
**Finance and Facilities Committee
also Sitting as the Audit Committee
Agenda**

1. **Call to Order/Roll/Declaration of a Quorum** (8:15am) *Chair Vince Jones*
2. **Consent Agenda** *Chair Vince Jones*
 - 2.1 [Approval of the Minutes of the April 2, 2020 Meeting](#) 1
3. **Reports**
 - 3.1 **Fiscal Operations Advisory Council** (8:20am) (10 min) *Chair Richard Bailey*
 - 3.2 [FY 2020 Q3 Dashboard](#) (8:30am) (30 min) *VP Brian Fox* 5
4. **Action Items**
 - 4.1 [Approval of the 2020-2021 Committee Work Plan](#) 25
(9:00am) (10 min) *VP Brian Fox*
5. **Discussion Items** - none
6. **Other Business/New Business** (9:10am) (5 min) *Chair Vince Jones*
7. **Adjournment** (9:15am)



**Meeting of the
Oregon Tech Board of Trustees
Finance and Facilities Committee
Sunset Room, Klamath Falls Campus
And virtually via Teams
April 2, 2020
9:00am – 10:00am**

**Finance and Facilities Committee
also Sitting as the Audit Committee
DRAFT MINUTES**

Trustees Present:

Vince Jones, Chair
Jessica Gomez

Nagi Naganathan, President
(in person)
Grace Rusth

Mike Starr (in person)
Paul Stewart

Other Trustees present:

Rose McClure (in person)
Dana Londen

University Faculty and Staff Present:

Brian Fox, VP Finance and Administration
Erin Foley, VP Student Affairs and Dean of Students
David Groff, General Counsel
Scotty Hayes, Information Technology Consultant
Joanna Mott, Provost
Adria Paschal, Senior Executive Assistant to the President

1. Call to Order/Roll/Declaration of a Quorum

Chair Jones called the meeting to order at 9:04am. The Board Secretary called roll and a quorum was declared.

2. Consent Agenda

2.1 Approve Minutes of the January 23, 2020 Meeting

With no amendments proposed, the minutes for the January 23, 2020 meeting stand as published.

3. Reports - none

4. Action Items

4.1 Recommendation to the Board to Approve an Adjusted 2019-20 Academic Year Spring Term Fee Structure

VP Brian Fox reviewed the written agenda report explaining the rationale for adjusting spring term fees for on-campus students who are now taking on-line courses as a result of the Governor's executive order prohibiting in-person teaching for post-secondary education institutions. He reviewed the collaborative process used to arrive at the fees, including working with ASOIT students and creating guidelines to assist the decision making process. **Trustee Starr** suggested a succinct communication be sent to the university constituency explaining the fee breakdown; **VP Fox** will work with **VP Foley** on such a communication.

Trustee Starr moved to recommend the board authorize staff to:

- 1) **Eliminate all currently approved mandatory fees for Spring Term 2020, including the Building Fee, Incidental Fee, Health Services Fee and Student Rec Fee as well as course fees which have been previously approved administratively during Spring Term 2020.**
- 2) **Replace previously approved mandatory fees with a discounted total in order to reduce the overall cost to students and simplify the fee structure.**
- 3) **For those students enrolling in classes offered remotely from the Klamath Falls campus, an "Adjusted Spring Fee – Klamath Falls" be enacted at a rate of \$573 for all students enrolled in six (6) credit hours or greater and at \$344 for all students enrolled in five (5) or fewer credits during Spring Term 2020.**
For those students enrolling in classes offered remotely from the Portland-Metro campus, an "Adjusted Spring Fee – Portland-Metro" be enacted at a rate of \$115.00 for all students enrolled in six (6) credit hours or greater and at \$69.00 for all students enrolled in five (5) or fewer credits during Spring Term 2020.

Trustee Rusth seconded the motion. With all trustees present voting aye, the motion passed unanimously.

4.2 Recommendation to the Board to Approve the 2020-2021 Academic Year Tuition and Fees

VP Brian Fox reviewed a PowerPoint presentation providing an overview of the process that began in January and involved multiple stakeholder groups, the context of the budget, tuition scenarios considered, student feedback, and recommendations from ASOIT and the President. He noted the proposed tuition and fee rates do not meet the threshold to require HECC review. He outlined the Tuition Recommendation Committee's purpose and membership, guidelines to assist with decision making, competitor tuition rates, and historical tuition rates. The process took place approximately over four months and involved many meetings on both campuses. He noted that the Boeing tuition was not increased during this cycle but was increased last year.

Trustee Rusth moved to recommend the board approve the following changes to tuition and mandatory fee rates for the 2020-2021 Academic Year:

1. **Tuition rates be established as follows:**
 - a. **undergraduate resident and non-resident tuition rates be increased by 5.0% from the 2019-20 academic year rates for the 2020-21 academic year;**
 - b. **undergraduate and graduate Engineering Technology and Health Program differential tuition be increased from 30% premium to 35% premium above base tuition for the 2020-21 academic year;**

- c. graduate resident and non-resident tuition rates be increased by 5.0% from the 2019-20 academic year rates for the 2020-21 academic year;
 - d. resident Medical Lab Sciences programs be set at the Health Program differential tuition rate, and non-resident Medical Lab Science program tuition be set at an 80% premium to resident students in accordance with current practice;
 - e. resident and non-resident Paramedic Program and Chemeketa Dental Hygiene program tuition be increased by 5.0% from the 2019-20 academic year rates for the 2020-21 academic year;
 - f. graduate distance education tuition be increased by 5% from the 2019-20 academic year rates for the 2020-21 academic year;
 - g. summer tuition rates be adjusted in accordance with the regular academic year rates;
 - h. Staff rates will be increased at the same proportion as undergraduate resident and non-resident tuition rates;
 - i. where applicable, proration, discounts, and options be maintained from the 2019-20 academic year for the 2020-21 academic year;
 - j. tuition levels outlined in this motion are detailed in appended tuition tables which are controlling.
2. Mandatory enrollment fee rates be established as follows:
- a. the Klamath Falls Incidental Fee increase from \$367 to \$399.50 per term as recommended by ASOIT, and for students enrolled in one to five credits a prorated amount be charged as follows: for the first credit enrolled, a student will be charged \$224.50, and an additional \$35 for every additional credit enrolled until a student reaches six credits;
 - b. the Klamath Falls Summer Incidental Fees remain at \$70 as recommended by ASOIT;
 - c. the Klamath Falls Health Service Fee be increased to \$172 per term;
 - d. the Portland-Metro Incidental Fee remain at \$50 per term as recommended by ASOIT;
 - e. the Portland-Metro Summer Incidental Fees remain at \$50 per term as recommended by ASOIT;
 - f. the Wilsonville Health Service Fee increase from \$40 to \$43 per term as recommended by ASOIT; and
 - g. the Building Fees remain at \$45 per term during the academic year for students enrolling in less than twelve credits the building fee will be prorated, beginning at \$23 dollars and increasing by \$2.00 each credit hour, and \$34 per term during the summer term, and remain constant regardless of the number of credits enrolled.
 - h. Mandatory enrollment fee levels outlined in this motion are detailed in appended tuition tables which are controlling.

The President or designee is delegated such authority as is available under policy and law to make minor and technical adjustments to these proposed rates as needed to correct round-offs, errors, inconsistencies, or omissions, and execute the Board's directives.

Trustee Stewart seconded the motion. With all trustees present voting aye, the motion passed unanimously.

5. Discussion Items - none

6. Other Business/New Business

President Naganathan stated the approval of the tuition and fee rates will give staff more certainty when putting together the budget for the Board's review at the next meeting.

7. Adjournment

Meeting was adjourned at 9:56am.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Sandra Fox', with a stylized flourish at the end.

Sandra Fox
Board Secretary

REPORT

Agenda Item No. 3.2

Finance, Facilities and Audit Status: Quarterly Review

Background

The following Quarterly Finance, Facilities and Audit Status Report provides information on the major areas of responsibility for the Finance and Administration Division of Oregon Tech. This includes budget, forward looking revenue and enrollment indicators, facilities, equipment and capital projects as well as internal and external audit coordination. This information is used by the Vice President of Finance and Administration to track progress of the institution in meeting its financial and operational goals, and reported to the Finance and Facilities Committee on a quarterly basis.

Staff Recommendation

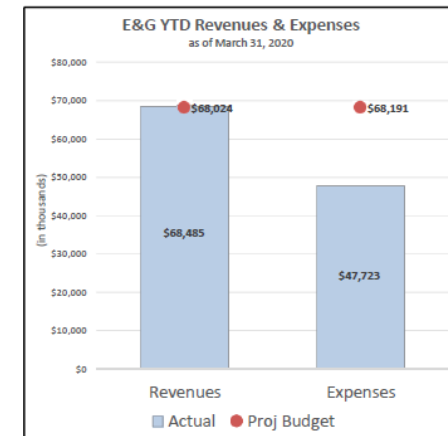
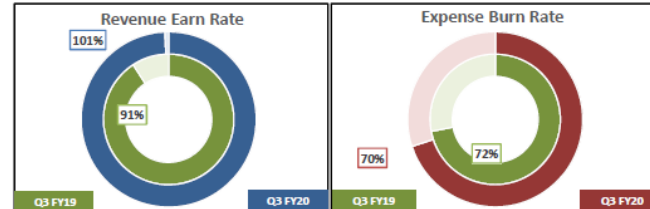
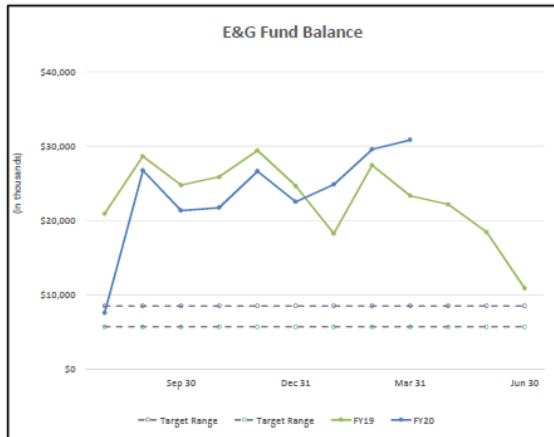
No action required. For discussion purposes only.

Attachments

Q3 FY 2020 Quarterly Finance, Facilities and Audit Status Reports including the following:

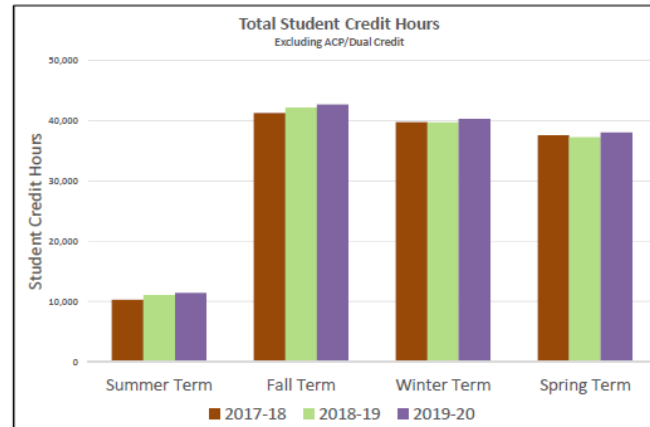
- A. Financial and Enrollment Dashboard
- B. Quarterly Managerial Report
- C. Facilities and Capital Projects
 - a. Capital Projects Status Report
 - b. Deferred Maintenance and Capital Renewal
- D. Audit Status Updates
- E. Quarterly Investment Report

ATTACHMENT A

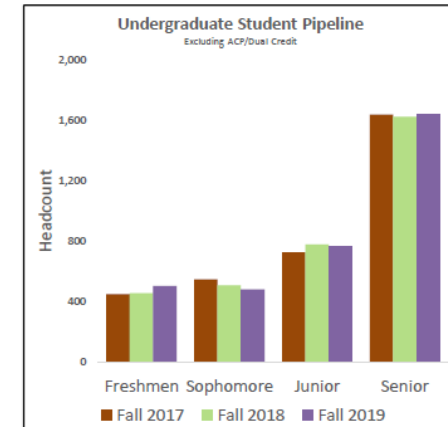
Financial and Enrollment Dashboard
Q3 FY2020

Key Financial Indicators		
E&G Fund Balance:	\$30,809	As of March 31, 2020
Total Cash on Hand:	\$30,894	As of May 31, 2020
E&G Cash on Hand:	\$16,310	As of May 31, 2020
Days Cash on Hand:	125 Days	As of May 31, 2020
Debt Burden Ratio:	3.37%	As of June 30, 2019
Quasi Endowment:	\$7,538	As of March 31, 2020
Foundation Assets:	\$32,288	As of June 30, 2019

Student Tuition		
Undergraduate Tuition		
	2019-20	2018-19
Resident:	\$8,774	\$8,277
Non-Resident:	\$27,926	\$26,345
WUE:	\$13,160	\$12,416
Online:	\$11,565	\$11,025
Differential:	30% Premium	25% Premium
Graduate Tuition		
	2019-20	2018-19
Resident:	\$16,143	\$15,375
Non-Resident:	\$27,100	\$25,809
Online:	\$16,200	\$15,138
ETM Differential:	30% Premium	25% Premium



Degree Completions					
		2018-19	2017-18	2016-17	3 Year Δ
Undergraduate	Resident:	545	516	557	-2.2%
	Non-Resident:	208	212	218	-4.6%
Graduate	Resident:	16	7	4	300.0%
	Non-Resident:	11	11	13	-15.4%



Notes:					
- Cash updated to May 31, 2020					
- E&G Fund Balances/Revenue ahead of trend because of advanced Q4 state allotment to Q3.					

ATTACHMENT B

Quarterly Managerial Report

Q3 FY2020

General Fund Monthly Report							
March 2020 (Does Not Include OMIC)							
Acct	YTD Comparison		FY20 Forecast				Notes
	FY19 YTD March Actuals	FY20 YTD March Actuals	FY19 Year End Actuals	Board Adopted Budget	Adjusted Budget	Year-End Forecast	
State Allocations	24,302	31,311	28,945	29,259	31,311	31,311	(1), (2)
Tuition & Fees	35,060	38,360	35,791	39,369	38,304	39,114	(3)
Remissions	(3,658)	(3,167)	(3,946)	(4,500)	(4,500)	(4,700)	(4)
Other	1,590	1,981	2,309	2,891	2,915	2,300	(5), (6)
Total Revenue	57,294	68,485	63,099	67,019	68,030	68,024	
Unclassified	17,917	17,965	25,519	26,605	27,119	28,330	(7)
Classified	4,202	4,477	5,637	5,738	5,907	6,034	(7), (8)
Student	639	552	904	966	985	680	
GTA	41	48	67	116	119	77	
OPE	12,261	12,297	16,138	18,248	19,211	18,668	(7), (9)
Salary Savings				(2,000)	(2,522)	(4,533)	(10)
Total Labor	35,061	35,339	48,266	49,672	50,820	49,255	
Service & Supplies	9,116	9,287	12,990	13,145	13,991	13,647	(7), (11), (12)
Internal Sales	(693)	(888)	(952)	(1,558)	(1,561)	(1,215)	(13), (14)
Debt Service	1,123	1,297	1,514	1,369	1,771	1,781	(15)
Capital	338	378	766	753	904	912	(7)
Utilities	882	788	1,248	1,298	1,298	1,298	
Transfers Out	1,266	1,191	1,684	1,882	1,519	1,519	(16)
Total Direct Expense	12,032	12,053	17,251	16,890	17,922	17,941	
Total All Expense	47,093	47,392	65,517	66,562	68,742	67,196	
Net From Operations	10,201	21,093	(2,417)	457	(712)	828	
Extraordinary Transfers In	18	314	113	522	23	314	(15)
Extraordinary Transfers Out	(651)	(185)	(819)	-	(594)	(185)	(19)
Carryforward & Rollover Xfrs from FY19		(460)				(1,124)	
Strategic Investment Fund				(1,482)	(525)	-	
Contingency Fund				(1,342)	(380)	-	
Fund Additions/(Deductions)		46	44	-	-	46	(20)
Change in Fund Balance	9,569	20,808	(3,079)	(1,844)	(2,188)	(121)	
Beginning Fund Balance	13,080	10,001	13,080	10,001	10,001	10,001	
Ending Fund Balance	22,649	30,809	10,001	8,157	7,813	9,880	
Ending Cash Balance	15,066	17,953	9,896				
% Operating Revenues	39.5%	45.0%	15.8%	12.2%	11.5%	14.5%	

Notes:

Education & General

General - Forecast reflects estimates as of the forecast date of 6.8.2020. There is significant instability in the forecast due to unknown impact of the COVID pandemic.


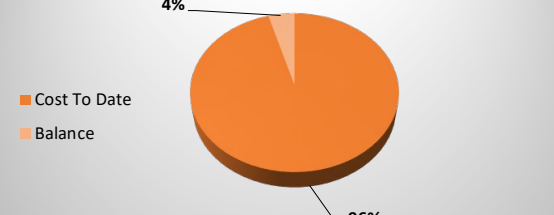
- (1) **Adjusted Budget** - increase of \$2,052k reflects state funding increase, net of settle-up, to be partially offset by reduction of Resident Tuition rate.
- (2) **FY20 YTD Actuals** - increase of approximately \$7M due to timing of Q3 state allocation (March in FY20 and April in FY19).
- (3) **Adjusted Budget** - reflects \$1,065k reduction in tuition as agreed from increase in state funding.
- (4) **Forecast** - Remissions adjusted for higher than anticipated enrollment in Fall Term and increased remissions related to COVID-19 support during Spring Term.
- (5) **Adjusted Budget** - increase of \$24k is due to Indirect Cost Recovery from OMIC grant.
- (6) **FY20 YTD Actuals** - increase of \$215k from sale of investment (interest earnings) and subsequent reductions due to loss of revenues associated with COVID-19 clinic closures. Specifically, balance of additional revenues for FY20; \$94k KF Dental Clinic, \$100k Chemeketa Dental Clinic, and \$327k ABA Clinic removed.
- (7) **Forecast** - Strategic Investment Fund and Contingency Fund were redistributed to expense areas.
- (8) **Adjusted Budget** - increase due to finalized SEIU contract.
- (9) **FY19 YTD Actuals** - OPE Actuals were overstated by \$619k through May 2019 because of Banner issue related to OPE. Corrected at Fiscal Year-End.
- (10) **Forecast** - Increase in savings from Adjusted Budget due to salary savings management through position review process. Additional salary savings projected due to COVID-19 reduction in hiring during Spring Term. Includes conservative estimate of savings from Work Share program.
- (11) **Adjusted Budget** - increase of \$24k is from Indirect Cost Recoveries from OMIC Grant. Remainder is moving budget between categories.
- (12) **FY20 YTD Actuals** - increases include \$55k computer purchases, \$208k software contracts.
- (13) **FY20 YTD Actuals** - increase of \$192k due to changes in auxiliary assessments rates, \$35k business office credits (chargebacks), \$47k reduction in Facilities.
- (14) **Forecast** - Reduction due to potential reduced auxiliary assessments during Spring Term.
- (15) **Forecast** - increase of \$412k is for debt payments for new RDS equipment.
- (16) **Adjusted Budget & Forecast** - rebalance Athletics support by \$364k with additional Lottery funds. Because of unanticipated reductions in Lottery Funds, losses in GF or Athletics may accrue.
- (17) **FY20 YTD Actuals** - increase of \$287k is due to the Dept. of Education allocating a portion of Perkins Loan Fund excess cash and cancellation reimbursements to the university.
- (19) **FY20 YTD Actuals** - increase is due to carryforward expenses from prior fiscal year and rollover transfers-out to departmental reserve accounts.
- (20) **FY20 YTD Actuals** - expenses related to record principal payments for Presidio equipment and Foundation Loan against the liability.

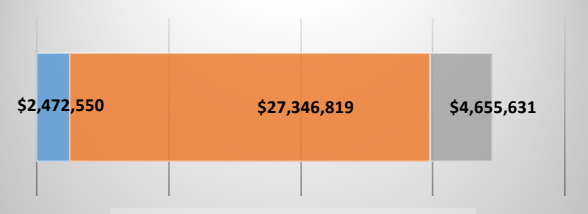
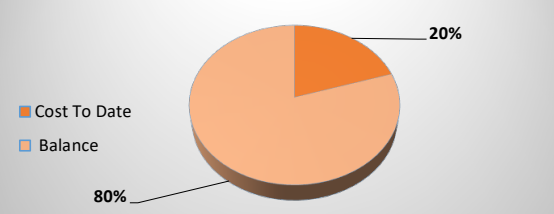
ATTACHMENT C

Facilities and Capital Projects

Capital Bond Projects - Status Report

5/31/2020

Cornett Renovation - Phase 1 / Phase 2															
Project Start: 9.18.17					Project Completion: 9.31.20										
Project	Progress Highlights				Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance					
UPE777 / UPE785	* NTP: 9.18.2017														
Bond Type: XI-Q / XI-G	** Phase 1a/1b complete / Phase 2 underway.														
Total = \$18,725,000	Phase 1 = \$11,670,000.00				Design (6%):	\$ 1,042,020	\$ 1,089,355	\$ 847,550	78%	\$ 241,805					
Design: BBT Architects	Phase 2 = \$7,055,000.00				Construction GMP (89%):	\$ 9,090,000	\$ 16,709,318	\$ 16,363,410	98%	\$ 345,908					
CM/GC: Adroit Const.	Project Total = \$18,725,000.00				Other (5%):	\$ 1,537,980	\$ 926,327	\$ 679,825	73%	\$ 246,502					
	Plan	Design	Bid	Build	Closeout	Project Totals:					\$ 11,670,000	\$ 18,725,000	\$ 17,890,785	96%	\$ 834,215
<div>Budget Breakdown</div>  <div>■ Design ■ Construction ■ Other/Cont.</div>					CO's / Amendments		<div>Percent Complete (%)</div>  <div>■ Cost To Date ■ Balance</div>								
					P1 Amd. 1-9:	\$ 413,155									
					P1 Amd. 13-25:	\$ 257,455									
					P1 Amd. 27-32:	\$ (1,764)									
					P2 Amd. 11-16:	\$ 1,838,415									
					P2 Amd. 22-26:	\$ 152,990									
					P2 Amd. 30-33:	\$ 4,007,414									
					P2 Amd. 34:	\$ 951,653									
Total:		\$ 7,619,318													

New CEET Building															
					Project Completion: 12.31.2020										
Project	Progress Highlights				Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance					
UPE785 / FCEET	Visioning: May 2018 - August 2018														
Bond Type: XI-Q / XI-G	Design: November 2018 - September 2019				Replace. Parking Lot (1.5%):	\$ 525,000	\$ 525,000	\$ 525,000	100%	\$ -					
	Construction: February 2020 - July 2021				Visioning/Design (7%):	\$ 2,340,000	\$ 2,472,550	\$ 1,977,718	80%	\$ 494,832					
Design: TVA Architects					Construction (77%):	\$ 27,039,500	\$ 27,346,819	\$ 3,928,236	14%	\$ 23,418,583					
CM/GC: Adroit Const.					Other (14.5%):	\$ 5,095,500	\$ 4,655,631	\$ 501,834	11%	\$ 4,153,797					
	Plan	Design	Bid	Build	Closeout	Project Totals:					\$ 34,475,000	\$ 34,475,000	\$ 6,932,788	20%	\$ 27,542,212
<div>Budget Breakdown</div>  <div>■ Design ■ Construction ■ Other/Cont.</div>					CO's / Amendments		<div>Percent Complete (%)</div>  <div>■ Cost To Date ■ Balance</div>								
					Amd. 4:	\$ 134,163									
					Amd. 5:	\$ 98,582									
					Amd. 6:	\$ 74,574									
						\$ -									
						\$ -									
						\$ -									
						\$ -									
Total:		\$ 307,319													

Capital Bond Projects - Status Report										5/31/2020	
Academic Student Rec Center (ASRC)											
Project Start: 6.04.2018						Project Completion: 9.27.2019					
Project	Progress Highlights					Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
UPE789/UPE797	Design: January 2018 - June 2018										
Bond Type: XI-F	Construction: June 2019 - June 2020										
	* UPE789 = \$3,500,000					Design (8%):	\$ 280,000	\$ 315,825	\$ 249,192	79%	\$ 66,633
Design: BBT Architects	** UPE797 = \$350,325					Construction (84%):	\$ 2,800,000	\$ 3,288,077	\$ 3,106,138	94%	\$ 181,939
Build: Modoc Contracting	*** Revised Project Budget = \$3,850,325					Other (8%):	\$ 420,000	\$ 246,423	\$ 103,413	42%	\$ 143,010
	Plan	Design	Bid	Build	Closeout	Project Totals:	\$ 3,500,000	\$ 3,850,325	\$ 3,458,743	90%	\$ 391,582
Budget Breakdown ■ Design ■ Construction ■ Other/Cont.						<u>CO's / Amendments</u>		Percent Complete (%) ■ Cost to Date ■ Balance			
						Amd. 6:	\$ 410,632				
						Amd. 7:	\$ 5,252				
						Amd. 9:	\$ 10,754				
						Amd. 10:	\$ 17,175				
						Amd.. 11:	\$ 30,000				
						Amd. 12:	\$ 14,264				
							\$ -				
							\$ -				
							\$ -				
Total:		\$ 488,077									
Well 5 Rehabilitation											
Project Start: 6.17.19						Project Completion: 11.01.19					
Project	Progress Highlights					Cost Breakdown	Orig. Budget	Rev. Budget	Cost To Date	%	Balance
UPE773	* Design: Completed June 2019										
	** Construction: June 2019 - Oct. 2019										
	PROJECT ON HOLD					Design (15%):	\$ 84,500	\$ 109,700	\$ 94,980	87%	\$ 14,720
Design: Fluent Engineering						Construction (80%):	\$ 598,685	\$ 703,345	\$ 419,270	60%	\$ 284,075
Build: WWD / DCI						Other (5%):	\$ 66,815	\$ 61,955	\$ 36,225	58%	\$ 25,730
	Plan	Design	Bid	Build	Closeout	Project Totals:	\$ 750,000	\$ 875,000	\$ 550,475	63%	\$ 324,525
Budget Breakdown ■ Design ■ Construction ■ Other/Cont.						<u>CO's / Amendments</u>		Percent Complete (%) ■ Cost To Date ■ Balance			
							\$ -				
							\$ -				
							\$ -				
							\$ -				
							\$ -				
							\$ -				
							\$ -				
							\$ -				
							\$ -				
Total:		\$ -									

Notes:
1) Added Value: (AV)
2) Errors and Omissions: (EO)
3) Unforeseen Conditions: (UC)
4) Value Engineering: (VE)

Cornett - Phase 1 (UPE777)			Cornett - Phase 2 (UPE785)		
CO's / Amendments			CO's / Amendments		
Amd. 1-9:	\$ 413,155	(AV)	Amd. 10/34:	\$ 7,106,173	GMP
Amd. 13:	\$ 17,725	(AV)	Amd. 11:	\$ (270,895)	(AV)
Amd. 14:	\$ 51,260	(AV)	Amd. 12:	\$ (789,250)	(AV)
Amd. 17:	\$ 15,455	(AV)	Amd. 15:	\$ (610,320)	(AV)
Amd. 18:	\$ 47,140	(AV)	Amd. 16:	\$ (167,950)	(AV)
Amd. 19:	\$ 27,700	(AV)	Amd. 22:	\$ (71,020)	(AV)
Amd. 20:	\$ 27,205	(AV))	Amd. 23:	\$ (73,760)	(AV)
Amd. 21:	\$ 38,770	(AV)	Amd. 26:	\$ (8,210)	(AV)
Amd. 24:	\$ 11,525	(AV)	Amd. 30:	\$ (35,390)	(AV)
Amd. 25:	\$ 20,675	(AV)	Amd. 31:	\$ (3,817,505)	(AV)
Amd. 27:	\$ 113,115	(AV)	Amd. 33:	\$ (154,519)	(AV)
Amd. 28:	\$ 15,535	(AV)	Amd. 34:	\$ (951,653)	(AV)
Amd. 29:	\$ 24,105	(AV)		\$ -	
Amd. 32:	\$ (154,519)	(VE)		\$ -	
	\$ -			\$ -	
	\$ -			\$ -	
	\$ -		P2 Total:	\$ (6,950,472)	
P1 Total:	\$ 668,846	4%	P2 Balance	\$ 155,701	

Deferred Maintenance and Capital Renewal Report

Capital Renewal-Replacement Report

5/31/2020

CRR - UPE 773 , FY 17/18						
#	Project Description	Est. Cost	Final Cost	Bond Balance	Status	Date Complete
	UPE 773			\$ 2,760,605		
1	FACP Upgrades-PE/SN	\$ (25,000)	\$ (25,355)	\$ 2,735,250	Completed	Jul. 2018
2	PE Waterline N Upgrade	\$ (23,350)	\$ (23,350)	\$ 2,711,900	Completed	Aug. 2017
3	Chiller CH-1 and CH-2 Overhaul	\$ (125,480)	\$ (101,650)	\$ 2,610,250	Completed	Nov. 2017
4	LRC/Snell/PE Elev. Upgrades	\$ (231,315)	\$ (184,962)	\$ 2,425,289	Completed	Jun. 2018
5	CU Sidewalk Replacement	\$ (5,490)	\$ (5,490)	\$ 2,419,799	Completed	Sept. 2017
6	Well 1-4 Chlorine Syst. Upgrade	\$ (40,000)	\$ (35,365)	\$ 2,384,434	Completed	Dec. 2017
7	Purvine Chiller Compressor	\$ (25,000)	\$ (21,215)	\$ 2,363,219	Completed	May. 2018
8	Facilities Rollup Door (#3)	\$ (5,749)	\$ (5,852)	\$ 2,357,367	Completed	Mar. 2018
9	LRC Ventilator Heaters	\$ (7,350)	\$ (7,135)	\$ 2,350,232	Completed	Jan. 2019
10	Boivin Static Pressure	\$ (6,000)	\$ (5,000)	\$ 2,345,232	Completed	Apr. 2018
11	Athletics Exterior Upgrades	\$ (1,050,000)	\$ (868,609)	\$ 1,476,623	Completed	Dec. 2018
12	Purvine VFD's	\$ (10,000)	\$ (8,211)	\$ 1,468,412	Completed	Dec. 2018
13	Chiller Monitor/Alarm (Warrantied)	\$ (5,968)	\$ -	\$ 1,468,412	Completed	May. 2018
14	Athletics Hot Water Syst. Upgrade	\$ (134,020)	\$ (136,295)	\$ 1,332,117	Completed	Sept. 2018
15	Well 1 - Pump Replacement	\$ (35,000)	\$ (25,233)	\$ 1,306,884	Completed	Dec. 2018
16	Athletics West Side HC Entry	\$ (10,000)	\$ (6,654)	\$ 1,300,230	Completed	Mar. 2019
17	Powerplant Fall Protection	\$ (25,000)	\$ (4,800)	\$ 1,295,430	On Hold	Hold
18	Purvine Geo Pump Replacement	\$ (25,000)	\$ (18,765)	\$ 1,276,665	Completed	Apr. 2019
19	Facilities HVAC Replacement	\$ (85,000)	\$ (72,000)	\$ 1,204,665	Completed	Sept. 2019
20	Bottle Fill Upgrades - P1	\$ (45,000)	\$ (34,712)	\$ 1,169,953	Completed	Jul. 2019
21	Facilities Reroof	\$ (230,000)	\$ (225,188)	\$ 944,765	Completed	Sept. 2019
22	Boivin HC Entry Door Upgrade	\$ (8,500)	\$ (6,216)	\$ 938,549	Completed	Jul. 2019
23	Backflow Replacement (4)	\$ (15,000)	\$ (13,484)	\$ 925,065	Completed	Aug. 2019
24	Chiller Plant - Bearing Replacement	\$ (10,000)	\$ (7,132)	\$ 917,933	Completed	Jul. 2019
25	Replace Geo Fittings - Tunnels.	\$ (10,000)	\$ (4,665)	\$ 913,268	Underway	TBD
26	Well 1 Upgrades	\$ (20,000)	\$ (12,101)	\$ 901,167	Completed	Jun. 2019
27	Bottle Fill Upgrades - P2	\$ (35,000)	\$ (17,450)	\$ 883,717	Completed	Mar. 2020
28	Snowmelt Sysytem Connection	\$ (30,000)	\$ (25,895)	\$ 857,822	Completed	Oct. 2019
29	Purvine Auditorium Door Upgrade	\$ (15,000)	\$ (10,776)	\$ 847,046	Completed	Apr. 2020
30	Athletics Entry Lobby Renovation - 70%	\$ (250,000)	\$ (232,235)	\$ 614,811	Underway	Jun. 2020
31	Purvine Compressor Replacement	\$ (10,000)	\$ (10,527)	\$ 604,284	Completed	Mar. 2020
32	Replace 4 FRP Pipe Elbows - Tunnels	\$ (45,000)	\$ (20,600)	\$ 583,684	Completed	Sept. 2020
33	Campus Transformers (x4)	\$ (145,000)	\$ (146,600)	\$ 437,084	Completed	Apr. 2020
34	Well 5 Rehabilitation	\$ (875,000)	\$ (550,475)	\$ (113,391)	On Hold	Mar. 2020
	Balance			\$ (113,391)		

* item 25: Replace Geo Fittings - value of \$ 4,665 reflects cost to date through May 31, 2020.

* Item 30: Athletics Entry Lobby Renovation - value of \$232,235 reflects cost to date through May 31, 2020.

* Item 34: Well 5 Rehabilitation - value of \$550,475 is cost to date, project will be completed using UPE797.

CRR - UPE 797 , FY 19/20						
#	Project Description	Est. Cost	Final Cost	Bond Balance	Status	Date Complete
	UPE 797			\$ 2,591,025		
	Balance Forward - UPE 773	\$ (113,391)		\$ 2,477,634		
1	Fuel Management System Upgrade	\$ (10,000)		\$ 2,467,634	Underway	TBD
2	Upgrade Metasys	\$ (210,000)	\$ -	\$ 2,257,634	Underway	TBD
3	Ath. Tower Fan Controls Upgrade - 70%	\$ (25,000)	\$ -	\$ 2,232,634	Underway	TBD
4	Fire Alarm Upgrades - Purvine/LRC	\$ (25,000)	\$ -	\$ 2,207,634	Underway	TBD
5	Purvine Coil Replacement	\$ (12,000)	\$ -	\$ 2,195,634	Underway	TBD
6	Portland-Metro Project 1 (TBD)	\$ (150,000)	\$ -	\$ 2,045,634	Pending	TBD
7	Campus Site Electrical Upgrades	\$ (125,000)		\$ 1,920,634	underway	TBD
8	Campus HX Rehabilitation	\$ (350,000)	\$ -	\$ 1,570,634	Pending	TBD
9	Boivin/Semon Site Electrical Upgrades	\$ (150,000)	\$ -	\$ 1,420,634	Pending	TBD
10	Bldg. HX Replacement (5)	\$ (255,000)	\$ -	\$ 1,165,634	Pending	TBD
11	Portland-Metro Project 2 (TBD)	\$ (150,000)	\$ -	\$ 1,015,634	Pending	TBD
12		\$ -	\$ -	\$ 1,015,634		
		\$ -	\$ -	\$ 1,015,634		
	Balance			\$ 1,015,634		

Note: Facilities Management is actively managing the DM list based on a recent comprehensive facilities system assessment completed by a third party engineering consulting firm and unexpected failures. Systems identified for immediate replacement, except those in Cornett Hall (currently under renovation) and Boivin Hall (currently in front of the legislature for a major renovation) will be prioritized first.

Identified Deferred Maintenance						
#	Building	Other	MEP Systems	Exterior	Interior	Bldg. Total
1	Boivin	\$ 850,000	\$ 892,000	\$ 1,454,250	\$ 1,853,250	\$ 5,049,500
2	Dow Center	\$ 55,000	\$ 758,000	\$ 10,000	\$ 35,000	\$ 858,000
3	Facilities	\$ 825,000	\$ 425,000	\$ 770,000	\$ 245,000	\$ 2,265,000
4	LRC	\$ 1,100,000	\$ 930,000	\$ 185,000	\$ 300,000	\$ 2,515,000
5	Owens Hall	\$ 350,000	\$ 854,000	\$ 400,000	\$ 178,550	\$ 1,782,550
6	Power Plant C	\$ 905,000	\$ 85,000	\$ 80,000	\$ -	\$ 1,070,000
7	Purvine Hall	\$ 725,000	\$ 679,000	\$ 798,850	\$ 500,000	\$ 2,702,850
8	Semon Hall	\$ 850,000	\$ 404,000	\$ 500,000	\$ 325,000	\$ 2,079,000
9	Snell Hall	\$ 75,000	\$ 304,000	\$ 561,730	\$ 214,000	\$ 1,154,730
10	Portland-Metro	\$ 341,500	\$ 618,780	\$ 540,770	\$ 493,500	\$ 1,994,550
11	Campus	\$ 5,565,000	\$ 16,150,000	\$ 220,000		\$ 21,935,000
	Total					\$ 43,406,180

Identified Deferred Maintenance - Auxiliary Services						
#	Building	Other	MEP Systems	Exterior	Interior	Bldg. Total
1	Athletics	\$ 1,675,000	\$ 854,000	\$ 285,000	\$ 4,000,000	\$ 6,814,000
2	Stadium/Track	\$ 3,390,000	\$ 235,000	\$ 600,000	\$ 424,000	\$ 4,649,000
3	Residence Hall	\$ 800,000	\$ 354,000	\$ 2,905,650	\$ 4,370,000	\$ 8,429,650
4	College Union	\$ -	\$ 404,000	\$ -	\$ 575,000	\$ 979,000
5	Village	\$ -	\$ 104,000	\$ 600,000	\$ -	\$ 704,000
6	Student Health	\$ 77,350	\$ 143,000	\$ 275,000	\$ 270,550	\$ 765,900
7		\$ -	\$ -	\$ -	\$ -	\$ -
	Subtotals	\$ 5,942,350	\$ 2,094,000	\$ 4,665,650	\$ 9,639,550	\$ 22,341,550
	Total	\$ 22,341,550				

Notes:

- 1) The Deferred Maintenance plan reflects known needs and will be updated as project pricing is finalized to meet institutional priorities or to support unforeseen emergencies.
- 2) Deferred Maintenance for OMIC campus is not included in analysis.
- 3) Costs do not include Furniture, Fixtures, Class equipment or IT Hardware.

ATTACHMENT D

Audit Status

Internal Audit

(Prepared by Kernutt Stokes, LLP)

Oregon Tech has contracted Kernutt Stokes LLP (KS) for internal audit services. KS reports directly to the Audit Committee of the Board of Trustees (Board).

A three-year audit plan for FYs 2020-2022 was approved by the Audit Committee in May 2019. The statuses of projects planned for the current fiscal year are as follows:

Internal Audit Projects Update	
Engagement	Status
Monitor Fraud, Waste, and Abuse Ethics Hotline	Summary below for Board review
Audit Follow-Up Evaluation and Report	Completed – report issued
Sponsored Projects and Grant Administration (SPGA)	Audit work completed in April. SPGA management is developing responses and action plans to identify issues with a goal of completion by mid-July for report issuance.
Educational Partnerships and Outreach (EPO)	Report included for Board.
Housing and Residence Life	In process with audit fieldwork. Anticipated completion in mid to late July.
Title IX	Delayed at OIT management's request.

The Three-Year Internal Audit Plan and Annual Risk Assessment can be found on the Oregon Tech Internal Audit webpage <http://www.oit.edu/faculty-staff/internal-audit> or through the Finance and Administration homepage.

Audit work on the SPGA and EPO audits has been completed:

- The EPO management has developed responses and action plans addressing the issues identified and the final EPO audit report is included for Board review.
- The SPGA report draft was submitted to the SPGA management team in mid-April. SPGA management continues to work on the development of responses to the issues identified in the report and the intended action plans to address them. At this time IA anticipates a mid-July release date of the final report for Board review.

Audit fieldwork on the Housing and Residence Life audit is underway and being performed remotely. The audit is moving smoothly, although more slowly than originally anticipated with the implementation of staff furlough days at OIT. IA anticipates completing the audit and issuing the report by mid to late July at this time.

At the request of OIT management, and with the approval of the audit committee chair, the planned Title IX audit has been pushed back to a later time as the new Associate VP of Human Resources works to restructure and gather information regarding current processes.

IA monitors and performs case management for Oregon Tech's Fraud, Waste, and Abuse Ethics Line, engaging OIT's General Council and other appropriate offices at Oregon Tech. The most current report log is available below; with dates representing fiscal years.

Currently in FY 2019/2020 there have been nine cases reported through both the Oregon Tech Hotline and the Oregon State Audits Division. There was one new case opened and resolved since the last Board meeting. In total eight cases submitted have been investigated and closed. One case is in a monitoring state as it requires ongoing analysis as part of the investigation.

Fraud, Waste, and Abuse Ethics Line Report Log				
Complaint Source	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Hotline	10	5	6	8
Direct to IA	0	0	0	0
Oregon State Audits Division	0	0	0	1
Total	10	5	6	9
Issues Resolved				
Resolved	10	5	6	8
Monitoring	0	0	0	1
Open	0	0	0	0

Annual Financial and Compliance Audit

Internal planning and year-end work have commenced. The financial and compliance audits are scheduled to be issued in November 2020.

Staff have been in communication with CliftonLarsonAllen LLP (CLA) and have received the preliminary information requests. CLA interim fieldwork, performed the week of June 8, was conducted remotely in response to COVID-19. It is to be determined if final fieldwork scheduled for August and September will be conducted on-site, or remotely. Location of fieldwork is not expected to have an impact on the timing of the audits.

The audit opinions, Annual Financial Report, Single Audit Report and results of the fiscal year will be presented as part of the Audit Committee's regularly scheduled first meeting of 2021.

The annual financial and compliance audit function tentative timeline for the fiscal and compliance audits for the year ending June 30, 2020:

- February – May 2020: Internal planning including all audit areas: financial reporting, federal financial aid, and Information Technology Services (ITS) portions of the audit; coordination and planning meetings with various campus departments
- June 2020: Auditors conduct interim fieldwork for the financial and financial aid compliance audits; conducted remotely in response to COVID-19

- June – August 2020: Auditors conduct testing over ITS portion of audit (IT-related internal controls); year-end preparation
- June - July 2020: Fiscal year-end close, audit related schedules, financial statement drafting
- August – September 2020: Auditors conduct final fieldwork; financial statement compilation and draft review
- September – November 2020: Auditors conclude testing and audit wrap-up; finalize Annual Financial Report and Single Audit Report
- Audited financial information submitted to the State of Oregon on or before November 15, 2020

Timeline through report issuance includes:

- November 2020: Submission of audit report issuance to State for discretely presented component unit reporting
- First meeting in 2021: Presentation to Audit Committee (regularly scheduled Board meeting)

The VPFA Office oversees the progression and completion of the annual financial and compliance audits with work performed by the Business Affairs Office, Financial Aid Office, Human Resources Office, Information Technology Services, and Office of Sponsored Projects and Grants.

ATTACHMENT E
Quarterly Investment Report
March 31, 2020

Public University Fund

(Prepared by the Public University Fund Administrator)

BACKGROUND

The Oregon Tech (university) investment reports for the third quarter (Q3) of FY2020 are presented in the following sections:

- **FY2020 Q3 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.
- **FY2020 Q3 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the third quarter of FY2020 (i.e., January 1 – March 31, 2020).

FY2020 Q3 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). The PUF gained 0.5% for the quarter. The PUF's three-year average return was 2.5%.

The Oregon Short-Term Fund (OSTF) returned 0.5% for the quarter and 1.8% fiscal year-to-date, underperforming its benchmark by 10 basis points for the quarter and outperforming its benchmark by 20 basis points fiscal year-to-date. The Core Bond Fund returned 2.8% for the quarter, in-line with its benchmark and 4.5% fiscal year-to-date, underperforming its benchmark by 20 basis points. The investment yield on the PUF portfolio was 0.6% for the quarter and 2.1% fiscal year-to-date.

In April, Oregon State Treasury fixed income investment officer, Will Hampson, conducted a quarterly performance review with university staff. Mr. Hampson spoke of the significant liquidity constraints that surfaced in the fixed income markets during February and March, constricting daily trading volumes and prompting the Fed to announce multiple lending, quantitative easing, rate reductions and bond purchase programs to restore confidence and liquidity to market participants. The Fed's actions helped to lift trader sentiment and propel quality fixed income security prices higher, benefiting the PUF.

Heading into the final quarter of the fiscal year, the State Treasury investment team is maintaining a bias toward high quality securities with government guarantees such as treasuries and agency securities while keeping a lower allocation to corporate bonds given the pandemic-induced financial stresses currently experienced by companies across multiple industries.

A factsheet detailing each investment pool's portfolio characteristics and market exposures is included with this report.

Oregon Tech Quasi-Endowment Fund

The Oregon Tech Quasi-Endowment assets gained 1.6% for the quarter and 3.3% fiscal year-to-date, for the period ended March 31, 2020. The Oregon Intermediate-Term Pool underperformed its benchmark by 120 basis points for the quarter and 140 basis points fiscal year-to-date. The Endowment assets were valued at \$7.5 million, as of March 31, 2020.

Oregon Tech
Investment Summary
as of March 31, 2020
 (Net of Fees)

	Quarter Ended 3/31/2020	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Range
OIT Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	0.5%	1.8%	1.9%	2.1%	1.6%	1.1%	\$ 19,166,366	52.0%	¹
Benchmark - 91 day T-Bill	0.6%	1.6%	1.7%	1.8%	1.2%	0.6%			
PUF Core Bond Fund	2.8%	4.5%	4.1%	3.8%	N/A	N/A	17,677,505	48.0%	¹
Blended Benchmark ²	2.8%	4.7%	4.3%	3.9%	3.0%	N/A			
Public University Fund Total Return	1.7%	3.1%	3.4%	3.2%	2.5%		<u>\$ 36,843,871</u>	<u>100.0%</u>	
Public University Fund Investment Yield	0.6%	2.1%	2.0%	2.5%	2.1%				
OIT Endowment Assets									
Oregon Intermediate-Term Pool	1.6%	3.3%	3.8%	N/A	N/A	N/A	\$ 7,486,645	100.0%	
Benchmark - Bloomberg Barclays 3-5 Year Index	2.8%	4.7%	4.2%	3.8%	2.8%	N/A			
Total Endowment Assets	1.6%	3.3%	3.8%				<u>\$ 7,486,645</u>	<u>100.0%</u>	

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 Blended Benchmark Composition: 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

Note: Outlined returns underperformed their benchmark.

Oregon Short Term Fund

March 31, 2020

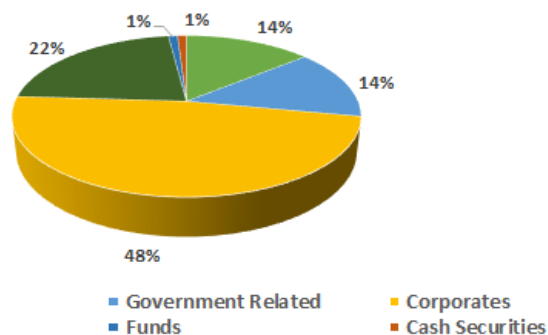
Portfolio Characteristics

Market Value 03/31/2020	\$ 344,708,052
Weighted Average Credit Quality	AA
Book Yield (%)	1.91
Weighted Average Maturity (years)	1.07
Duration (years)	0.53
Spread Duration (rate)	0.90

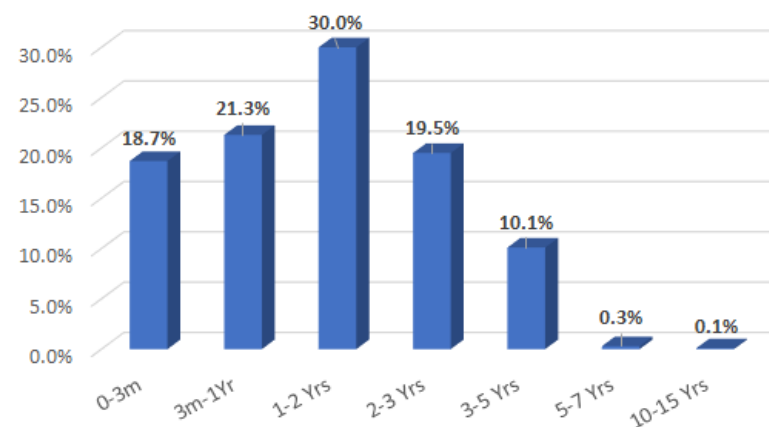
Top 10 Issuers

United States Treasury	13.9%
Toyota Motor Corporation	3.6%
Wells Fargo & Company	3.4%
Citigroup Incorporated	2.7%
Caterpillar Incorporated	2.7%
Federal Farm Credit Banks Funding Corporation	2.5%
Canada (Government of)	2.3%
Royal Bank of Canada	2.2%
Toyota Auto Receivables Owner Trust TAOT 20-A	2.0%
Sweden (Kingdom of)	1.8%
Total	37.1%

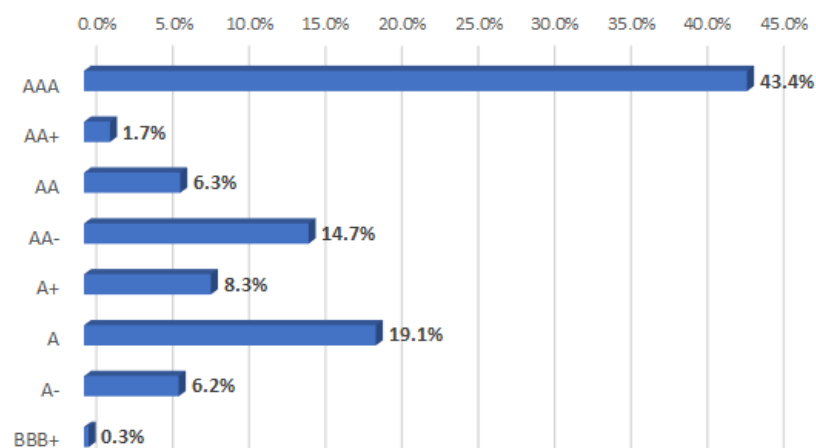
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

Core Bond Fund

March 31, 2020

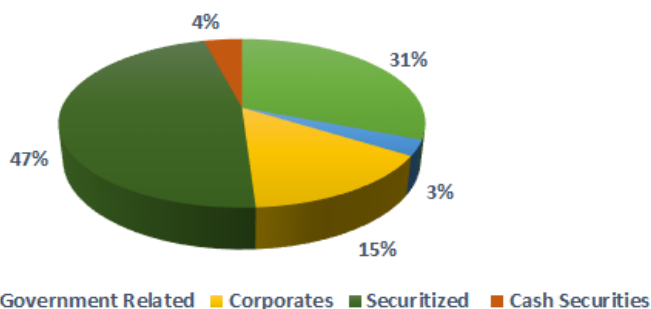
Portfolio Characteristics

Market Value 03/31/2020	\$ 317,930,798
Weighted Average Credit Quality	AA+
Book Yield (%)	2.32
Weighted Average Maturity (years)	4.00
Duration (years)	3.24
Spread Duration (rate)	2.60

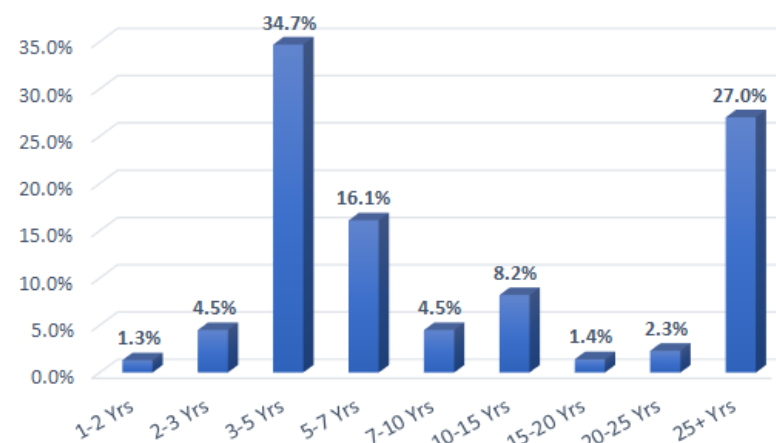
Top 10 Issuers

United States Treasury	38.5%
Federal National Mortgage Association	17.9%
Federal Home Loan Mortgage Corporation	6.4%
Oregon State Treasury (Oregon Short-Term Fund)	2.8%
Bank of Montreal	2.0%
Freddie Mac FHLMT Trust 4949	1.5%
FHLMT Multifamily Structured Pass Through FHMS K038	1.4%
Mercedes-Benz Auto Lease Trust MBALT 18-B	1.3%
FHLMT Multifamily Structured Pass Through FHMS 16-K058	1.0%
Canadian Imperial Bank of Commerce	0.8%
Total	73.6%

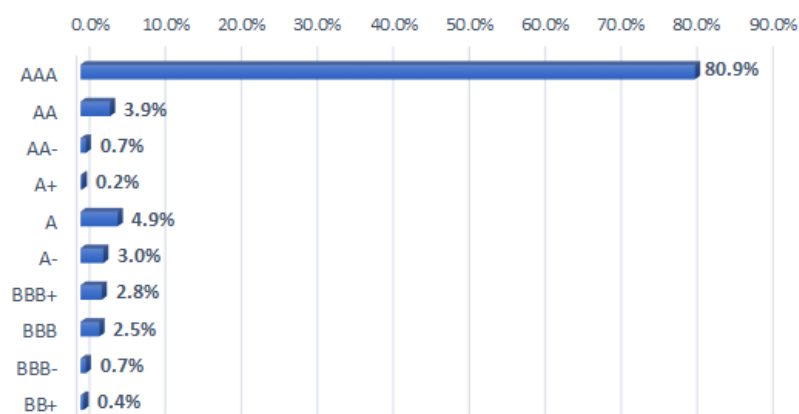
Sector Allocations



Maturity Breakdown



Credit Quality Distribution



Source: Oregon State Treasury

FY2020 Q3 MARKET COMMENTARY

(Prepared by Callan Associates, consultants to the Oregon Investment Council)

Unsettling Times

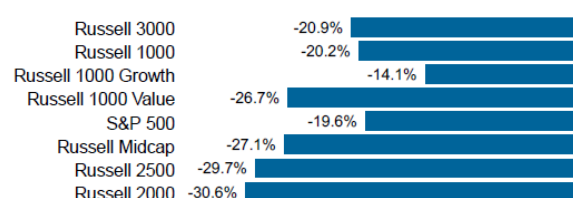
Not to be clichéd, but we are living in surreal, disturbing, and unsettled times. Global citizens and the global economy are under stress, and uncertainty is heightened in all aspects of our lives. We have been assaulted by worries over our health and that of friends and family, our clients, our jobs, and the markets. And, we are isolated.

Hits to the global economy have been significant, and the depth and magnitude of the downturn is unknown. Unemployment claims are rapidly increasing and estimates of global gross domestic product decline are bad to really-bad, with some predicting a global depression. Investment portfolios are down sharply with nearly everything in the red. Unprecedented intervention by the U.S. government appears to have stabilized markets as of calendar quarter-end, but uncertainty persists. Now our country is hunkering down and wondering how much worse this viral storm will get. Admittedly, that introduction sounds pretty dire and sets the stage for one really big hangover when we figure out how much all of this is going to cost.

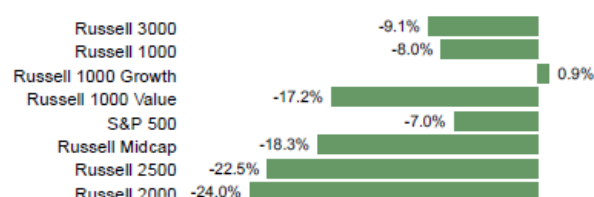
Equity Markets

The S&P 500 Index plunged 19.6% in the first calendar quarter, its worst quarterly return since the Global Financial Crisis (GFC). After falling more than 30% from peak to trough in just a few weeks, the Index rallied 20% going into quarter-end. Every sector experienced double-digit declines, with Information Technology (-11.9%), Consumer Staples (-12.7%), and Health Care (-12.7%) feeling the least pain. Financials (-31.9%) and Energy (-50.5%) fell the most. Financials were hurt by sharp declines in interest rates, and Energy's performance reflected plummeting oil prices. Oil prices tumbled 66%, with West Texas Intermediate crude ending the quarter at \$20.48, down from roughly \$60 at the start of the calendar year. From a style viewpoint, growth significantly outperformed value (Russell 1000 Growth: -14.1%; Russell 1000 Value: -26.7%). Growth indices benefited from Technology exposure while Value indices struggled with relatively heavy weights in Energy and Financials. Large cap (Russell 1000: -20.2%) outperformed small cap (Russell 2000: -30.6%). Small value (Russell 2000 Value: -35.7%) saw the sharpest decline.

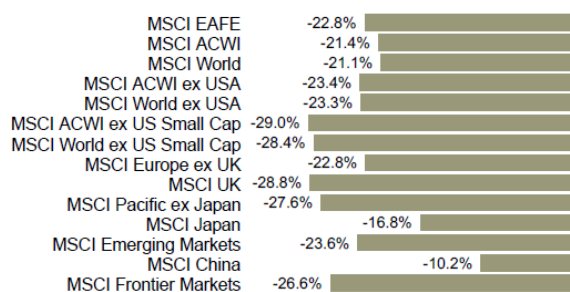
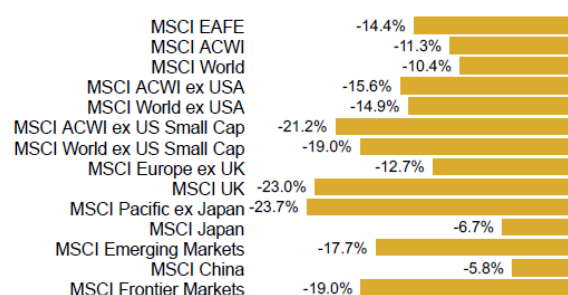
U.S. Equity: Quarterly Returns



U.S. Equity: One-Year Returns



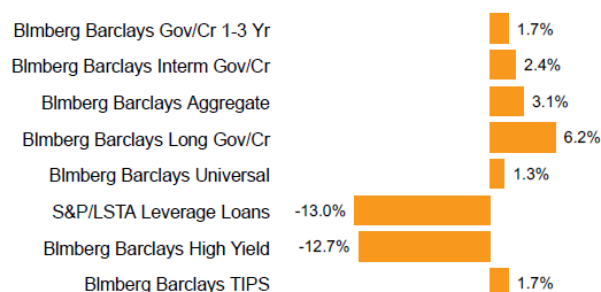
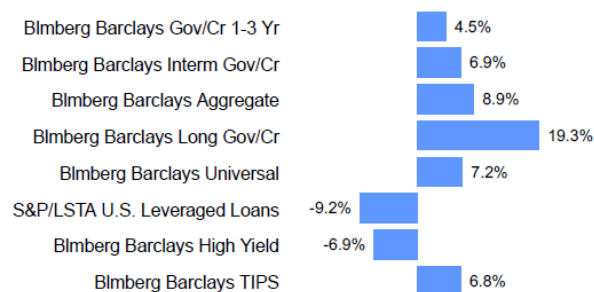
Global ex-U.S. equity indices fell sharply in the first calendar quarter; the Morgan Stanley Capital Indices (MSCI) All Countries World Index (ACWI) ex-USA Index dropped 23.4%. Across developed markets, Canada (-28%), the U.K. (-29%), and Australia (-34%) were among the worst performers while Japan (-17%) fared better, in relative terms. Modest appreciation of the U.S. dollar versus a basket of developed market currencies acted as a headwind for U.S. investors. As in the U.S., growth (MSCI ACWI ex-USA Growth: -18%) outperformed value (MSCI ACWI ex-USA Value: -29%). Also mirroring performance in the U.S., Health Care (-9%) was a top-performing sector while Energy (-38%) was the worst.

Global Equity: Quarterly Returns**Global Equity: Annual Returns**

Emerging markets equities (MSCI Emerging Markets Index: -23.6%) also sold off with currency depreciation being a key driver. Collectively, Latin American countries fell 46% in U.S. dollar terms and 32% in local currency terms. Russia dropped 36% in U.S. dollars (-22% local) and South Africa fell 41% (-24% local). India sank 32% (-27% local) while China performed relatively well, down only 10% in the quarter in U.S. dollar terms.

Fixed Income

U.S. Treasury yields fell to record lows in March as investors sought safety and the Federal Reserve (Fed) cut rates to 0%-0.25%. The 10-year U.S. Treasury yield reached a low in March of 0.31% before closing the quarter at 0.70%, down sharply from the calendar year-end level of 1.92%. Most sectors underperformed U.S. Treasuries, hurt both by challenging liquidity conditions as well as a flight to safety. While the Bloomberg Barclays U.S. Aggregate Bond Index rose 3.1% for the quarter, results were driven largely by performance of the Treasury sector (+8.2%). Corporate bonds (-3.6%) and most securitized sectors underperformed U.S. Treasuries. The quality bias was evident in the return for the high quality AAA-rated component (+5.8%) versus lower quality BBBs (-7.4%). Treasury Inflation Protected Securities Index (TIPS) (The Bloomberg Barclays TIPS: +1.7%) sharply underperformed nominal Treasuries as expectations for inflation sank. The 10-year breakeven spread ended the quarter at 87 basis points (bps), down sharply from 177 bps at calendar year-end. High yield corporate bonds (Bloomberg Barclays High Yield: -12.7%) fell sharply and ended the quarter with a yield-to-worst of 9.4% though it topped 10% in mid-March, the highest level since the GFC. Excluding the beleaguered Energy sector, high yield fell 9.1%. Leveraged loans performed even worse (S&P Loan Syndicate and Trading Association: -13.0%) and both high yield and loans experienced heavy outflows.

U.S. Fixed Income: Quarterly Returns**U.S. Fixed Income: Annual Returns**

Developed ex-U.S. market returns were relatively flat in broad terms. The Bloomberg Barclays Global Aggregate ex-US Index fell 2.7% unhedged but rose 0.5% on a hedged basis as the U.S. dollar strengthened modestly against a basket of currencies. Emerging market debt underperformed in the risk-off environment. The U.S. dollar-denominated JP Morgan Emerging Market Bond Global Diversified Index dropped 13.4%,

with returns varying across its 60 plus constituents. Emerging market currencies were also under pressure. Local currency emerging market debt, as measured by the JP Morgan Global Bond Emerging Markets Diversified Index, fell 15.2% in the quarter, with several local market returns in Latin America dropping about 20% (Brazil, Mexico, and Colombia) and South Africa down 29%.

The municipal bond market experienced extreme volatility in March that is somewhat masked in first calendar quarter returns. The broad Bloomberg Barclays Municipal Bond Index fell 0.6% in the quarter, but notably the index dropped 3.6% in March. Record outflows and a dramatic decline in liquidity drove yields in the muni market sharply higher in mid-March. Yields reversed course going into quarter-end on the back of Fed announcements that lent support to the market. Cross-market valuations between U.S. Treasuries and AAA-rated municipal bonds reached unprecedented levels in March; 5-year AAA municipal yields rose nearly 200 bps during the month to nearly six times the yield of a comparable 5-year U.S. Treasury note. Not surprisingly, higher quality outperformed (AAA: +0.5%; BBB: -4.7%) for the quarter. While fundamentals of some sectors will be challenged in the wake of the economic downturn and downgrades may ensue, recent government stimulus programs should help to mitigate any near-term pressure on finances.

Real Assets

Real asset returns were significantly challenged during the first calendar quarter of 2020, March in particular, as almost the entire space (except gold and TIPS) experienced performance not seen since the GFC. The Master Limited Partnerships (MLP), space (Alerian MLP Index: -57%) and energy-related stocks (S&P 1200 Energy Index: -44%) were among the worst hit as Russia and Saudi Arabia engaged in an oil price war smack in the middle of a global pandemic that was already poised to cripple near-term energy demand. Both listed infrastructure (Dow Jones-Brookfield Global Infrastructure Index: -21%) and real estate (Financial Times Stock Exchange: National Association of Real Estate Investment Trusts Index: -27%) were also hampered by the outlook and immediate impact of the COVID-19 pandemic. Given the sell-off in the fixed income markets, credit in particular, it's likely that many investors fled these sectors to take advantage of higher nominal yields elsewhere. Meanwhile, the impact on real estate is likely to be varied as several sectors are acutely sensitive to the fallout from the coronavirus (e.g., Retail, Hospitality) while other property sectors such as Industrial, Storage, and Office should be more insulated. One silver lining was gold, which served its usual safe-haven role during the depths of March and throughout the first calendar quarter; the Bloomberg Gold sub-Index rose 4.5% in the first calendar quarter while equities of most companies tasked with mining the shiny metal were not so fortunate (GDX-Van Eck Gold Miners ETF: -14.5%).

Perspective

Long-term global equity market returns were significantly impacted by the first calendar quarter's market volatility. Small cap U.S. equities (Russell 2000 Index), developed international equities (MSCI-EAFE) and emerging market equities (MSCI-EM) all reported negative 5-year returns through March 31, 2020.

Despite the harrowing 30% plus equity market declines experienced in 2000, 2009 and 2020, U.S. equities have generally kept pace with the less volatile fixed income indices during the last 20 years. The S&P 500 index returned 4.8% while the Bloomberg Barclays Aggregate Bond index gained 5.1% during the 20-year period. International equities lagged U.S. equities, rising 2.0% for the period.

Benchmark Performance for periods ending March 31, 2020

	Last 5 Years	Last 10 Years	Last 15 Years	Last 20 Years
S&P:500	6.7	10.5	7.6	4.8
Russell:2000 Index	-0.3	6.9	5.7	5.3
MSCI:EAFE	-0.6	2.7	3.1	2.0
MSCI:EM	-0.4	0.7	5.5	--
Bloomberg:Aggregate	3.4	3.9	4.4	5.1
Bloomberg:Municipal	3.2	4.1	4.3	4.9
Bloomberg:HY Corp	2.8	5.6	6.4	6.6
60% S&P/40% Agg	5.7	8.2	6.7	5.3

ACTION ITEM

Agenda Item No. 4.1

Approval of Fiscal Year 2021 and Review of Draft 2022 Finance and Facilities Committee Work Plans

Summary

The following docket item provides a FY 2021 work plan for the Finance and Facilities Committee as well as a draft FY 2022 work plan. The annual work plan is used by Finance and Administration Staff to prioritize work throughout the year to meet Board level deliverables and incorporates annual tasks such as budget and tuition approval.

Background

The Finance and Facilities Committee of the Board of Trustees has several prescribed recurring functions that oversee the financial operations and capital development/maintenance of the University. These include tuition and budget recommendations to the full Board, internal audit planning and approvals, receiving the audited annual financial report, quarterly financial reports and annual capital plan. Adopting an annual work plan allows for an orderly and mindful work process by staff and supports the deliberation and decision-making function of the Committee and the Board.

The format includes “Major Topics” and “Minor Topics” which are designed to supported each other and build towards actions of the Board.

Major Topics are items with significant strategic importance for discussion, deliberation or information to the Committee or are major decisions reserved for the Board or its Committees. This includes items such as budget and tuition setting as well as major capital projects and bond issuance authorizations.

Minor Topics are items which are either decisions which must reach the Board, but are unlikely to require significant discussion or informational topics which provide background and prepare the Committee for decisions that will be seen in subsequent meetings of the Committee.

Fiscal Year 2021 Finance and Facilities Committee Work Plan

November 2020	
Major Topics:	
<ul style="list-style-type: none"> - Internal Audit Risk Assessment - Financial Dashboard Update – Financial Ratios - Long-Term Budget Planning and FY 22 Budget Development Principles [Action] 	
Minor Topics:	
<ul style="list-style-type: none"> - FY 2020 Q4 Quarterly Dashboard (Unaudited FYE) - FY 2021 Q1 Quarterly Dashboard - Internal Audit Reports (FY 20) - Ratify Internal Audit RFP Award [Action] - OMIC Annual Update 	
January 2021	
Major Topics:	
<ul style="list-style-type: none"> - Financial Statement and Single Audit Presentation [Action] - Capital Project Status Report Presentation - Tuition Development Process Update 	
Minor Topics:	
<ul style="list-style-type: none"> - State Budget Update and Budget Development Report - Receive Internal Audit Report(s) [Action] 	
April 2021	
Major Topics:	
<ul style="list-style-type: none"> - Tuition Process Update - Budget Process Update - Receive Internal Audit Report(s) [Action] 	
Minor Topics:	
<ul style="list-style-type: none"> - FY 2021 Q2 Quarterly Dashboard - FY 2022 Committee Work Plan [Action] - Capital Projects Summer Plan - Legislative Update 	
May 2021	
Major Topics:	
<ul style="list-style-type: none"> - Budget Recommendation [Action] - Tuition Recommendation [Action] - Internal Audit Risk Assessment and Annual FY 2022 Work Plan [Action] 	
Minor Topics:	
<ul style="list-style-type: none"> - FY 2021 Q3 Quarterly Dashboard 	

Fiscal Year 2022 Finance and Facilities Committee Work Plan

Fall 2021	
Major Topics:	
<ul style="list-style-type: none"> - Capital Projects Status Report Presentation - Budget Development Principles [Action] - 2021-23 Legislative Session Review 	
Minor Topics:	
<ul style="list-style-type: none"> - FY 2021 Q4 Quarterly Dashboard (Unaudited FYE) - FY 2022 Q1 Quarterly Dashboard - OMIC Annual Update 	
Winter 2022	
Major Topics:	
<ul style="list-style-type: none"> - Financial Statement and Single Audit Presentation [Action] - Long-Term Financial Planning 	
Minor Topics:	
<ul style="list-style-type: none"> - Tuition Development Process Update - Legislative Update - State Budget Forecast 	
Early Spring 2022	
Major Topics:	
<ul style="list-style-type: none"> - Tuition Adoption [Action] - Receive Internal Audit Report(s) [Action] 	
Minor Topics:	
<ul style="list-style-type: none"> - FY 2022 Q2 Quarterly Dashboard - Legislative Update - Capital Projects Summer Plan 	
Late Spring 2022	
Major Topics:	
<ul style="list-style-type: none"> - Budget Recommendation [Action] - Internal Audit Risk Assessment and Annual FY 2023 Work Plan [Action] 	
Minor Topics:	
<ul style="list-style-type: none"> - FY 2022 Q3 Quarterly Dashboard - FY 2023 Committee Work Plan [Action] 	

Staff Recommendation

Staff recommends the Committee adopt the Fiscal Year 2021 Finance & Facilities Committee Work Plan as described in the docket.



FY 2021 F&F Committee Work Plan

Brian Fox | Vice President Finance & Administration

Overview



Goals:

- Facilitate discussion of F&F Committee objectives for the upcoming two fiscal years
- Proactively provide the F&F Committee informational reports in advance of key Committee and Board decisions
- Set timelines for key Committee and Board decisions
- Facilitate project planning and goal setting for the Finance and Administration Division over the coming fiscal year and ensure alignment with F&F Committee objectives

Agenda Structure



• Major Topics

- Items with significant strategic importance for discussion, deliberation or information to the Committee or are major decisions reserved for the Board or its Committees. This includes items such as budget and tuition setting as well as major capital projects and bond issuance authorizations..

• Minor Topics

- Items which are either decisions which must reach the Board, but are unlikely to require significant discussion or informational topics which provide background and prepare the Committee for decisions that will be seen in subsequent meetings of the Committee.

Fall F&F Agenda



November 2020	
Major Topics:	
-	Internal Audit Risk Assessment
-	Financial Dashboard Update – Financial Ratios
-	Long-Term Budget Planning and FY 22 Budget Development Principles [Action]
Minor Topics:	
-	FY 2020 Q4 Quarterly Dashboard (Unaudited FYE)
-	FY 2021 Q1 Quarterly Dashboard
-	Internal Audit Reports (FY 20)
-	Ratify Internal Audit RFP Award [Action]
-	OMIC Annual Update

Winter F&F Agenda



January 2021
Major Topics:
<ul style="list-style-type: none"> - Financial Statement and Single Audit Presentation [Action] - Capital Project Status Report Presentation - Tuition Development Process Update
Minor Topics:
<ul style="list-style-type: none"> - State Budget Update and Budget Development Report - Receive Internal Audit Report(s) [Action]

Early Spring F&F Agenda



April 2021
Major Topics:
<ul style="list-style-type: none"> - Tuition Process Update - Budget Process Update - Receive Internal Audit Report(s) [Action]
Minor Topics:
<ul style="list-style-type: none"> - FY 2021 Q2 Quarterly Dashboard - FY 2022 Committee Work Plan [Action] - Capital Projects Summer Plan - Legislative Update

Late Spring F&F Agenda



May 2021
Major Topics:
<ul style="list-style-type: none"> - Budget Recommendation [Action] - Tuition Recommendation [Action] - Internal Audit Risk Assessment and Annual FY 2022 Work Plan [Action]
Minor Topics:
<ul style="list-style-type: none"> - FY 2021 Q3 Quarterly Dashboard

Draft FY 2022 Calendar



Fall 2021
Major Topics:
<ul style="list-style-type: none"> - Capital Projects Status Report Presentation - Budget Development Principles [Action] - 2021-23 Legislative Session Review
Minor Topics:
<ul style="list-style-type: none"> - FY 2021 Q4 Quarterly Dashboard (Unaudited FYB) - FY 2022 Q1 Quarterly Dashboard - OMIC Annual Update
Winter 2022
Major Topics:
<ul style="list-style-type: none"> - Financial Statement and Single Audit Presentation [Action] - Long-Term Financial Planning
Minor Topics:
<ul style="list-style-type: none"> - Tuition Development Process Update - Legislative Update - State Budget Forecast

Early Spring 2022
Major Topics:
<ul style="list-style-type: none"> - Tuition Adoption [Action] - Receive Internal Audit Report(s) [Action]
Minor Topics:
<ul style="list-style-type: none"> - FY 2022 Q2 Quarterly Dashboard - Legislative Update - Capital Projects Summer Plan
Late Spring 2022
Major Topics:
<ul style="list-style-type: none"> - Budget Recommendation [Action] - Internal Audit Risk Assessment and Annual FY 2023 Work Plan [Action]
Minor Topics:
<ul style="list-style-type: none"> - FY 2022 Q3 Quarterly Dashboard - FY 2023 Committee Work Plan [Action]



Questions

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