



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE July 1, 2025

The Finance and Administration Committee of The University of Tennessee Board of Trustees met at 8:30 a.m. (EDT) on Tuesday, July 1, 2025. The meeting was held in the Wolford Family Athletics Facility at the University of Tennessee at Chattanooga, Chattanooga, Tennessee.

Committee Members Present: William (Bill) C. Rhodes III, Committee Chair; John C. Compton, Board Chair; Christopher L. Patterson; and David N. Watson.

Others in Attendance:

Trustees: Bradford D. Box; Decosta Jenkins; Shanea McKinney; Lisa Patel (Student Trustee); T. Lang Wiseman; and Jamie R. Woodson.

University Administration: President Randy Boyd; David L. Miller, Senior Vice President and Chief Financial Officer; Luke Lybrand, Treasurer; Cynthia C. Moore, Board Secretary and Special Counsel; Chancellor Melinda Arnold (UT Southern); Chancellor Lori Mann Bruce (UT Chattanooga); Chancellor Peter Buckley (UT Health Science Center); Chancellor Yancy Freeman (UT Martin); and Chancellor Donde Plowman (UT Knoxville); and other members of the senior leadership and administrative staff.

Ms. Moore announced the presence of a quorum. The meeting was webcast for the convenience of the University community, the general public, and the media.

Opening of the Meeting

Committee Chair Rhodes called the meeting to order and welcomed all attendees. He noted that Board Chair Compton would be joining shortly. In the interest of time, Chair Rhodes dispensed with opening remarks and turned directly to the scheduled agenda.

Requests to Address the Committee

Chair Rhodes reported that three individuals had registered to provide remarks regarding the University's proposed acquisition of the Maplehurst Apartments. One registrant, Geoffrey Cavalier, was unable to attend due to a work conflict but submitted a letter that was shared with the Trustees and senior administration (a copy of the letter is filed with these minutes). Two individuals addressed the Committee in person. A summary of the speakers' comments is set forth in Attachment 1 to these minutes.

Report on Financial Performance

Treasurer Luke Lybrand presented the financial report for the nine-month period ending March 31, 2025. He reported that the University continued to experience strong financial momentum, with year-over-year revenues increasing by approximately \$205 million (7%). The primary drivers of growth were tuition and fee revenues, which rose in excess of \$89 million (8.8%), alongside increases in state appropriations, grants, and investment income. Operating expenses also increased, largely due to higher scholarship and fellowship costs (up \$55 million, or 11.8%), inflationary pressures, and expanded services needed to support enrollment growth. “All other expenses” rose by \$45 million, driven primarily by depreciation and interest costs.

On the balance sheet, total assets grew to more than \$7.6 billion, offset by \$2.3 billion in liabilities, resulting in a strong net position. Cash and cash equivalents increased by \$147 million (7.7%), while capital assets grew by \$170 million, reflecting construction in progress. Mr. Lybrand highlighted a change in accounting processes, which has resulted in improved reporting of receivables. In May, \$176 million in bonds were issued through the Tennessee State School Bond Authority on behalf of the University at a favorable average cost of debt of 4.32%. The debt has an average maturity of under 15 years.

Mr. Lybrand highlighted improvements in liquidity across the campuses, with the UT System maintaining 267 days of cash on hand, exceeding Moody’s AAA median of 265 days. He noted particularly strong gains in liquidity at UT Knoxville, UT Chattanooga, and UT Martin.

Committee members expressed appreciation for the positive report.

Enterprise Resource Planning (DASH) Project Update

Senior Vice President and Chief Financial Officer David Miller provided an update on the Dynamic Administrative Systems for Higher Education (DASH) implementation. He acknowledged that, while the system went live successfully in January, subsequent use revealed several critical functions that required reconfiguration. The University has engaged Oracle Day 2 Services and Huron Consulting to assist with this work.

Mr. Miller reported that 29 high-priority modifications had been identified; 17 were complete, five in progress, and seven under review. Nearly 9,000 support tickets had been logged, with approximately 95% resolved. He emphasized the challenge of transitioning from a highly customized, decades-old system to a modern cloud-based platform, and he thanked campus staff for their patience and adaptability.

Trustees raised faculty concerns about access to detailed account information for budgeting. Mr. Miller and Mr. Lybrand confirmed that new reporting tools were being finalized and would soon be available to departmental users. Chair Compton raised the administration’s engagement efforts and stressed the importance of ongoing communication with end users.

FY 2025-26 Operating Budget

Ron Loewen, Associate Vice President, Budget, Analysis and Planning, presented the proposed operating budget for FY 2025-26. He highlighted a \$58 million increase in state funding, including \$19 million for the salary pool, \$21 million in formula-driven allocations for UT Knoxville, UT Chattanooga, and UT Martin, and \$1.9 million in recurring funding for UT Southern. Additional support included \$1.4 million for the American Civics Program and \$2 million for a new local government planning initiative within the UT Institute for Public Service.

Tuition and mandatory fee adjustments were proposed as follows: no tuition increase at UT Knoxville, 3% increases at UT Chattanooga, UT Martin, and UT Southern, and a 2% increase for the UT Health Science Center MD program (previously approved). Mandatory fee changes ranged from no increase at UT Martin to 3.9% at UT Southern.

The Committee engaged in an extended discussion regarding affordability, public comments received, and the importance of transparency in future tuition planning. Trustees expressed concern about the financial pressures on Tennessee families and urged the administration to provide greater predictability for students and parents. President Boyd emphasized the role of UT Promise in providing free tuition and fees for Tennessee students from families earning less than \$75,000 annually, noting that approximately two-thirds of Tennessee households qualify based on income.

Mr. Loewen observed that UT's tuition increases over the past decade have been consistently below national averages and lower as a percentage of median household income. Following discussion, and upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the resolution approving the FY 2025-26 Operating Budget (as set forth in Tab 2 of the meeting materials).

UT Southern Master Plan

Dr. Linda Martin, outgoing Chancellor of UT Southern, presented the inaugural UT Southern Campus Master Plan. She reflected on the progress since the University acquired Martin Methodist College four years earlier, citing enrollment growth, improved access and affordability, enhanced safety, and increased student success. Dr. Martin emphasized that the Master Plan honors the historic features of the campus while preparing for facilities and infrastructure necessary to support future enrollment growth.

The Master Plan envisions a campus organized around three quads: the Historic Green Quad, the Student Life Quad, and the Hillside Quad. Dr. Martin reported that, across stakeholder meetings, preservation of the central campus green emerged as the highest priority. The plan outlines phased improvements to academic, residential, and student life facilities, including new science and nursing space, additional residence halls, and expanded athletic and student gathering facilities. It envisions stronger connections between the campus and the Pulaski community, building upon partnerships with the city.

Chair Rhodes and Committee members expressed appreciation for Dr. Martin's leadership during UT Southern's transition. He also welcomed Dr. Melinda Arnold, who officially began her service as Chancellor earlier that day. Student Trustee Lisa Patel commended the team on the focus placed on the student experience in developing the plan. Following discussion, and upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the resolution approving the UT Southern Master Plan (as set forth in Tab 3 of the meeting materials).

Capital Projects

Mr. Austin Oakes, Associate Vice President for Capital Projects, began his remarks by highlighting that there are over 250 projects that are active, representing a \$2.5 billion investment across the UT System. He then presented the capital outlay, maintenance, and demolition funding requests, capital disclosure requests, and two specific project proposals requiring Committee action.

Capital Outlay Requests (FY 2026-27 through FY 2030-31). The Committee reviewed the University's outlay funding priorities for the next five years. The top three priorities for FY 2026-27 include: College of Medicine and Interdisciplinary Building (UT Health Science Center); Cattle Outreach and Workforce Facility (UT Martin); and Student Health and Counseling Facility (UT Martin). Mr. Oakes noted the high variability from year to year in the amount of state funding received in relation to requested capital outlay projects.

Capital Maintenance Requests (FY 2026-27 through FY 2030-31). Mr. Oakes outlined the University's five-year maintenance plan, highlighting projects to extend the life of existing facilities, address critical building systems, and ensure safety and efficiency. He noted that deferred maintenance remains a significant challenge across the system, but that continued state support has enabled progress in reducing the backlog. A total of 22 projects, totaling approximately \$135 million, have been identified for FY 2026-27. Mr. Oakes explained that the University has seen a 69% decrease in capital maintenance funding from the state (from FY 2021-22 to FY 2025-26).

Capital Demolition Requests (FY 2026-27). The Committee considered recommendations for removal of obsolete structures that are no longer cost-effective to maintain. These requests pertain to four structures with an estimated cost of approximately \$4.9 million. Demolition will allow for redevelopment of sites in alignment with campus master plans.

Capital Disclosure Requests (FY 2026-27). Annually, in accordance with THEC and State Department of Finance and Administration guidelines, the administration develops a schedule of capital disclosure requests. For FY 2026-27, the projects total approximately \$190 million. These projects will not receive state appropriations but will be funded by the University funds. The disclosure process allows the University to act upon the projects during the upcoming year, but it does not obligate the University to proceed. Mr. Oakes reviewed three projects slated for UT Chattanooga (a parking garage, acquisition of housing

currently owned by the UC Foundation, and a new dining facility). Mr. Miller provided additional information regarding the housing and confirmed that any acquisition of the housing project from the UC Foundation would come back to the Committee for its consideration and approval.

Following this portion of the presentation, there was an extensive discussion regarding capital needs across the UT System, including those necessary to support the new UT Southern Master Plan. Additional questions were raised regarding the use of university and/or state funding for housing projects. The Committee members requested that administration provide further information at a future meeting regarding lessons learned from the recent public-private partnership (P3) projects (e.g., how do the different funding models compare in terms of project cost, key considerations for assessing housing options, impact on students, etc.) to better understand and assess the potential alternatives available for financing housing projects.

Upon motion duly made and seconded, the Committee, in a single vote, approved a recommendation that the Board of Trustees adopt the resolutions approving: (i) the capital outlay funding requests; (ii) the capital maintenance funding requests; (iii) the capital demolition funding requests; and (d) the capital disclosure requests (as set forth in Tabs 4.1 - 4.4 of the meeting materials).

Lease/Acquisition Agreement – Walmart Property, UT Knoxville. Mr. Oakes presented the proposed lease/acquisition and redevelopment of the former Walmart property located near the UT Knoxville campus and within the area specified in the master plan. The University plans to use the building for student recreation purposes. He reviewed the details of the proposed transaction, which contemplates acquisition by the University of Tennessee Foundation (UTFI), with a long-term lease to the University. The University will prepay the rent due under the proposed lease and will have the option to acquire the property for \$1.00. Additionally, capital improvements will be needed to build out the space for use by the campus.

Following discussion, and upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt a resolution approving a lease agreement with UTFI for the Walmart property (as set forth in Tab 4.5 of the meeting materials).

Holding and Option Agreement – Maplehurst Property, UT Knoxville. Mr. Oakes explained that the resolution before the Committee seeks approval of a holding and option agreement (Option) to purchase the Maplehurst property. The Option would provide the University with flexibility to evaluate potential uses over the next several years while preserving strategic control of land critical to the campus's future. Mr. Oakes reviewed the key details of the proposed transaction, underscoring the financial commitments associated with the proposed Option agreement.

Committee Chair Rhodes acknowledged the comments received earlier in the meeting from community members. In response to questions raised by the Committee members, Mr. Oakes

addressed the advantages/disadvantages of proceeding with the proposed structure instead of acquiring the property outright at this time. President Boyd and Chancellor Plowman highlighted the flexibility provided by this arrangement, confirmed that there were no immediate plans for redevelopment of the property that would result in the imminent displacement of the current residents, and reinforced the University's commitment to engaging with the local community should the University choose to exercise the Option to acquire the property.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the resolution approving the Holding and Option Agreement (as set forth in Tab 4.6 of the meeting materials).

Committee Consent Agenda

Committee Chair Rhodes asked if there were any requests to remove items from the agenda. There being none, upon motion duly made and seconded, the Committee approved: (i) the Resolution to adopt the minutes of the last meeting of the Committee; and (ii) the Resolution to ratify the Quasi-Endowments created during FY 2024-25.

Closing Remarks and Adjournment

Committee Chair Rhodes thanked the members for their engagement and noted that the University's endowment had surpassed \$1.6 billion. Mr. Miller reported that during the preceding 12-month period, there were more than \$75 million in new gifts to the endowment.

With no further business to come before the Committee, the meeting was adjourned.

Respectfully Submitted,

/s/ Cynthia C. Moore
Cynthia C. Moore
Secretary and Special Counsel

Approved Consent Agenda Items

- Minutes of the Last Meeting (February 28, 2025)
- Ratification of Quasi-Endowments Created during FY 2024-25

Information Items

- President's Report on Use of Student Programs and Services Fee Funds
- Endowment Investment Report
- Report on Capital Projects Approvals for FY 2024-25

Attachment 1 – Summary of Public Remarks

- *John Cadotte*, an alumnus and member of the South Waterfront Advisory Board, spoke on behalf of the Maplehurst neighborhood. He described his long-standing involvement with community planning efforts, including the pedestrian bridge project, and expressed concerns about the University's growing physical footprint. Mr. Cadotte emphasized the need to balance University expansion with preservation of Knoxville's history and culture, citing previous losses in the Fort Sanders and Melrose Park neighborhoods. He cautioned that enrollment growth and housing pressures were already straining the local community and urged the University to avoid "muscling out" residents. He encouraged the Board to consider community representation in decisions regarding Maplehurst and advocated for "growing up, not out," by utilizing existing campus land more efficiently.
- *William Ennis*, a graduate student in nuclear engineering and current resident of Maplehurst, expressed strong concerns about the lack of communication with residents prior to the proposed acquisition. He stated that residents learned of the transaction only two days before the Committee meeting and had limited opportunity to respond. Mr. Ennis characterized the process as dismissive of the 200 current residents and voiced frustration over the absence of engagement with those most directly affected. He urged the University to take responsibility for the potential displacement of residents and called on decision-makers to uphold their obligations to the community.

In response to the concerns raised, President Randy Boyd and Chancellor Donde Plowman thanked the speakers for their input. President Boyd explained that it was the owner of the Maplehurst that made the decision to sell the property, and, at this time, the University is seeking Board approval of an option to purchase the property, not final approval of any redevelopment plans. Chancellor Plowman referenced the historical importance of Maplehurst, noting its connections to Edward Sanford, and emphasized that community engagement would be a central part of future planning. She shared a vision of a thriving community where people can live, learn, work, and play. Both leaders reiterated that no immediate changes would occur and that further communication with residents would follow.