

Meeting of the
Oregon Tech Board of Trustees
Finance and Facilities Committee
virtually via Microsoft Teams
Tuesday October 16, 2024
10:00 am – 12:00 pm

Finance and Facilities Committee Agenda

- 1.0 Call to Order/Roll/Declaration of a Quorum (10:00am) (5min) Chair Vince Jones
- 2.0 Consent Agenda (10:05am) (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 (10:15am) (10 min) Assistant Professor Don DaSaro

3.2 FYE June 2024 Management Report (10:25am) (10 min) Vice President of Finance and Administration

Action Items

- 4.1 Budget Adjustment and Spending Authorization (11:35 am) (10 min) VP Harman
- 4.2 Spending Authorization (11:45 am) (5 min) Chair Jones

Other Business/New Business (11:55 am) (5 min) Chair Jones

- 7.0 Adjournment (12:00 pm) Chair Jones

All times are approximate. Adjournment

Meeting of the
Oregon Tech Board of TrustO 4022r08 382

2. Consent Agenda Chair Vince Jones

2.1 Approve Minutes of the April 12, 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

- x 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.
- x 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%.
- x 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 of Trustees.

4.4 FYE 202223 Financial Statement Ratios VP Harman

xHe reported on the university's spending rate and debt burden ratio, how we met the board-

FF&A Committee Item 3.2

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

	YTD Comparison		FY 2023-24 Budget & Forecast			
	FY2022-23 JuneYearEnd Actuals	FY2023-24 JuneYearEnd Actuals	FY2023-24 BoardAdopted Budget(BAB)	FY2023-24 Adjusted Budget	BoardAdopted Budgetto Actuals Variance	Notes
Revenue						
StateAppropriations	\$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						
AdministrativeStaff Salary	\$8,468	\$8,723	\$10,234	\$10,135	(\$1,511)	
FacultySalary	13,008	14,129	14,405	14,458	(275)	
Adjunct and Admin/FacultyOther 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 LaborExpense	\$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)
TransfersIn	-	-	-	-	-	
TransfersOut	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 Operationsbefore Other Resource(Uses)	(\$364)	(\$418)	(\$3,787)	(\$4,714)	\$3,369	(10)
Other Resource(Uses)						
TransfersIn	\$180	\$278	\$887	\$887	(\$608)	(11)
TransfersOut	(441)	(1,705)	(100)	(100)	(1,605)	(12)
Useof Reserve	626	1,845	3,000	3,000	(1,155)	
Total Other Resource(Uses)	\$364	\$418	\$3,787	\$3,787	(\$3,369)	(13)
Total from Operationsand Other Resource(Uses)	\$-	\$-	\$-	(\$927)	\$-	
BeginningFundBalance	\$17,218	\$16,613	\$16,613	\$16,613	\$-	
FundBalanceAdjustment	(605)	(1,824)	(3,000)	(3,000)	1,176	(14)
EndingFundBalance	\$16,613	\$14,789	\$13,613	\$12,686	\$1,176	
FundBalanceas %OperatingRevenues	24.4%	20.6%	19.4%	17.8%	2.7%	
EndingCashBalance	\$18,091	\$17,944				(15)

Notes:

(1)

FF&A Item 3.4 Investment Report

FY2024 Q4 Investment Report

BACKGROUND

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

- x 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.
- x FY2024 Q4 Market Commentary – This section provides a general discussion of the investment markets and re (di)246 (m)-5B72 1 24 Tm <0078>Tj ofyarl by olovrho

FF&A Item 3.4 Investment Report



FF&A Item 3.4 Investment Report

Oregon Short Term Fund

June 30 2024

FF&A Item 3.4 Investment Report

Core Bond Fund

June 30, 20~~2~~

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.

- x 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.

- x 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.

- x 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.

- x 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.

- x 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.

- x 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

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 (-2.9%), and consumer discretionary (-2.9%).

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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.

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¹ Source: Bloomberg. Data is as of June 30, 2024. United States rate is the mid-point of the Federal Funds Target Rate

FF&A Item 3.4 Investment Report

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

- x 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.
- x A focus for U.S. equities going forward will be whether earnings can remain resilient if

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

YTD Comparison	FY 2024-25 Budget & Forecast
FY202324	

Thom Darrah | Director of Facilities & Capital Planning

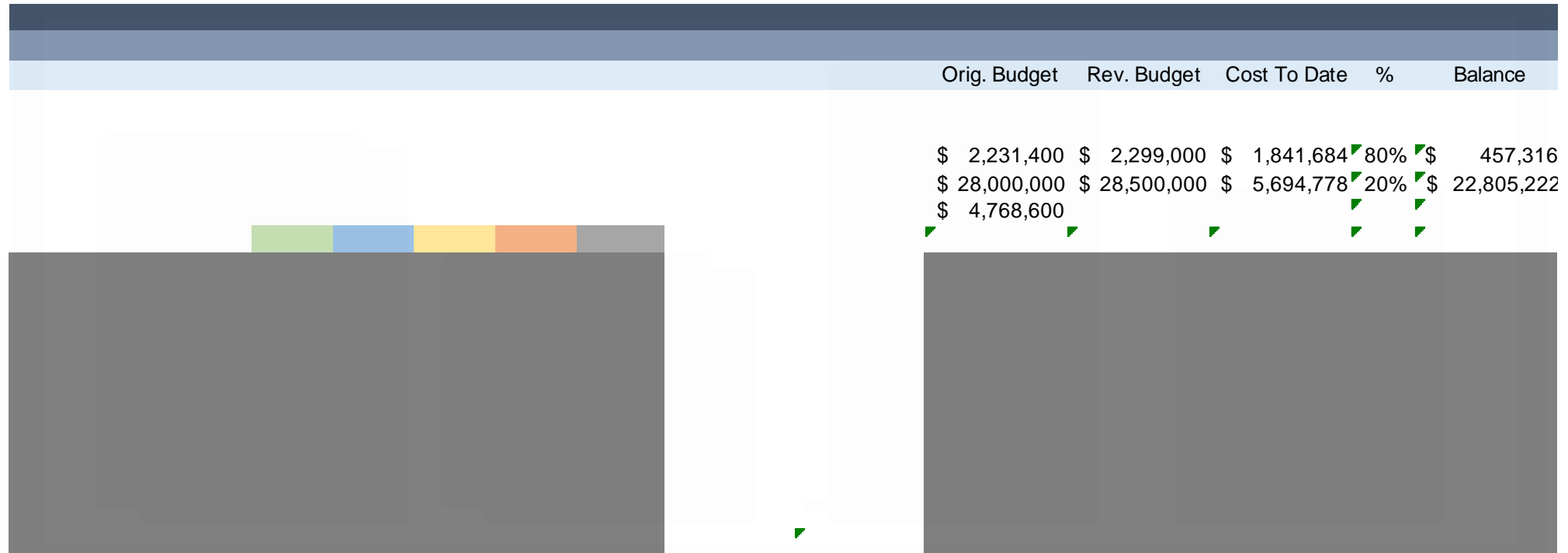
Presentation Outline

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

	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
	\$ 2,231,400	\$ 2,299,000	\$ 1,841,684	80%	\$ 457,316
	\$ 28,000,000	\$ 28,500,000	\$ 5,694,778	20%	\$ 22,805,222
	\$ 4,768,600				



New Student Housing



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: TBD	Design: Underway								
	Construction: Pending								
	<u>Project underway.</u>								
Design: AES				Design (7%)	\$ 1,295,615	\$ 1,175,000	\$ 518,743	44%	\$ 656,257
CM/GC: Bogatay const.	Plan	Design	Bid	Construction (84%)	\$ 14,467,115	\$ 15,096,150	\$ 926,195	6%	\$ 14,169,955
			Build	Other (9%)	\$ 2,193,420	\$ 1,685,000	\$ 8,267	0%	\$ 1,676,733
			Closeout	Project Totals	\$ 17,956,150	\$ 17,956,150	\$ 1,453,205	8%	\$ 16,502,945
				<u>CO's / Amendments</u>					
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				\$	-				
				Total:	\$	-			

Geothermal



Geothermal Systems Emergency Renovation

Geothermal Systems Emergency Renovation

Geothermal Systems Emergency Renovation

Industrial Park Drive Improvements

					Orig. Budget	Rev. Budget	Cost To Date	%	Balance
					\$ 75,000	\$ 131,765	\$ 124,030	94%	\$ 7,735
					\$ 2,175,000	\$ 2,313,145	\$ 2,246,480	97%	\$ 66,665
					\$ 250,000	\$ 55,090	\$ 4,632	8%	\$ 50,458
					\$ 2,500,000	\$ 2,500,000	\$ 2,375,142	95%	\$ 124,858
				CO's / Amendments					
				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								
	<u>Project underway.</u>			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				
				<u>CO's / Amendments</u>					
				Modoc: CO 1	\$ 18,060				
				Modoc: CO 2	\$ 7,502				
				Modoc: CO 3	\$ 14,389				
					\$ -				
					\$ -				
					\$ -				
					\$ -				
					\$ -				
					\$ -				
					\$ -				
				Total:	\$ 39,951				



ABA Clinic Renovation

Security Cameras



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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INTERNAL AUDIT STATUS UPDATE

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

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.

INFORMATION TECHNOLOGY

Cyber RA





((+ V G O Attachment #

Source of Funds



October 16, 2024

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