u>	<u>\$55,074</u>	<u>\$55,123</u>	<u>\$53,626</u>	<u>(\$1,449)</u>	(5)
Service & Supplies	\$8,441	\$8,060	\$16,992	\$15,633	\$15,623	\$16,521	\$888	(6)
Internal Sales	(535)	(539)	(1,256)	(1,363)	(1,363)	(1,220)	143	
Debt/Investment	1,083	965	1,719	1,317	1,317	1,317	-	
Capital	345	245	465	484	525	525	42	
Utilities	568	631	1,657	1,292	1,292	1,940	648	(7)
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	<u>709</u>	<u>682</u>	<u>1,406</u>	<u>1,351</u>	<u>1,351</u>	<u>1,351</u>	<u>-</u>	
Total Direct Expense	<u>\$10,611</u>	<u>\$10,043</u>	<u>\$20,982</u>	<u>\$18,714</u>	<u>\$18,746</u>	<u>\$20,435</u>	<u>\$1,720</u>	
Total All Expense	<u>\$29,339</u>	<u>\$28,545</u>	<u>\$72,378</u>	<u>\$73,788</u>	<u>\$73,869</u>	<u>\$74,060</u>	<u>\$272</u>	
Net from Operations before Other Resources (Uses)	<u>\$17,440</u>	<u>\$20,995</u>	<u>(\$418)</u>	<u>(\$2,671)</u>	<u>(\$2,751)</u>	<u>\$1,243</u>	<u>\$3,914</u>	
Other Resources (Uses)								
Transfers In	\$0	\$8	\$278	\$171	\$179	\$521	\$350	(8)
Transfers Out	(136)	-	(1,705)	-	-	(1,934)	(1,934)	(9)
Use of Reserve	-	-	1,845	2,500	2,500	170	(2,330)	(10)
Total Other Resources (Uses)	<u>(\$136)</u>	<u>\$8</u>	<u>\$418</u>	<u>\$2,671</u>	<u>\$2,679</u>	<u>(\$1,243)</u>	<u>(\$3,914)</u>	
Total from Operations and Other Resources (Uses)	<u>\$17,304</u>	<u>\$21,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$72)</u>	<u>\$ -</u>	<u>\$ -</u>	
Beginning Fund Balance	\$16,613	\$14,789	\$16,613	\$14,789	\$14,789	\$14,789	\$-	
Fund Balance Adjustment	-	-	(1,824)	(2,500)	(2,500)	(170)	2,330	
Ending Fund Balance	<u>\$33,918</u>	<u>\$35,792</u>	<u>\$14,789</u>	<u>\$12,289</u>	<u>\$12,217</u>	<u>\$14,620</u>	<u>\$2,330</u>	
Fund Balance as % Operating Revenues	72.5%	72.2%	20.6%	17.3%	17.2%	19.4%		
Ending Cash Balance	<u>\$23,531</u>	<u>\$24,911</u>	<u>\$17,944</u>					(11)

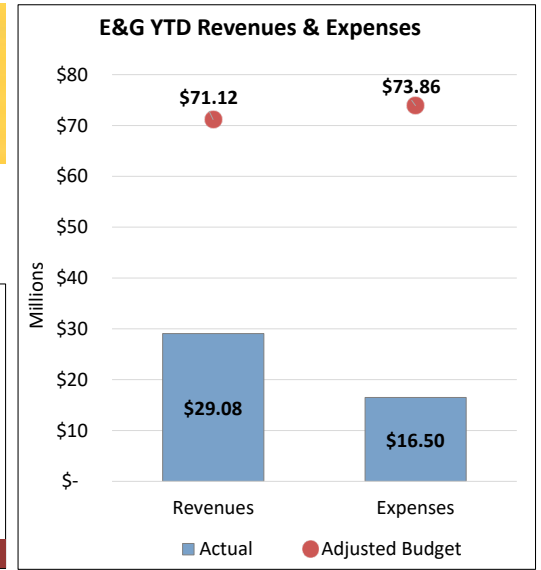
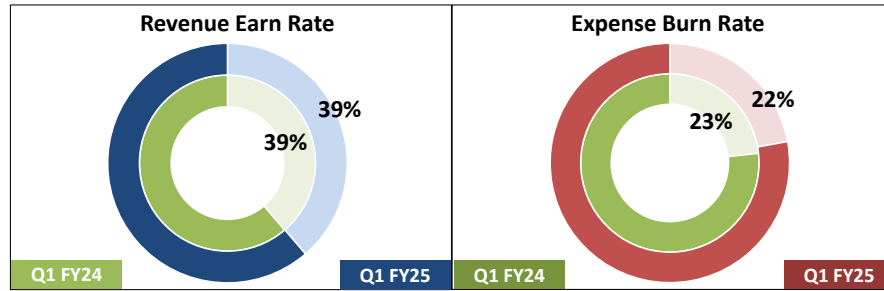
Notes:

- (1) **FY 2024-25 State Appropriations Forecast** - The increase in state appropriations reflects a minimal increase in Public University Support Fund appropriations from the October true-up, and the addition of a special line item appropriation for behavioral health received in quarter one.
- (2) **FY 2024-25 Tuition & Fees Forecast** - Reflects the projected 7.5% increase in student credit hours over Board Adopted Budget assumptions.
- (3) **FY 2024-25 Other Revenue Forecast** - Reflects a projected increase in budgeted indirect grant recovery and investment earnings.
- (4) **FY 2023-24 Actuals** - Faculty overload was paid from the incorrect account code in FY 2023-24 – *Faculty Salary* is overstated by \$500k and *Adjunct and Admin/Faculty Other Pay* is understated by \$500k.
- (5) **FY 2024-25 Labor Expense Forecast** - 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.
- (6) **FY 2024-25 Services and Supplies Forecast** - Reflects the projected spend of the remainder of the FY 2023-24 TRU+PSU Sustainability state appropriation (offset with transfers in), the FY 2024-25 state appropriation for behavioral health (offset with increased revenue), and new investments.
- (7) **FY 2024-25 Utilities Forecast** - Reflects the growing structural budget deficit in utilities.
- (8) **FY 2024-25 Transfers In Forecast** - The increase in transfers in reflects the offset for the projected spend of the FY 2023-24 TRU+PSU Sustainability state appropriation.
- (9) **FY 2024-25 Transfers Out Forecast** - The increase in transfers out reflects the city water connection project expenses, projected transfer out of unspent behavioral health state appropriations (for use in future fiscal years), and funding for miscellaneous capital projects.
- (10) **FY 2024-25 Use of Reserve Forecast** - Forecasted use of reserve is lower than budgeted due to increased tuition revenue and unspent salary budget due to vacant positions.
- (11) **FY 2023-24 Ending Cash Balance Actuals** - FY 2023-24 year end and monthly cash are restated due to an audit adjustment mid-year in FY 2023-24.



Quarterly Financial Dashboard

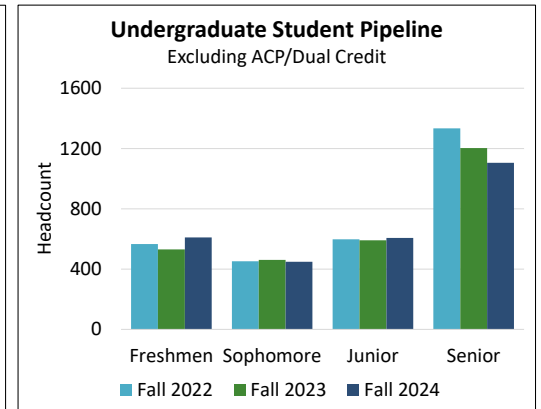
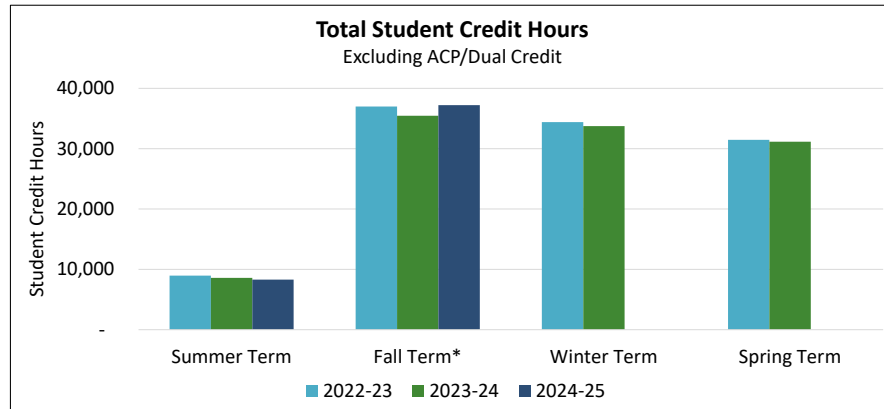
As of September 30, 2024



Key Financial Indicators		
E&G Fund Balance:	\$27,370	As of Sept 30, 2024
Debt Burden Ratio:	4.29%	As of June 30, 2023
Quasi Endowment:	\$6,842	As of June 30, 2024
Foundation Assets:	\$45,088	As of June 30, 2024

Student Tuition		
Undergraduate Tuition		
	2023-24	2024-25
Resident:	\$10,492	\$10,964
Non-Resident:	\$33,397	\$34,900
WUE:	\$15,738	\$16,447
Online:	\$13,860	\$14,490
Differential:	37%	37%

Graduate Tuition		
	2023-24	2024-25
Resident:	\$19,306	\$20,174
Non-Resident:	\$32,409	\$33,868
Online (MS-AH):	\$15,768	\$16,488
Online (MS-ET):	\$22,968	\$24,012
Resident (DPT):	\$21,848	\$22,831
Non-Resident(DPT):	\$36,677	\$38,327
Differential:	37%	37%



Degree Completions				
	2023-24	2022-23	2021-22	3 Year Δ
Undergraduate				
Resident:	477	470	528	-9.7%
Non-Resident:	207	193	237	-12.7%
Graduate				
Resident:	20	17	25	-20.0%
Non-Resident:	19	20	16	18.8%

Notes:
 (1) Student tuition rates are shown at 15 credits per term for undergraduates and 12 credits per term for graduates.
 (2) Note: Student Data for Fall 2024 is not final 4th week data.

FY2025 Q1 Investment Report

BACKGROUND

The Oregon Tech (university) investment report for the first quarter (Q1) of FY2025 is presented in the following sections:

- **FY2025 Q1 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 short and intermediate-term fixed income funds and the university’s endowment assets managed by the Oregon State Treasury.
- **FY2025 Q1 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the first quarter of FY2025 (i.e., July 1 – September 30, 2024).

FY2025 Q1 OREGON TECH INVESTMENT REPORT

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

Oregon Tech Operating Assets

(Prepared by the Public University Fund Administrator)

Oregon Tech’s operating assets are invested in Oregon Short-Term Fund (OSTF) and the Public University Fund (PUF) Core Bond Fund. On July 31, 2024, the PUF Administrator implemented an investment structure change to the PUF, divesting of the OSTF or liquidity position. This change was approved and supported by all university participants. Going forward, the PUF will provide intermediate-term fixed income exposure to university participants in a commingled product. Universities will have access to the OSTF through their bank account sweep product whereby assets on deposit in bank accounts held with the Oregon State Treasury will be swept into the OSTF for short-term investment.

The OSTF increased 1.3% for the quarter and fiscal year-to-date, underperforming its benchmark by 10 basis points for the period. The PUF increased 4.0% for the quarter and fiscal year-to-date, underperforming its benchmark by 20 basis points. The PUF investment yield was 1.1% for the quarter. As of September 30, 2024, OIT had \$18.8 million on deposit in the OSTF and \$20.8 million invested in the PUF.

The Oregon State Treasury fixed income team anticipates economic weakness to emerge in the coming months, however, believes investor expectations for future federal funds rate cuts to be overly aggressive compared to inflation and growth, and are maintaining conservative portfolio positioning versus benchmarks. To provide partial hedging for the risk of fewer federal funds rate cuts than estimated by market pricing, portfolio managers have increased exposure to floating rate securities in both portfolios. The OSTF allocation was 55% and PUF allocation 6% at the end of the quarter.

The 12.6% cash position in the PUF on September 30 was due to anticipated sales by universities on October 1 for liquidity purposes.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets increased 4.0% for the quarter and fiscal year-to-date. The Oregon Intermediate-Term Pool performance underperformed its benchmark by 20 basis points for the period. The Endowment assets were valued at \$7.1 million, as of September 30, 2024.

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

	Quarter Ended 9/30/2024	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation ¹
OIT Operating Assets								
Oregon Short - Term Fund	1.3%	1.3%	1.1%	3.2%	2.4%	1.9%	\$ 18,805,387	47.5%
Benchmark - 91 day T-Bill	1.4%	1.4%	1.3%	3.5%	2.3%	1.6%		
PUF Core Bond Fund	4.0%	4.0%	-0.7%	0.7%	2.1%	N/A	20,804,072	52.5%
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	4.2%	4.2%	-0.8%	0.2%	1.3%	2.2%		
Investment Yield ³	1.1%	1.1%	1.1%	3.8%	3.4%	N/A		
Total Operating Assets							<u>\$ 39,609,459</u>	<u>100.0%</u>
OIT Endowment Assets								
Oregon Intermediate-Term Pool	4.0%	4.0%	-0.7%	0.6%	1.9%	N/A	\$ 7,117,824	100.0%
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ⁴	4.2%	4.2%	-0.8%	0.2%	1.1%	1.8%		

¹ University operating asset allocations based upon liquidity needs as determined by rolling 12-month cash flow forecasts.

Operating assets in excess of liquidity requirements are available for investment in the PUF Core Bond Fund and other long-term investments.

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.

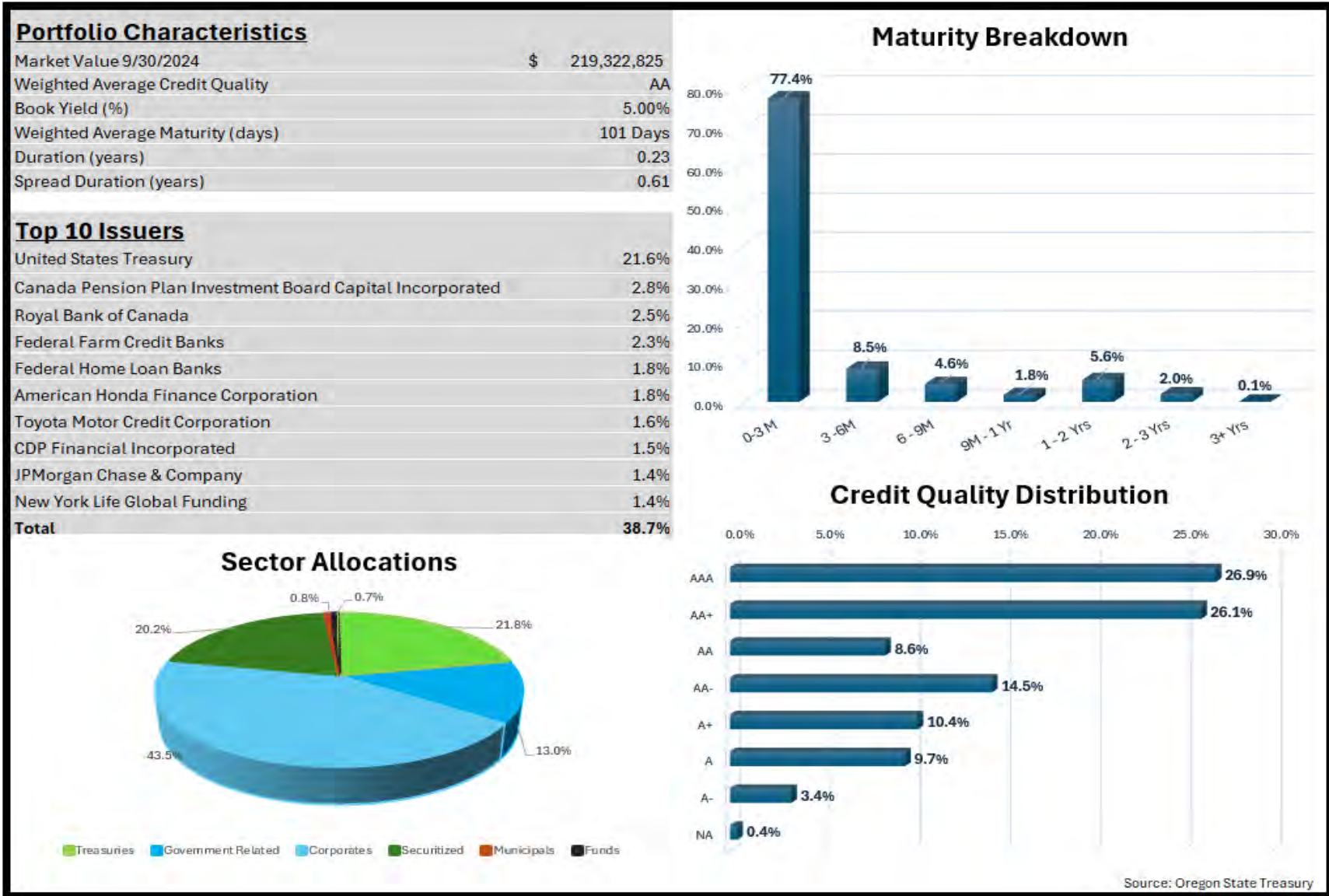
³ The reported investment yields for the quarter and fiscal year-to-date represent earned yields for the period and are not annualized rates.

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.

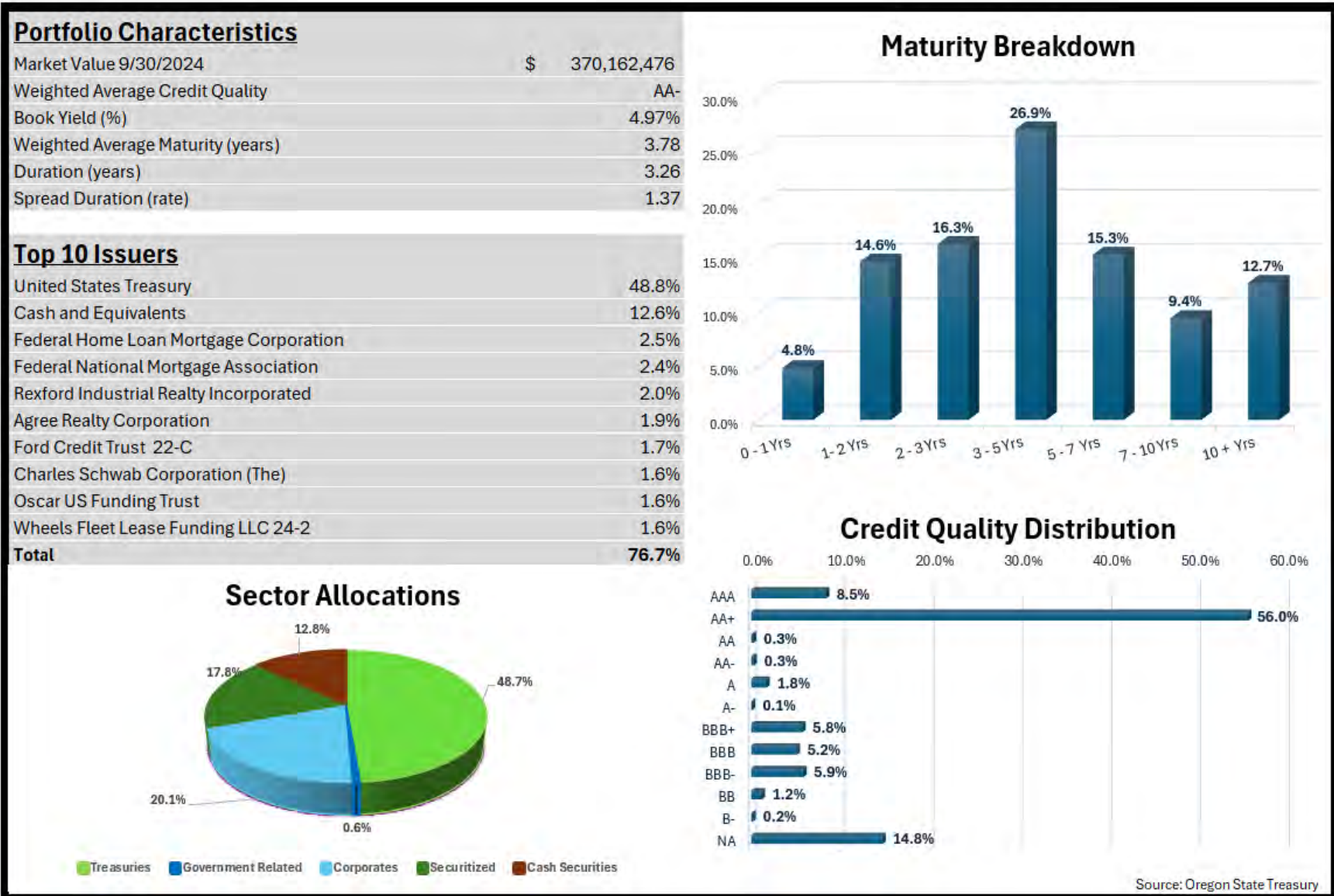
Oregon Short Term Fund

September 30, 2024



Core Bond Fund

September 30, 2024



FY2025 Q1 MARKET COMMENTARY

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

Report on Investments – as of September 30, 2024

Economic and Market Update

In the third calendar quarter, stock and bond markets rallied despite heightened volatility. Central bank indications of future interest rate cuts given declining inflation pressures was a key driver of gains.

- In September, the Federal Reserve Bank (Fed) surprised many in the markets with a 50-basis point interest rate cut while the U.S. economy and employment picture remains quite healthy.
- In the third calendar quarter, U.S. equities (S&P 500) rose 5.9%. The U.S. equity rally broadened, with value and small cap stocks outperforming large cap growth stocks, reversing the narrow leadership trend earlier this year.
- Emerging market stocks (+8.7%) outperformed developed market stocks in the third calendar quarter; in non-U.S. developed markets (+7.3%) value and small cap stocks also beat the broad market.
- After two years of piecemeal policy stimulus, China's policy makers rolled out a significant stimulus package to support equity prices, reduce bank reserve requirements and funding rates, and support current and future mortgage borrowers. In particular, bank loans for listed company share buybacks and purchases drove the Morgan Stanley Capital Indices (MSCI) China equity index to rally 23.9% in September and 23.5% for the entire third calendar quarter.
- Fixed income markets also posted positive returns on expectations for additional policy rate cuts this year and next, as inflation pressures recede, and the economy slows.
- Looking ahead, the paths of inflation, labor markets, and monetary policy, China's slowing economy and potential policy stimulus benefits, increased geopolitical tensions, and the looming U.S. election will be key factors.

Major markets finished the third calendar quarter in positive territory despite several spikes in volatility. Falling inflation, resilient growth in the U.S., and dovish central banks supported stocks and bonds. Rate sensitive sectors, like real estate investment trusts, particularly benefited from lower interest rates. Calendar year-to-date through September, all major asset classes were positive, led by U.S. equities.

Market Returns¹ September 30, 2024

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	2.10%	5.90%	22.10%	36.40%	11.90%	16.00%	14.50%	13.40%
MSCI EAFE-ND	0.90%	7.30%	13.00%	24.80%	5.50%	8.20%	6.00%	5.70%
MSCI EM-ND	6.70%	8.70%	16.90%	26.10%	0.40%	5.70%	3.70%	4.00%
MSCI China-ND	23.90%	23.50%	29.30%	23.90%	-5.60%	0.80%	-0.30%	3.40%
Bloomberg US Aggregate	1.30%	5.20%	4.40%	11.60%	-1.40%	0.30%	1.50%	1.80%
Bloomberg US TIPS	1.50%	4.10%	4.90%	9.80%	-0.60%	2.60%	2.90%	2.50%
Bloomberg US Corporate High Yield	1.60%	5.30%	8.00%	15.70%	3.10%	4.70%	4.70%	5.00%
ICE BofAML US 3-Month Treasury Bill	0.40%	1.40%	4.00%	5.50%	3.50%	2.30%	2.20%	1.60%
ICE BofAML 1-3 Year US Treasury	0.80%	2.90%	4.10%	6.70%	1.30%	1.50%	1.70%	1.40%
ICE BofAML 10+ Year US Treasury	2.00%	7.70%	3.00%	15.40%	-7.80%	-3.90%	-0.30%	1.20%

¹Source: Oregon State Treasury

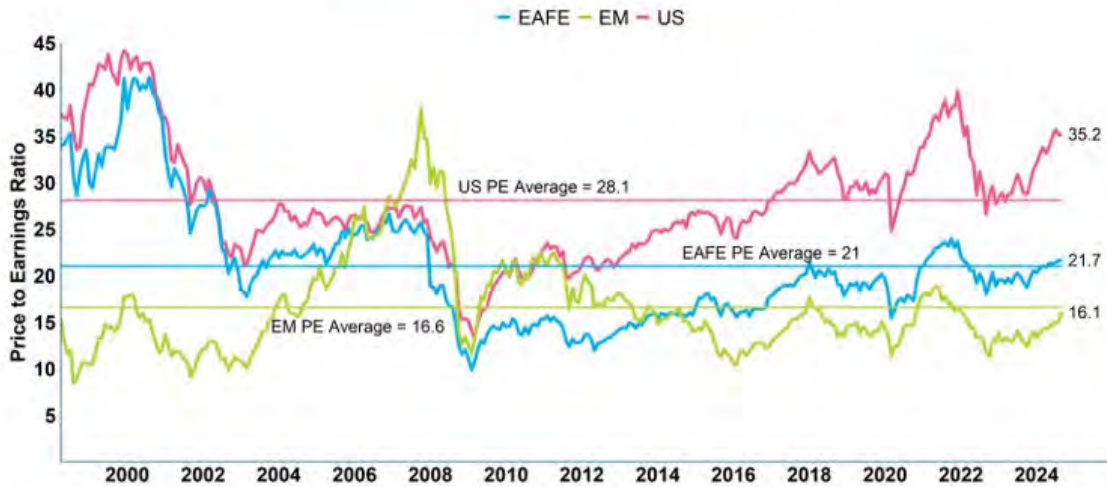
U.S. Equities: The S&P 500 rose +5.9% in the third calendar quarter, bringing the calendar year-to-date results to +22.1%. In the third calendar quarter, investor optimism grew over the potential for a “soft landing” of the U.S. economy and as investors reexamined the future of AI-related stocks. In this environment, value outperformed growth across the capitalization spectrum and small cap stocks (Russell 2000: +9.3%) outperformed large cap stocks (Russell 1000: +6.1%). Despite the third calendar quarter’s rally in value and small cap stocks, large cap growth stocks are the best performing asset class (R1000 Growth: +24.5%) for the year-to-date 2024 due to on-going enthusiasm for AI.

With the notable exception of energy stocks, all sectors posted positive returns in the third calendar quarter. On the prospect of growing energy demand for cloud computing for AI, utilities were the best performing sector in the third calendar quarter (+15.9%) followed by telecom (+13.0%) and industrials (+11.7%). All sectors feature positive returns for the calendar year-to-date period. Technology stocks (+28.9%) continue to lead the broader market, followed by utilities (+26.2%), and financials (+20.6%).

Foreign Equity: Developed international equities (MSCI Europe, Australasia, Far East (EAFE)) rose +7.3% in the third calendar quarter, while emerging market equities (MSCI Emerging Markets) gained 8.7%. Non- U.S. developed market stocks saw similar themes as the U.S., with value and small cap stocks outperforming large cap stocks in the third calendar quarter, as investors anticipated further rate cuts from the European Central Bank and the Bank of England. Japan’s Tokyo Price Index (TOPIX) experienced an over 20% decline at the start of August due to the Bank of Japan’s (BoJ) unexpected rate increase and related pressures on the yen carry trade. It subsequently recovered, though, as the BoJ signaled that further rate increases were not likely.

In late September, China announced significant stimulus measures to support asset prices resulting in Chinese stocks rallying +23.9% for the month. This led to emerging markets posting the best quarterly results (+8.7%). The weakening U.S. dollar further supported international stocks, particularly in developed markets. The broad global equity rally lifted stocks’ cyclically adjusted price/earnings ratios over the quarter, with U.S. stock valuations finishing well above their long-term 28.1 average. Non- U.S. developed market valuations increased to slightly above their long-term average while emerging market stocks are now trading close to their long-term average given the strong 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 September 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: Fixed income indexes rose in the quarter as rates fell, driven by a continued decline in inflation. This and the weakening labor market led to the Fed cutting interest rates with more cuts expected. The broad U.S. bond market (Bloomberg Aggregate) rose 5.2% over the quarter, with the broad Treasury Inflation Protected Securities (TIPS) market gaining 4.1%. The less interest rate sensitive short-term TIPS index increased 2.5%. Riskier bonds experienced volatility during the quarter but ultimately posted strong results as risk appetite remained strong. Emerging market debt gained 9.0% and high yield rose 5.3%.

U.S. Yield Curve¹

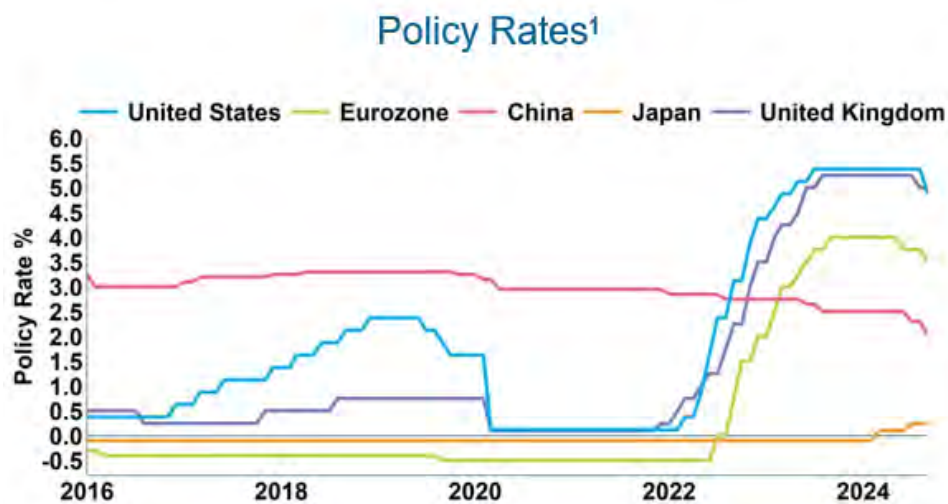


¹ Source: Bloomberg. Data is as of September 30, 2024.

U.S. interest rates fell over the quarter as economic data continued to soften and the Fed started its rate cutting cycle. The more policy sensitive 2-year Treasury yield declined from 4.75%

to 3.64% over the quarter, while the 10-year Treasury yield fell from 4.40% to 3.78% over the same period. Notably, the portion of the yield curve from 2-years to 10-years was no longer inverted at the end of September, given policy rate cuts and resilient growth. This trend could continue as the Fed likely continues to cut interest rates.

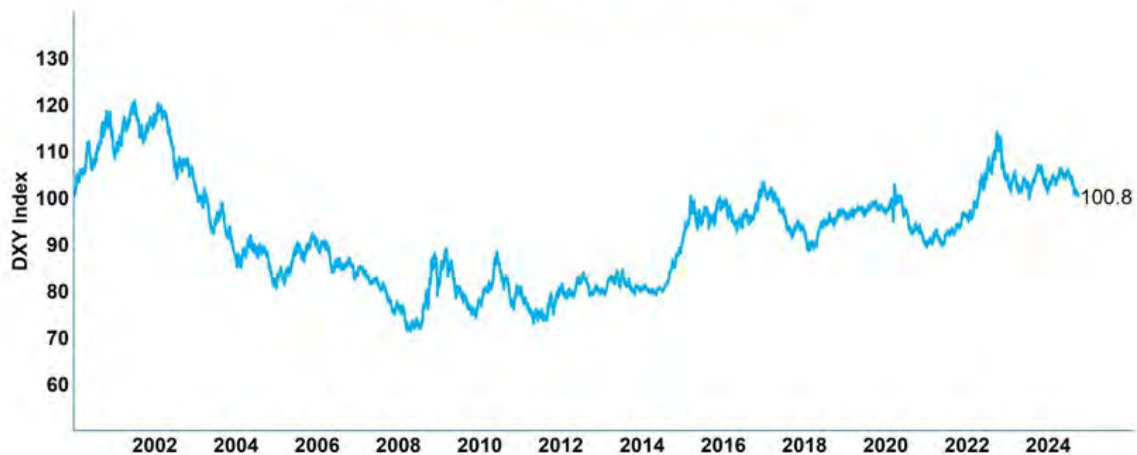
Over the quarter, year-over-year headline inflation continued to decline (3.0% to 2.4%) supporting the Fed’s start to cutting policy rates. The 2.4% September level was the lowest since early 2021. Month-over-month inflation increased 0.2% each month over the quarter. Food and shelter costs saw monthly increases, while energy prices largely fell. Calendar year-over-year core inflation (excluding food and energy) finished the quarter where it started (3.3%). Shelter (+4.9% YoY) and transportation (+8.5% YoY) remain key drivers of stickier core inflation. Inflation expectations (breakevens) have been relatively stable over the last several years. They remain below current inflation levels.



¹ Source: Bloomberg. Data is as of September 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., the Fed reduced interest rates by 0.5% after holding them at a 5.25% - 5.50% level for over a year. In their statement they highlighted that they would make additional interest rate cut decisions based on incoming data. Market participants are pricing in roughly two additional cuts in 2024. The Bank of England (BoE) and the European Central Bank (ECB) have both started cutting rates. The BoE made a 25-basis points interest rate cut in July while the ECB made two similar cuts in June and September. Inflation in Japan remains elevated, prompting Bank of Japan (BoJ) officials to raise the policy rate 0.15% to 0.25% over the quarter after decades at near-zero rates. China announced a broad-based unexpected stimulus package that included lower interest rates, a reduction in bank reserve requirements, and liquidity for stock investors.

U.S. Dollar vs. Broad Currencies¹



¹ Source: Bloomberg. Data as of September 30, 2024

The U.S. dollar weakened in the third calendar quarter by 4.7% versus other major currencies, influenced by the decline in interest rates and expectations for slower growth. It remains at historically strong levels, though, given relatively stronger growth, higher interest rates, and on the prospects of other central banks, potentially easing policy faster than the Fed. Looking ahead, the track of policy rates across major central banks will be key for the path of the U.S. dollar from here. If the U.S. economy slows more than expected and the Fed relatedly lowers rates at a faster pace, we could see the dollar weaken further.

Summary-Key Trends:

- According to the International Monetary Fund's July 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.
- Key economic data in the U.S. has largely weakened and come in below expectations, causing markets to expect an additional two rate cuts this year after the Fed's initial 0.5% reduction. Uncertainty remains regarding the timing and pace of interest rate cuts in the coming year.
- U.S. consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs stay elevated, and the job market may weaken further.
- 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.
- We have started to see divergences in monetary policy. Some central banks, such as the Fed, ECB, and the BoE, have started to cut interest rates and others, like the BoJ, have increased interest rates. This disparity will likely influence capital flows and currencies.
- China appears to have shifted focus to more policy support for the economy/asset prices with a new suite of policy stimulus and signals for more support ahead. It is still not clear what the long-term impact of these policies will be on the economy and if

policy makers will remain committed to these efforts.



FINANCE & FACILITIES COMMITTEE OF THE BOARD

Oregon Tech Capital Projects Update

January 15, 2025

Thom Darrah | Director of Facilities & Capital Planning

Presentation Outline



Capital Projects – Upcoming and Underway

- New Student Housing
- Geothermal Systems Emergency Renovation
- ABA Clinic Renovation
- Campus Security Cameras
- *Project status updates reflect progress through 11.30.24*

New Student Housing



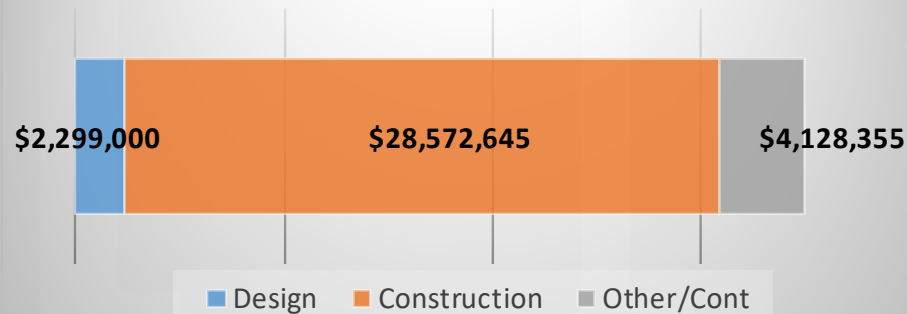
New Student Housing (85,000 sq ft)

Project Start: 4.01.2023

Project Completion: 12.01.2025

Project	Progress Highlights	Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
UPE 822 / FNRESH	Visioning: January 2023 - February 2023						
Bond Type: XI-F 2022	Design: March 2023 - April 2024						
	Construction: May 2024 - Dec. 2025	Visioning/Design (7%):	\$ 2,231,400	\$ 2,299,000	\$ 1,947,622	85%	\$ 351,378
	Project underway.	Construction (82%):	\$ 28,000,000	\$ 28,572,645	\$ 7,294,412	26%	\$ 21,278,233
Design: Mahlum Architects		Other (11%):	\$ 4,768,600	\$ 4,128,355	\$ 512,684	12%	\$ 3,615,671
CM/GC: Bogatay Const.	Plan Design Bid Build Closeout	Project Totals:	\$ 35,000,000	\$ 35,000,000	\$ 9,754,718	28%	\$ 25,245,282

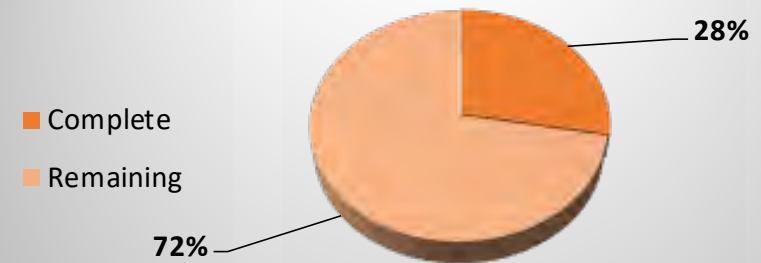
Budget Breakdown



CO's / Amendments

MA: Amd. 1	\$ 32,500
MA: Amd. 2	\$ 35,100
BCI: Amd. 5	\$ 72,645
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
Total:	\$ 140,245

Percent Complete (%)



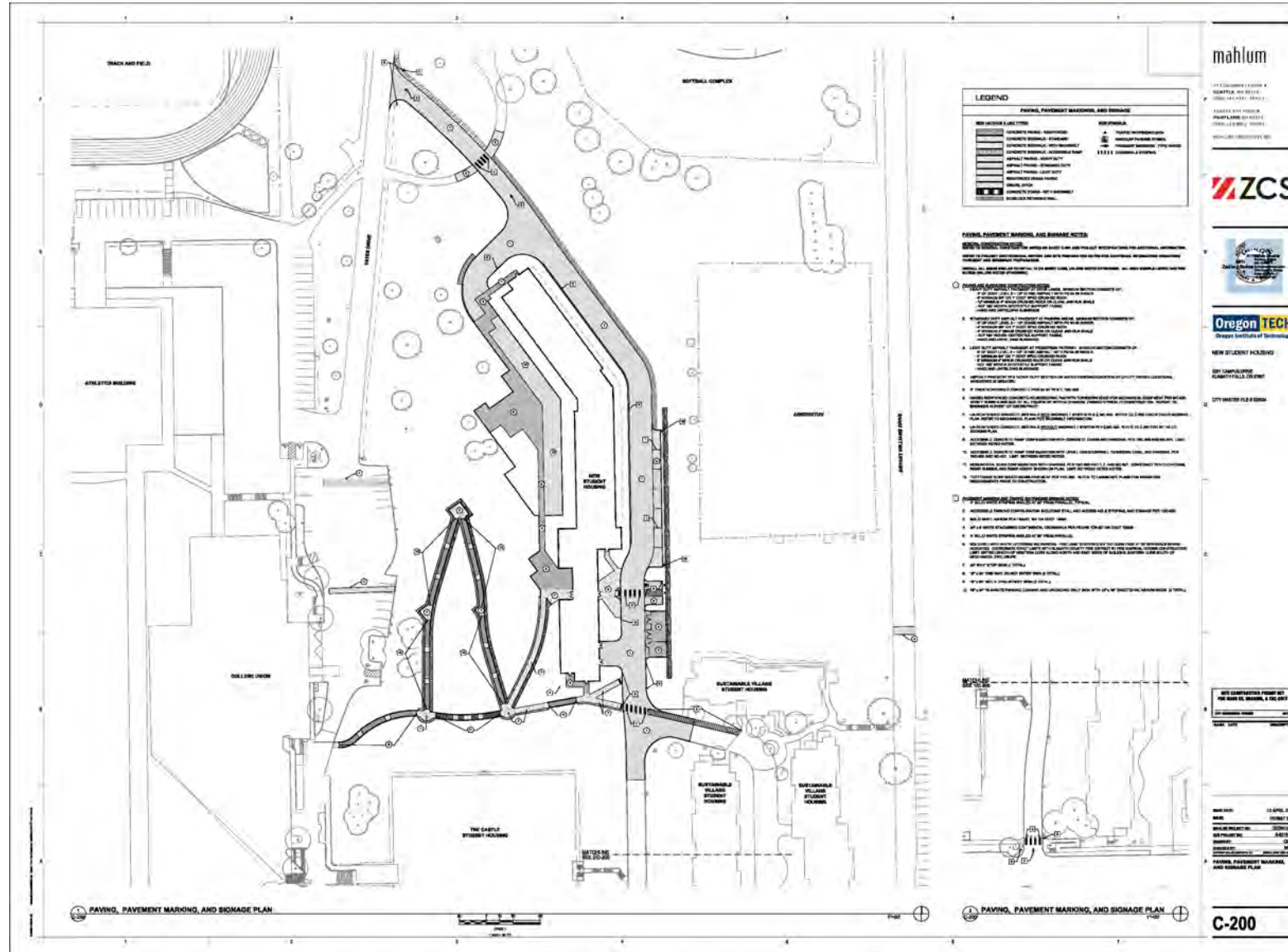
New Student Housing



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



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 830	Design: Underway											
Bond Type: XI-Q 2023K	Construction: Pending											
	Project underway.			Design (7%):	\$ 1,295,615	\$ 1,175,000	\$ 587,542	50%	\$ 587,458			
				Construction (84%):	\$ 14,467,115	\$ 15,096,150	\$ 1,307,693	9%	\$ 13,788,457			
Design: AES				Other (9%):	\$ 2,193,420	\$ 1,685,000	\$ 18,125	1%	\$ 1,666,875			
CM/GC: Bogatay const.	Plan	Design	Bid	Build	Closeout	Project Totals:		\$ 17,956,150	\$ 17,956,150	\$ 1,913,360	11%	\$ 16,042,790
<h3>Budget Breakdown</h3> <p>Legend: Design (blue), Construction (orange), Other/Cont (grey)</p>				<u>CO's / Amendments</u>		<h3>Percent Complete (%)</h3> <p>Legend: Complete (orange), Remaining (light orange)</p>						
				\$	-							
				\$	-							
				\$	-							
				\$	-							
				\$	-							
				\$	-							
				\$	-							
				\$	-							
				Total:	\$ -							

Geothermal Systems Emergency Renovation



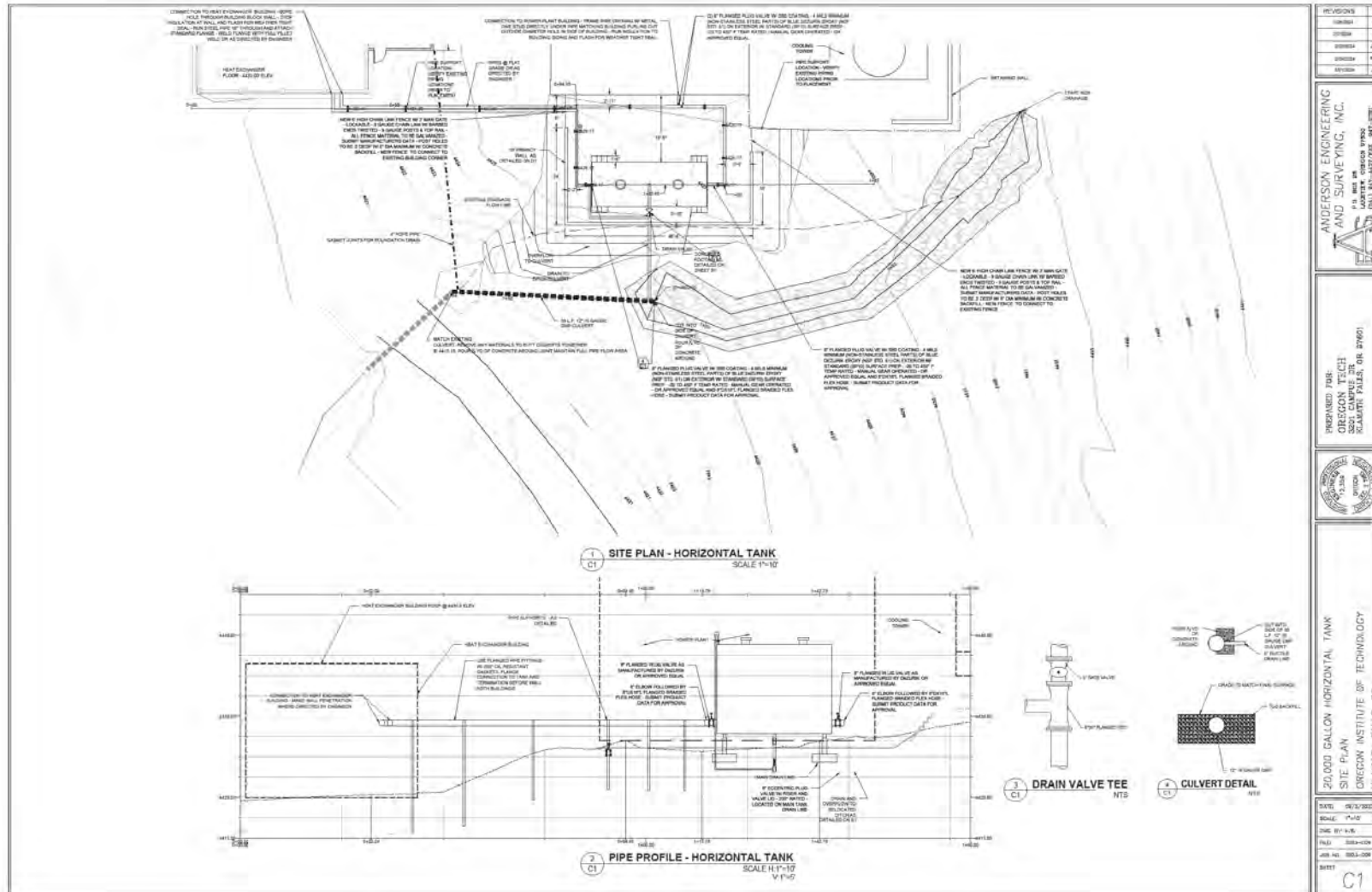
Extended Project Insights

- 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



Oregon TECH



Geothermal Systems Emergency Renovation



Geothermal Systems Emergency Renovation



Geothermal Systems Emergency Renovation



ABA Clinic Renovation



ABA Clinic Renovation (5,000 sq ft)																													
Project Start: 10.02.23				Project Completion: 4.11.25																									
Project	Progress Highlights			Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance																				
UPE 824	Design: Underway																												
UPE 831	Construction: Pending																												
	Project underway.			Design (0%):	\$ -	\$ -	\$ -		\$ -																				
				Construction (90%):	\$ 1,040,190	\$ 1,227,134	\$ 356,783	29%	\$ 870,351																				
				Other (10%):	\$ 114,810	\$ 122,866	\$ 8,792	7%	\$ 114,074																				
Design: SDRA				Project Totals:	\$ 1,155,000	\$ 1,350,000	\$ 365,575	27%	\$ 984,425																				
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>Modoc: CO 4</td><td>\$ 38,829</td></tr> <tr><td>Modoc: CO 5</td><td>\$ 87,939</td></tr> <tr><td>Modoc: CO 6</td><td>\$ 20,225</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>\$ 186,944</td></tr> </table>		Modoc: CO 1	\$ 18,060	Modoc: CO 2	\$ 7,502	Modoc: CO 3	\$ 14,389	Modoc: CO 4	\$ 38,829	Modoc: CO 5	\$ 87,939	Modoc: CO 6	\$ 20,225		\$ -		\$ -		\$ -	Total:	\$ 186,944				
Modoc: CO 1	\$ 18,060																												
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Modoc: CO 4	\$ 38,829																												
Modoc: CO 5	\$ 87,939																												
Modoc: CO 6	\$ 20,225																												
	\$ -																												
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Total:	\$ 186,944																												

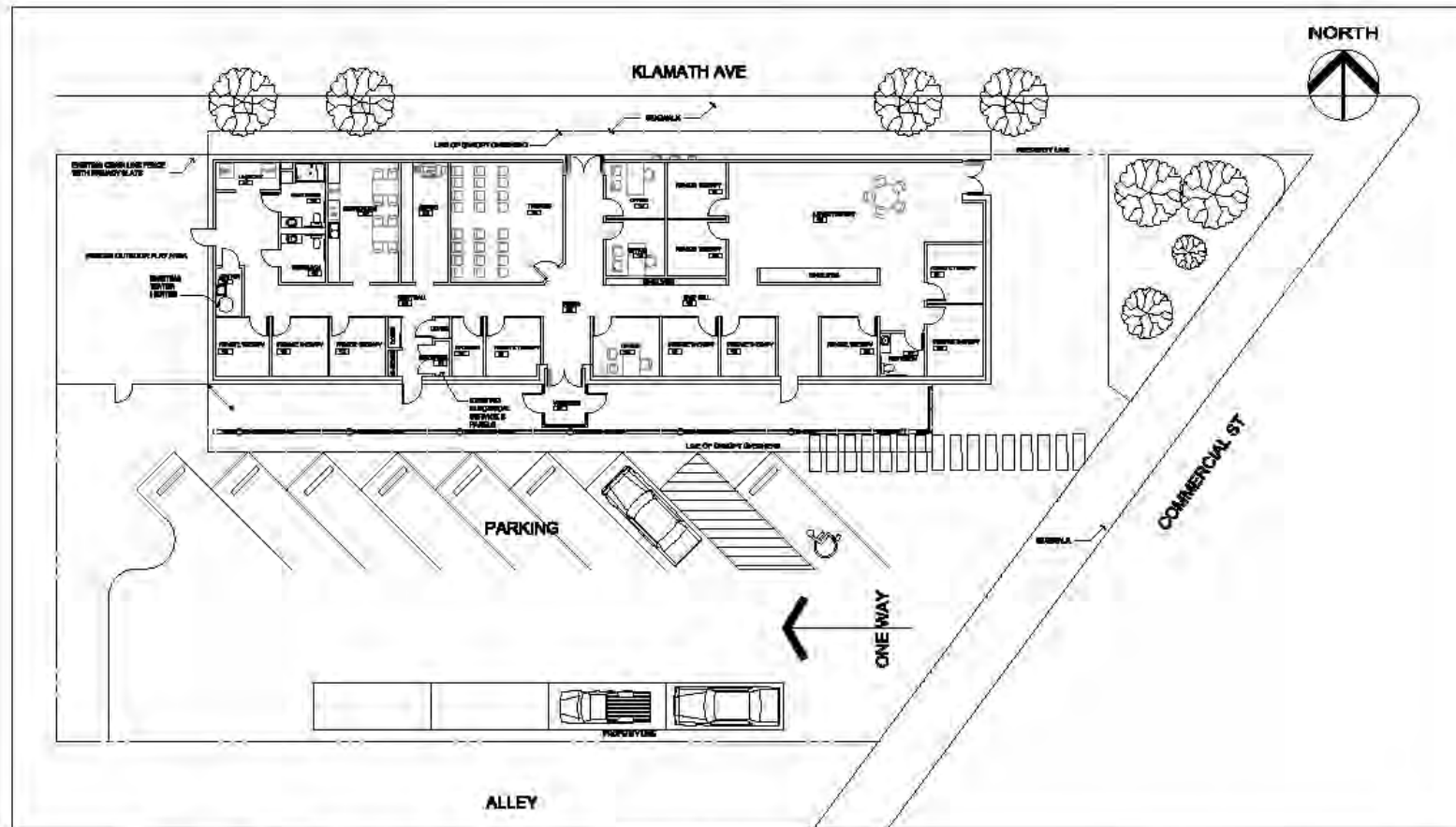
ABA Clinic Renovation



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 April 11, 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

ABA Clinic Renovation



ABA Clinic Renovation



Campus Security Cameras



Campus Security Cameras										
Project Start: 4.10.24				Project Completion: 12.31.25						
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	\$ 591,376	61%	\$ 385,744	
Design: NA				Other (10%):	\$ 94,965	\$ 108,105	\$ -	0%	\$ 108,105	
Build: IronClad Security	Plan	Design	Bid	Build	Closeout	Project Totals:				
						\$ 1,044,500	\$ 1,085,225	\$ 591,376	54%	\$ 493,849
<h3>Budget Breakdown</h3> <p>Legend: Design (blue), Construction (orange), Other/Cont (grey)</p>				<u>CO's / Amendments</u>		<h3>Percent Complete (%)</h3> <p>Legend: Complete (dark orange), Remaining (light orange)</p>				
				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

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Email: Thom.Darrah@oit.edu



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Oregon Tech

June 30, 2024 External Audit Update

Agenda



Scope of the Engagements



Audit Roles and Responsibilities



Financial Statement Audit Update



Single Audit Update



Questions



Scope of the Engagements

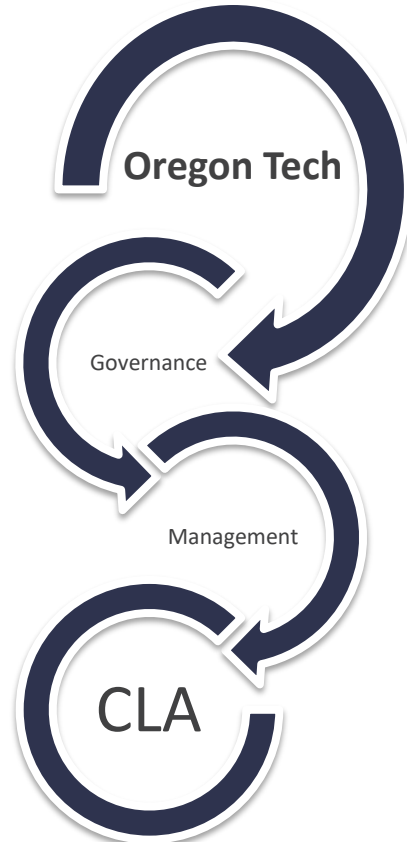


Financial Statement Audit



(Compliance) Single Audit

Audit Roles and Responsibilities under GAAS



Governance

Strategic Direction

Accountability, including financial reporting

Management

Internal Controls

Accounting Policies

Management Decisions

Fair Presentation of Financial Statements

Programs to Prevent and Detect Fraud

CLA -
Independent
Auditor

Opinion on Fair Presentation of Financial Statements

Audit in Accordance with GAAS

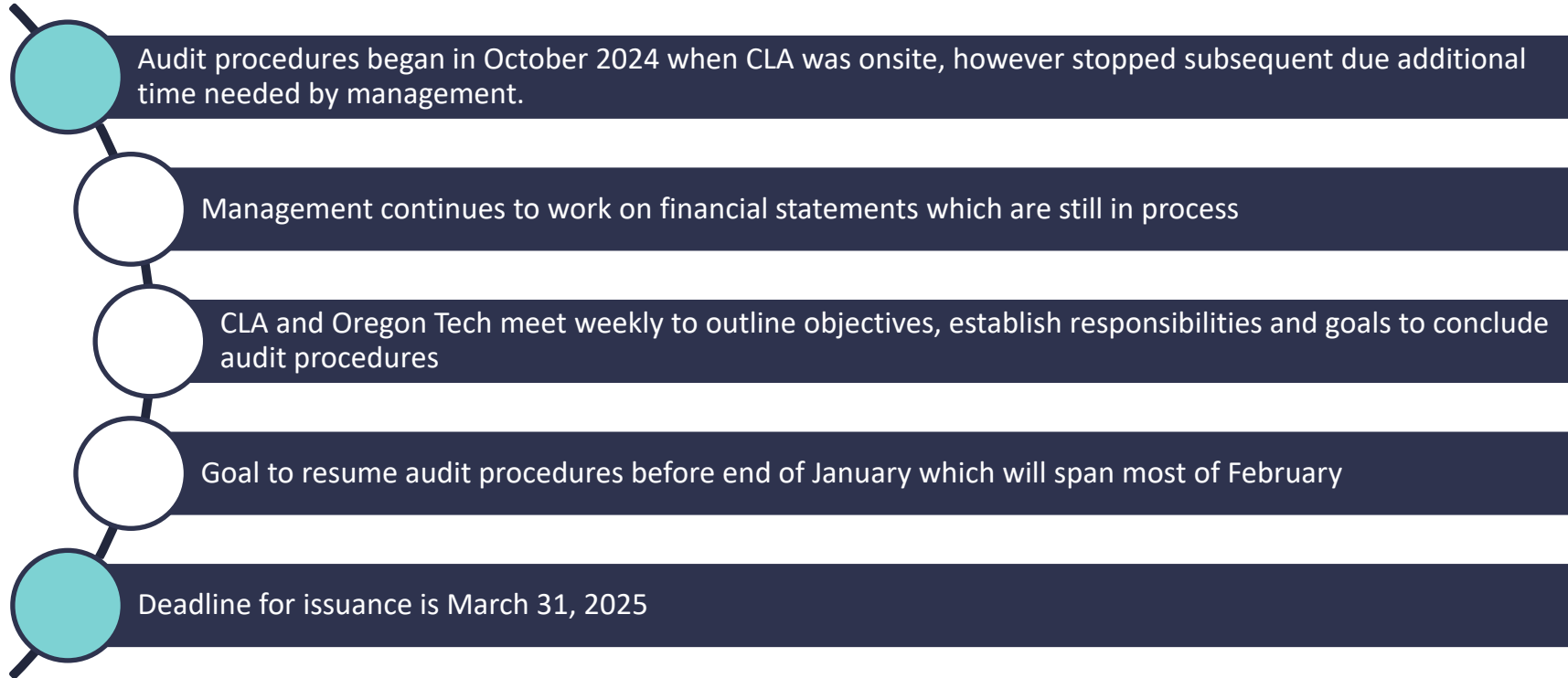
Reasonable, not Absolute Assurance

Understanding of Internal Controls

Risk Based Audit Approach




2024 Financial Statement Audit Update



2024 Single Audit Update



Current Major Program - Student Financial Aid



Significant amount of work began in Fall 2024 and was completed. Approximately 15-20% of work remains related to final questions and reconciliations



Results of procedures are still under review and will be discussed upon issuance



Deadline for issuance is March 31, 2025



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Senior In-charge

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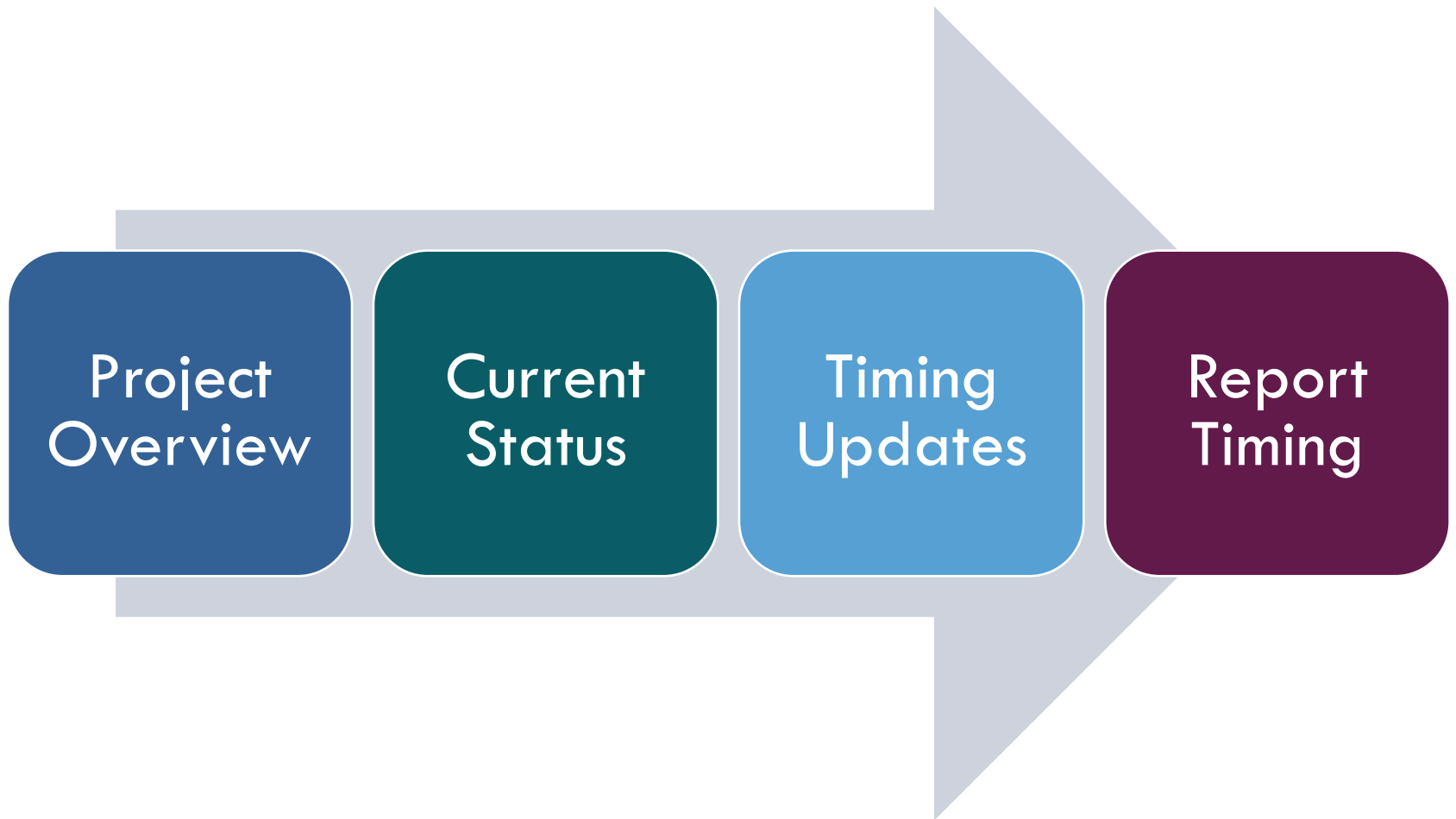


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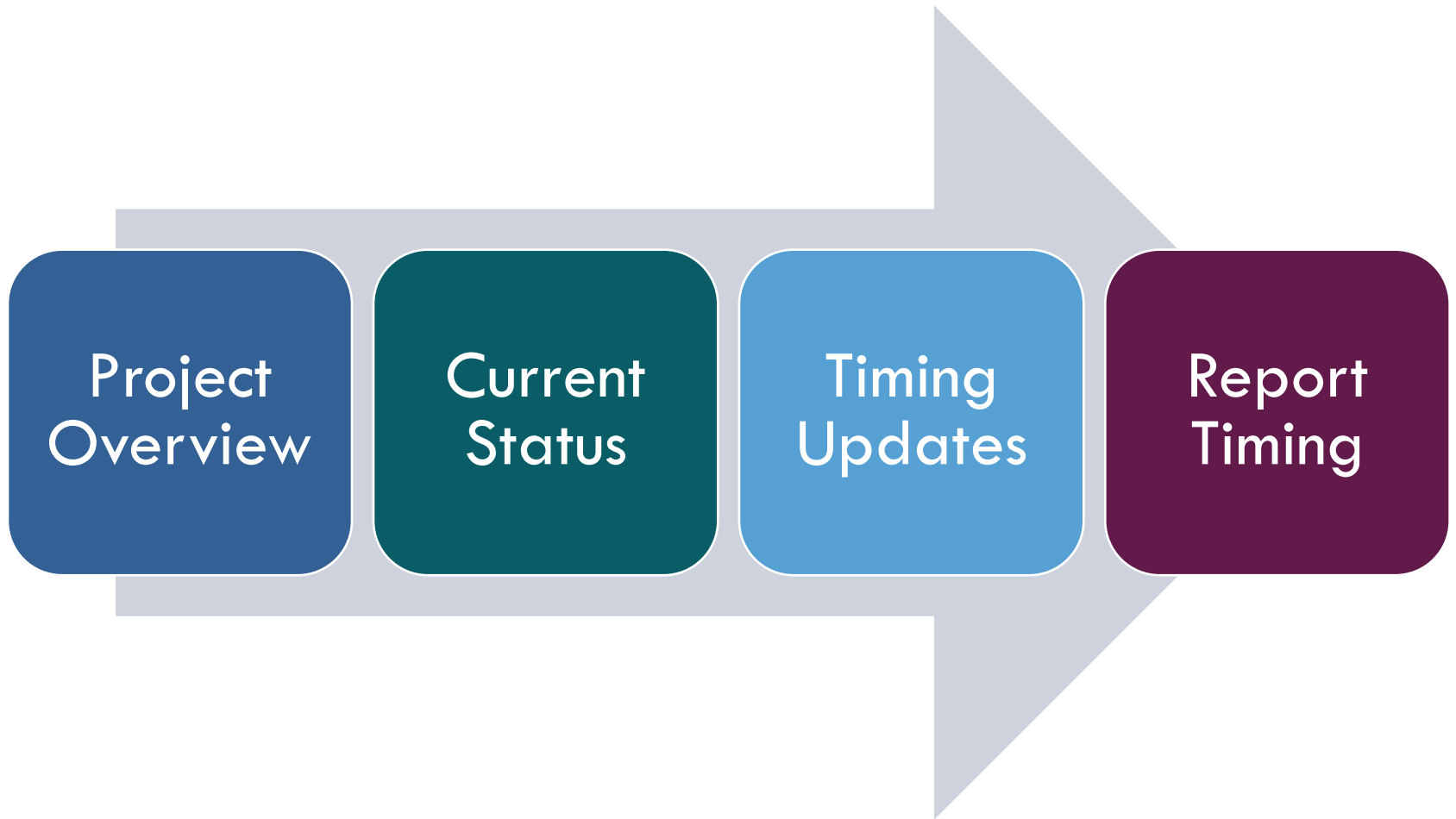
INTERNAL AUDIT STATUS UPDATE

January 15, 2025

GRANT MANAGEMENT – SPGA



OMIC R&D OPERATIONS



INTERNAL AUDIT UPDATE



Follow Up



Risk Assessment Update



HR Internal Audit



Student Enrollment Internal Audit



Open TBD

ETHICS LINE STATUS UPDATE

Ethics Line Cases	Status	Notes
Case #66	Closed	Resolved - No further action needed
Case #68	Closed	Resolved - No further action needed
Case #69	Closed	Resolved - No further action needed