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

**Trustees Present:**

Vince Jones, Chair  
Kanth Gopalpur

Mike Starr  
Michele Vitali

Mason Wichmann  
Nagi Naganathan (*ex officio*)

**Trustees Unable to Attend:**

Stefan Bird

**Other Trustees in Attendance:**

John Davis  
Jeremy Brown

Kelley Minty  
Phong Nguyen

Celia Nunez

**University Staff and Faculty Present in person:**

Abdy Afjeh, Vice Provost-Research & Academic Affairs

Trevor Campbell, Kernutt Stokes, LLC

Thom Darrah, Director-Facilities Management Services

Don DaSaro, President-Fiscal Operations Advisory Council

Ken Fincher, Vice President University Advancement

Erin Foley, Vice President of Student Affairs & Dean of Students

David Groff, General Counsel & Interim Board Secretary

Pam Grove, Assistant to University General Counsel & Interim Board Secretary

John Harman, Vice President Finance & Administration

Tom Keyser, Dean College of Engineering, Technology & Management

Michelle Meyer, Director of Audit & Compliance-Business Affairs

Joanna Mott, Provost & VP of Academic Affairs & VP for Strategic Enrollment Management

Adria Paschal, Senior Executive Assistant to the President

Dan Peterson, Dean College of Health, Arts & Sciences

Bryan Wada, Information Technology Consultant 2

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

Chair Jones called the meeting to order at 8:06 am. The Board Secretary called roll, and a quorum was declared.

2. **Consent Agenda** *Chair Vince Jones*

2.1 **Approve Minutes of the June 2, 2022 Meeting**

No changes voiced. Minutes approved as submitted.

3. **Reports**

3.1.7 **Fiscal Operations Advisory Council** *FOAC Chair Don DaSaro*

FOAC Chair DeSaro indicated that his statements are a precursor to VP Harman's upcoming report. He advised that FOAC met on October 5<sup>th</sup> and that there 7 new members: Alicia Dillion, Yuehai Yang, Ken Fincher, Mark Neupert, Rose McClure, Billy Kimmel, and Sasha Rabich. During the meeting, the Charter was reviewed for the new members. FOAC reviewed the Management Report from 2021-2022, then discussed a variety of points that were brought up. There was discussion regarding the 2022-2023 budget, specifically concerning uncertainty surrounding the upcoming state elections, specifically the Governor's race, and the council elected to remain cautious concerning the budget. Varying opinions were voiced among the council members on how best to approach the funding.

3.1.1-3.1.6, 3.1.8

**Quarterly Finance, Facilities & Audit Update** *VP John Harman*

**VP Harman** reviewed the quarterly report, which addressed the FY 2021-2022 Management Report, the Financial Dashboard, the Investments Update, and the FY2022-2023 YTD August Management Report. He also provided a briefing on Higher Education Funding in Oregon and the FY 2021-2022 Single Audit. During VP Harman's presentation, Trustee Gopalpur inquired if the decline in payroll is correlated to the decline in enrollment. VP Harman answered he did not feel there was a correlation but that there is a need to catch up on hiring post-COVID. Trustee Jones inquired about the mandatory sale of investment assets. VP Harman answered the payout needs to be closely monitored and is a part of the investment policy. VP Harman shared; the Board would need to change the policy for any change to be made in the payout schedule.

Chair Davis clarified that the university investments are separate from the Oregon Tech Foundation investments. Chair Davis also asked about the origin of these investment assets. VP Harman shared that these assets were assigned in 2016; President Naganathan added it was before this time, but he understood it was to serve as a strategic fund for the future (needs). VP Harman added that it may have also been a result of the system spin-off. Chair Davis clarified the difference between the two endowed funds, the University, and the foundation. President Naganathan asked VP Harman to explain the asset manager for these funds, and VP Harman shared they are managed through the University Shared Services Trustee. Gopalpur inquired about the budget and budgeting for technology disruption and the disaster recovery plan. VP Harman confirmed that the University has and will invest in business continuity. VP Foley added we are very close to signing a contract with a business continuity consultant. Trustee Vitali asked if the salaries included in the general budget fund have those of employees in the unions. VP Harman confirmed they do for both unions.



Trustee Vitali asked if the transfer of the endowment funds shows up in the reserves or under the revenue section. VP Harman answered they are included in revenue. Trustee Starr asked what our enrollment needs to grow to cover expenses. VP Harman answered we will know more in January, and we have not realized the True-Up from the state. He added that his team works with the HECC staff to look at funding sources; we will know more in January. Trustee Starr stated we have been able to cover expenses thus far and that we should seek additional sources of revenue.

President Naganathan added that we should be looking at enrollment and how we can diversify our revenue generation. Trustee Jones said that new revenue discussions have been held with staff, and one-time funding sources such as COVID funding should be replaced with ongoing funding; he added we need to grow funds through enrollment and a diversified revenue growth plan. Trustee Gopalpur shared, expenses can only be cut so much for any institution to be healthy; you need to increase income and revenue streams. Chair Davis asked VP Harman to summarize our reserve or rainy-day funds balance. VP Harman answered it is about \$17m in working capital, and we need to have those funds available because, in many instances, the University must front costs until the state reimburses us. Trustee Starr asked about the legacy of the University 2008-2009 and is curious if there are comparatives between now and those times (recession). VP Harman answered with observations about the employment environment, transfers from community colleges, and other competition. VP Harman indicated there are challenges ahead we must prepare for.

President Naganathan added that until 2015 there was a national growth trend in programs, and the revenue was offsetting. In 2008-09 Oregon Tech was a part of the statewide system, and dynamics were different. He also shared there are 50,000 fewer students in community colleges and 9,000 fewer Oregon resident students in the public universities. There is a national challenge with enrollment, and we must look for other areas of revenue. Trustee Jones commented it is an overall challenge, and the University has experienced savings from unfilled positions; it is a delicate balance of revenue growth and budget needs. The Board adopted a balanced budget and will continue to review monthly balance sheets and work on our plan. Trustee Nunez asked if we have offered early retirement for some employees. VP Harman answered it has been looked at and was implemented in the past, but when most recently reviewed was not advantageous. Chair Davis noted that Oregon Tech is more reliant, by percentage and on average, on state funding than others. VP Harman noted the TRUs are also very reliant by percentage of state funds as well, but yes, we are. Chair Davis also asked what we are hearing from state economists on revenue projections and what the state is modeling in terms of stability since we are on state depending heavily on the state income tax if there is a recession. VP Harman referenced the recent OCOP meeting, and the state economist are still bullish for this fiscal year and believe the state revenues will stay strong. VP Harman added they are cautiously optimistic for the next 6-12 months. Chair Davis inquired if the state employment rate remains high, the optimism might be tied to the employment rate. VP Harman added that the historical review provided data related to the length and depth of an economic downturn. Their feeling is that the diversity of the Oregon Economy supports a cautious optimism for a quick recovery. Chair Davis asked when the

economic revenue forecast will take place. VP Harman answered they are in the process of producing them, and they should be wrapped up soon. President Naganathan added he believes the report is provided quarterly, and Chair Davis said he believes the official report pronouncement will be made during the session. President Naganathan noted that without a good revenue projection, there is a guarantee of dismal state investment. Trustee Gopalpur added that some federal funds might be available through the inflation reduction act, and many APRA monies are just coming through. Trustee Starr inquired about the Single Audit Summary related to addressing the issues raised in the audit, and VP Harman confirmed we are.

### 3.1.9 Q-1 Capital Projects Report *Director of Facilities Thom Darrah*

**Thom Darrah** provided an update on Oregon Tech campus projects, including the Boivin Hall Renovation, Track, and Stadium Renovation, and the OMIC Additive Innovation Center. He also provided an update on completed projects, including the CEET Building, Geothermal Well Rehabilitation, and the OMIC R&D Retrofit; and new projects, which includes the New Student Housing project. Director Darrah noted his report included information as of the end of October (2022) and includes the CIR-UPE805 update. Chair Davis added that the current plan is to host the January 2023 board meeting at OMIC with an in-person tour. Chair Davis asked where the new housing facility would be located on campus. Director Darrah answered the final location will be determined through the site planning process (visioning) utilizing the architects and others. Chair Davis asked how the new housing would assist in the enrollment goals. President Naganathan answered the location is essential for those who will need to navigate campus; Dr. Foley added that this will not be a net gain of bed spaces and that the use of the current housing needs to be examined. President Naganathan added that new housing appeals to incoming students. Trustee Jones added the importance of facilities to attract and retain students. The current student housing is old and needs renovation, and the new housing is necessary and is based on our University's strategic plan. President Naganathan added the council working to locate the student housing is an example of shared governance. President Naganathan commented that initially, we were approved for \$55m in bonding, but due to cost increase and other factors, the Board decided to reduce the bond funding to \$35m. Trustee Gopalpur asked about housing in Portland Metro. President Naganathan answered there is currently no student housing at the Portland Metro Campus, but it may be a part of the overall PMT strategy.

Trustee Gopalpur mentioned the challenges at PSU and how Oregon Tech may be able to utilize housing to our advantage. Chair Davis commended Director Darrah for completing the CEET building during the pandemic and with increasing construction costs. Director Darrah acknowledged it was a challenging project on budget and relatively on time due to supply line delays. President Naganathan and others also conveyed their congratulations and appreciation to Director Darrah. Trustee Jones added that part of the F&F program is to look at both campuses for needs/projects, and we consider debt management/bond approach. Notably, this process was exercised for the new student housing with a decision to scale down the bond debt. He added that debt management might be a discussion for the new board members to be aware of in the future. VP Harman added we are in a good place with dept; Chair Davis shared that since student housing is a revenue generator, it should recover costs and generate revenue (when filled).



### 3.1.10 FY 2021-22 Internal Audit Update *Trever Campbell, KernuttStokes*

Trever Campbell of **Kernutt Stokes** (KS) provided a bi-annual Hotline Report. They also advised that Capital Projects Management and Title IX audits are completed. The completed audit(s) are included in the written report submitted to the Board. The Procurement and Contracting and Fixed Assets & Inventory audits are on hold until the current projects are completed. Due to current staffing constraints in the Business Affairs Office (BAO), it has been determined to be impractical to begin auditing this area. KS reported that the 2022/2023 Risk Assessment is underway and nearly completed. *Campbell* shared a risk heat map and plans for recommended audits for procedures, procurement, and contracting. *Campbell* also reviewed the status updater for the Fraud, Waste, and Abuse Ethics Hotline. Trustee Jones added that the University sends a blast email every year to remind people of the Hotline. *Campbell* added it works twice per year, and it was recommended that more publicity happened and the Hotline is accessible and easy to find. Chair Davis asked the administration, regarding the risk audit, what are the action items and how we address the issues brought up. President Naganathan answered that the process is led by KernuttStokes and is extensive. *Campbell* added that the process is intensive and that the action items are provided to management who reviews the report. Team-wide collaboration is utilized to provide a final recommendation to the Board. VP Harman added the audit resources are readily available and ongoing without any pause, and collaboration is ongoing. Trustee Gopalpur asked if, from *Campbell's* perspective, there is any top-of-mind issue the Board needs to be aware of. President Naganathan added that policies and procedure review, especially after the system dissolution, is essential, which is one reason it is noted as an area to be audited. *Campbell* answered he did not see a major hole that needed to be filled and that many of the areas noted are common in higher education, i.e., technology and cyber security. The budgeting process was also identified as an area the organization needs to view closely.

## 4. Action Items

### 4.1 External Audit Recommendation - Clifton Larson Allen *VP John Harman*

**VP Harman** provided background, that as an independent public body Oregon Tech is required to have an annual independent audit of the financial statements for each fiscal year. He advised at the June 2, 2022 Board of Trustees (BOT) meeting, staff would proceed with finalizing a statement of work to incorporate into an open request for proposals (RFP), and that at the meeting of the BOT in October, it would request an authorization to negotiate and execute a multi-year agreement for professional audit services with the firm chosen by the RFP selection committee. Oregon Tech released the RFP in July of 2022 and received proposals from qualified contractors to perform professional audit services. In August, following a review and careful consideration of proposals, the selection committee chose Clifton, Larson, Allen, LLP as the vendor best suited to perform the services outlined in the RFP scope of service. Trustee Starr asked about the bid process. VP Harman responded there were two bids placed and CLA, due to several reasons, was selected. Trustee Jones clarified there are two auditors, internal and external and this is the discussion on the external auditor. Their current contract would end January 2023. The committee will consider and make a recommendation to the full Board, for a 5-year term.

**Motion to recommend that the full Board authorize staff to negotiate and execute a multi-year Agreement with Clifton Larson, Allen, LLP to provide professional audit services to Oregon Tech, for a term to begin on or about February 1, 2023 and extend to January 31, 2028, with an option for two additional one-year periods thereafter.**

**Motion: Mike Starr**

**Second: Michelle Vitali**

**With all trustees present and voting aye, the motion passed unanimously.**

#### **4.2 Doctor of Physical Therapy (DPT) Program FY 2022-23 Tuition Recommendation**

*VP John Harman*

**VP Harman** advised that the BOT is authorized under Oregon Revised Statute (ORS) 352.102 to establish tuition and mandatory enrollment fees each year. Oregon Tech Board Tuition and Mandatory Fees Policy further codifies the University's tuition and mandatory fee setting process. The Doctor of Physical Therapy (DPT) program is a new Oregon Tech graduate degree program, importantly Oregon Tech's first doctoral program, open to both resident and non-resident students. DPT program tuition and fees were not included in the tuition and fees recommendation submitted for consideration by the Board at its April 7, 2022 meeting, as at that time it was not anticipated that DPT students may begin classes as early as Summer Term 2023. VP Harman stated that because many professional degree programs, particularly professional doctorate programs, are configured as a cohort, tuition is often established as block tuition where the same amount is charged per term during the 12-month university tuition & fees schedule, rather than by credit hour. As such, and to assist students while comparing program options, the Dean and Program Director applied this concept to arrive at the recommended tuition for Summer Term 2023. President Naganathan has endorsed this proposal in his memo to the Board (Please see Attachment-A to the Agenda).

Chair Jones inquired if the mandatory fees are in addition to the tuition fees. VP Harman answered affirmatively. Trustee Nunez asked if we are interested in providing this program in Wilsonville. President Naganathan answered the program must go through a process and an additional site will require additional permissions. The program is in the early phase of implementation with only a few competitors in the market. Trustee Starr asked if there is a minimum cohort, Dean Peterson answered the cohort model has 24 students. Clinicals and externships are also needed for each student, and we must be sensitive to meeting the clinical sites' availability. Trustee Starr asked what are the unique variable expenses for the program? Dr. Mott answered, the expenses include some clinical leased space, faculty costs, marketing for the program and some equipment. Trustee Jones added with 24 students will the program be financially sustainable. President Naganathan added, a 5-year plan has been developed and some of the equipment has been purchased through philanthropy, also some state funds have been made available to help support the program, it is a starter plan. Dr. Mott added there is pro-forma, and she will make it available. Trustee Starr added his appreciation, and he wants to ensure the program does not hurt us financially. Trustee Jones added the program will grow and financial risks will be watched. Dean Peterson added this program is important to rural health care. Chair Davis asked if this is a year young program and will therefore not experience a dip in summer enrollment. President Naganathan was asked to inform the Board why this is important to the University. President Naganathan addressed this endeavor as once languishing, and added this program was/is important to the University for identify, statewide recognition, for state health care needs, and research in



health sciences. Chair Jones added this had been in the works for eight years and this is a program that has been needed for years. VP Harman added that physical therapy has grown in need. Trustee Starr asked if we would expect fall and spring to be the same? President Naganathan yes and if needed any tuition changes would need to be timely and brought to the Board. Trustee Starr asked if we would guarantee the tuition for all three years. VP Harman answered the tuition was currently based on an annual basis.

**Motion to recommend that the full Board set the Summer Term 2023 Tuition and Fees for the Doctor of Physical Therapy program in accordance with the President’s recommendation memo (Attachment A, with the tuition and fees numbers restated below in Tables 1 &2) and authorize the President or their designee, as available under policy and law, to make minor and technical adjustments to these proposed rates as necessary to correct mathematical rounding, errors, inconsistencies, or omissions and execute the Board’s directives.**

**Table-1**

<b>Oregon Tech New Program Tuition Recommendation</b>	
<b>Doctor of Physical Therapy Klamath Falls Campus</b>	<b>Summer Term 2023 Tuition</b>
Resident	\$6,942.37
Non-Resident	\$11,654.49

**Table-2**

<b>Mandatory Fees approved by the BOT in its April 2022 meeting</b>	
<b>FY 2022-23 Fees</b>	
<b>(Some Fees may be prorated for Summer Term)</b>	
<b>Klamath Falls</b>	Building \$45.00
	Incidental \$397.50
	Health Services \$195.00
	Student Rec Center \$69.00

Attachment A- Tuition Recommendation Memo - President Naganathan

**Motion: Mike Starr**

**Second: Michelle Vitali**

**With all trustees present and voting aye, the motion passed unanimously.**

ATTACHMENT A

DPT Program Tuition Recommendation Memo – President Naganathan



**Oregon Institute of Technology**

**OFFICE OF THE PRESIDENT**

3201 Campus Drive, Klamath Falls, OR 97601  
541.885.1100 (office) 541.885.1101 (fax) [www.oit.edu/president](http://www.oit.edu/president)

To: Oregon Tech Board of Trustees  
From: President Nagi Naganathan  
Re: Recommendation for Summer Term 2023 Tuition & Fees for the  
Doctor of Physical Therapy (DPT) program  
Date: October 10, 2022

As required by statute and Board Policy through this memorandum, I submit my recommendation for Summer Term 2023 tuition and fees for the Doctor of Physical Therapy (DPT) program to the Oregon Tech Board of Trustees.

The DPT is a new Oregon Tech graduate degree program, importantly Oregon Tech's first doctoral program, open to both resident and non-resident students. DPT program tuition and fees were not included in the tuition and fees recommendation submitted for consideration by the Board at its April 7, 2022 meeting. This is because, at that time, it was not anticipated that DPT students may begin classes as early as Summer Term 2023.

The Dean of Health, Arts, and Sciences and the DPT Program Director conducted a regional and state comparative analysis and arrived at the appropriate tuition proposal for the new DPT Program beginning the Summer Term of 2023. The focus of pricing tuition for the new program was on maintaining student affordability and market competitiveness while still appropriately reflecting the value of the program.

Because many professional degree programs, particularly professional doctorate programs, are configured as a cohort, tuition is often established as block tuition where the same amount is charged per term during the 12-month university tuition & fees schedule, rather than by credit hour. As such, and to assist students while comparing program options, the Dean and Program Director applied this concept to arrive at the recommended tuition for Summer Term 2023.

Please see the recommended Summer Term 2023 tuition recommendation in Table-1 below.

F&F Committee

*Oregon Tech Board of Trustees*

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4.2 Recommendation for DPT Tuition & Fees



Table-1

Oregon Tech New Program Tuition Recommendation	
Doctor of Physical Therapy Klamath Falls Campus	Summer Term 2023 Tuition
Resident	\$6,942.37
Non-Resident	\$11,654.49

The Board had already approved mandatory fees for the Klamath Falls campus through Summer Term 2023 at its April 2022 meeting, which is applied to the new DPT program for Summer Term 2023. They are included in Table 2 below for your immediate reference.

Table-2

Mandatory Fees approved by the BOT in its April 2022 meeting		
FY 2022-23 Fees		
(Some fees may be prorated for Summer Term)		
Klamath Falls	Building	\$45.00
	Incidental	\$397.50
	Health Services	\$195.00
	Student Rec Center	\$69.00

After careful consideration and in consultation with the executive staff and members of the university, I am recommending Summer Term 2023 Tuition for the Doctor of Physical Therapy program as outlined in Table-1 above and the Summer Term 2023 Fees for the Doctor of Physical Therapy program as outlined in Table-2 above. Further, I request delegation of authority to the president or their designee, as available under policy and law, to make minor and technical adjustments to these proposed rates as necessary to correct mathematical rounding, errors, inconsistencies, or omissions and execute the Board's directives.

If this recommendation for Summer Term 2023 tuition and fees is approved by our Board, in subsequent years, the rate will be subject to change when the Board adopts adjustments to tuition and mandatory fees.

With this recommendation, inaugural tuition for the new Oregon Tech DPT program tuition will be competitive with other institutions featuring similar programs within and outside the state and the region. Thank you for your consideration of this recommendation. ■

## 5. Discussion Items

### 5.1 Facilities Master Plan Update *VP John Harman* (verbal only)

**VP Harman** advised that the last Facilities Master Plan was last completed in 2006, and **that** there was some interim work done by Dimella-Shaffer in 2017. The Selection Committee issued an RFP and has selected Soderstrom Architects, Ltd., who will primarily advise on land use, conduct a thorough condition analysis of all facilities and equipment which will assist in reporting to the Higher Education Coordinating Commission, and help prioritize spending. There will be strong shared governance in coordination with the Facilities Advisory Commission, ad hoc project facilitation committee, and the campus community.

### 5.2 Campus Geothermal Infrastructure Report

**VP Harman** provided the background of Oregon Tech's aging geothermal infrastructure systems and reported that Oregon Tech has spent approximately \$2.2 million on repairs within the last 18-24 months. He advised that the systems require a major renovation, or there could be a risk of the institution having to close due to a catastrophic failure of the system. There have been conversations with the Higher Education Coordinating Commission about receiving emergency funding. Consultants estimate repairs to be approximately \$15-\$17 million.

### 5.3 DPT Research Space at Sky Lakes Medical Center *VP John Harman*

**VP Harman** discussed the DPT Program research space at Sky Lakes Medical Center which is earmarked for about 700 square feet. He advised that the architectural drawings are being finalized with an expected timeline for completion of the project in Spring 2023.

### 5.4 GF loan to Auxiliaries for emergency CU repairs *VP John Harman* (verbal only)

**VP Harman** discussed the general fund loan to auxiliaries for emergency CU repairs, the nature of the issues and repairs expense. An assessment of the issues needing attention has been made, and an initial estimate for repairs in the amount of \$167,000. Since the inception of repairs being made, other defects were discovered, and the cost of repairs escalated to \$800,000. Trustee Jones advised this is something the F&F committee will continue to advise the Board on. Chair Davis asked how this has been funded thus far? VP Harman answered it has been funded through the reserves. President Naganathan added it came to a point it had to be handled. Trustee Starr asked if we had how much it would cost to heat the campus by natural gas. He pointed to the cost and other advantages to having geothermal utilities. VP Harman added it would be good to have a sinking fund to prepare for such needs, but the margins have not existed for us to do so.

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

**Adjournment:** 10:57 am

Respectfully submitted,



**Dr. Ken Fincher**

*Vice President University Advancement & Interim Board Secretary*