



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE February 26, 2026

The Finance and Administration Committee of The University of Tennessee Board of Trustees met at 1:45 p.m. (CST) on Thursday, February 26, 2026. The meeting was held in the Mooney Library at the UT Health Science Center in Memphis, Tennessee.

Committee Members Present: William C. (Bill) Rhodes III (Committee Chair); John C. Compton (Board Chair); J. David Wade; and David N. Watson.

Other Trustees Present: Bradford D. Box; Hon. William E. Haslam; Decosta E. Jenkins, Ashlee C. Mallon (Student Trustee); Shanea A. McKinney; Donald J. Smith; T. Lang Wiseman; and Jamie R. Woodson.

University Administration: President Randy Boyd; Brian Daniels, David Miller, Senior Vice President and Chief Financial Officer; 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). Additional members of the UT senior leadership and staff were also in attendance.

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 Remarks of the Committee Chair

Committee Chair Bill Rhodes called the meeting to order and noted that the Committee had a substantial agenda requiring focused discussion and efficient use of time.

Chair Rhodes then recognized Treasurer Luke Lybrand for his service to the University, commending his leadership, innovation, and diligence in strengthening the University's treasury and financial operations during his tenure. He thanked Mr. Lybrand on behalf of the Board for his contributions and wished him continued success in his new professional opportunity. Mr. Lybrand expressed appreciation for the opportunity to serve the University over the past four years and reflected on the relationships and experiences that made his time at the University particularly meaningful.

Senior Vice President and Chief Financial Officer David Miller announced that Andrea Addis, formerly UT System Executive Director of Internal Audit, has been appointed Interim Treasurer effective March 7, 2026.

Requests to Address the Board

There were no requests to address the Committee.

Report on Financial Performance

Financial Summary

Treasurer Luke Lybrand presented the University's financial results for the first six months of Fiscal Year 2025-26, reporting continued strong financial performance driven by enrollment growth, investment income, and state appropriations. Revenue growth exceeded expense growth during the reporting period, reflecting continued financial discipline while supporting expansion across the University system.

Mr. Lybrand reported that tuition and fee revenue increased significantly over the prior year, noting that the increase was driven primarily by enrollment growth rather than tuition increases. Undergraduate tuition adjustments remained modest across the system and below Tennessee Higher Education Commission guidance. Investment income also increased as a result of strong endowment performance and positive returns within the University's cash investment portfolio. Administration also discussed increases in salaries and benefits, explaining that expenditures reflected both competitive compensation adjustments and strategic staffing increases necessary to support enrollment growth across the system.

Mr. Lybrand reviewed the University's balance sheet, emphasizing its continued strength from both liquidity and leverage perspectives. Cash and investments increased over the prior year as a result of positive operating performance, investment returns, and new endowment gifts. He also noted that increased debt levels primarily reflect financing associated with major capital projects currently underway at the UT Knoxville. Committee discussion included questions regarding reported pension and other post-employment benefit liabilities, with Administration explaining that those balances reflect actuarial calculations provided by the State and indicating that additional information would be provided regarding the reported changes.

Mr. Lybrand concluded by noting that campus-specific financial statements had been included within the meeting materials for informational purposes.

Fund Balances and Cash Reserve Policy

Senior Vice President and Chief Financial Officer David Miller presented an overview of institutional fund balances and a newly adopted University policy governing cash reserves. He explained that existing legislative reporting categories often aggregate numerous types of institutional balances and can create the impression that universities maintain unrestricted reserves substantially larger than those actually available for discretionary use.

Mr. Miller described the various categories of reported fund balances, including operating cash, renewal and replacement funds, debt service reserves, capital project funds, and quasi-endowments, emphasizing that many of these balances are already legally committed or otherwise designated for specific purposes and therefore should not be viewed as unrestricted reserves.

To provide greater transparency, Administration developed a new reserve methodology establishing target reserve levels between 25 and 50 percent of annual operating expenditures. The calculation removes committed capital expenditures and other obligated balances to identify the University's actual operating reserve position. Under this methodology, the University's current reserve level is approximately 27 percent of annual operating expenditures.

Committee members engaged in extensive discussion regarding the importance of maintaining adequate reserves to protect the institution during economic downturns and other unforeseen events. Members observed that prudent reserve levels provide financial flexibility and reduce the likelihood that significant tuition increases would be necessary during periods of financial stress. Discussion also addressed working capital management and differences between reserve calculations for higher education institutions and private businesses. Administration explained that universities operate with unique cash flow cycles and prepaid revenues that distinguish them from traditional corporate financial models.

Mr. Miller noted that the policy provides for annual reporting to the Board and requires institutions outside the established reserve range to develop appropriate plans either to strengthen reserves or explain the intended future use of accumulated balances. Committee members expressed support for the new policy and its enhanced transparency regarding institutional financial resources.

Voluntary Retirement Incentive Program Update

Mr. Miller next provided an update regarding the Voluntary Retirement Incentive Program previously approved by the Board. Administration reported that participation exceeded original expectations, with 132 eligible employees electing to participate compared to the projected 125 participants. The program generated greater annual savings than anticipated, creating additional resources for institutional reinvestment while also strengthening salary pools available for future recruitment and retention efforts. Administration noted that this represented the first retirement incentive program during Mr. Miller's tenure that exceeded projected participation levels and credited success to effective communication and planning. Committee members expressed appreciation for the successful implementation of the program and the positive financial results achieved.

Enterprise Resource Planning (DASH) Update

Senior Vice President Miller provided a detailed update on the University's DASH Enterprise Resource Planning implementation, reviewing progress made since the Committee's previous discussion and outlining priorities for continued improvement.

Administration highlighted numerous accomplishments achieved following implementation, including completion of the Fiscal Year 2025 financial close and external audit activities, continued progress toward restoring standard monthly financial close timelines, deployment of principal investigator dashboards for sponsored research, implementation of enhanced budget-to-actual reporting tools, production of state budget schedules through the new system, issuance of employee tax documents, and implementation of a new integrated payroll timekeeping solution.

A significant portion of the presentation focused on results from the University's first DASH user survey, which generated more than 500 responses across finance, human resources, facilities, and sponsored projects functions. The survey established a baseline for measuring user satisfaction and identified opportunities for continued improvement in reporting functionality, system navigation, module integration, and overall usability. Administration indicated that user feedback has become a central component of future system planning and prioritization.

Mr. Miller also reviewed remaining project risks, including continued improvement of monthly financial close processes, simplification of off-cycle payroll processing, implementation of enhanced internal controls, management of organizational change, and strengthening staff cross-training to reduce dependence on individual subject matter experts.

Administration presented the DASH Applications Roadmap for 2026, explaining that it combines Oracle platform enhancements with University-developed improvements driven by user feedback. The roadmap establishes priorities and timelines for implementing additional functionality throughout the year while maintaining flexibility to respond to emerging operational needs.

Committee discussion reflected both recognition of the significant progress achieved and the need for continued urgency. Chair Rhodes observed that enterprise-wide ERP implementations are inherently complex and acknowledged the substantial work completed by the project team. At the same time, he emphasized that user satisfaction and operational effectiveness remain the ultimate measures of success and encouraged Administration to maintain momentum until the system fully meets the needs of faculty and staff. Committee members expressed appreciation for the transparency reflected in the user survey process and supported Administration's continued focus on improving reporting capabilities, financial close timelines, and day-to-day system functionality.

Annual Financial Report on Intercollegiate Athletics Programs

Senior Vice President and Chief Financial Officer David Miller presented the Annual Financial Report on Intercollegiate Athletics Programs, noting that the report is required annually under Board policy and includes standardized information regarding operating revenues and expenditures, unrestricted fund balances, capital plans, debt obligations, and other material financial considerations for each campus athletics program. Administration noted that the reporting format has been standardized across the University while allowing each institution to present information unique to its operations.

Committee Chair Bill Rhodes observed that collegiate athletics is undergoing unprecedented change and encouraged Committee members to consider not only the challenges facing the Power Four conferences but also the significant implications for institutions competing at other levels. He noted that the post-*House* settlement environment, Name, Image, and Likeness (NIL) opportunities, transfer portal activity, and revenue-sharing requirements continue to reshape the financial landscape and create uncertainty for institutions with substantially different funding models.

At the Chair's request, Chancellor Yancy Freeman and Chancellor Lori Bruce discussed the challenges facing UT Martin and UT Chattanooga. Chancellor Freeman noted that the evolving NCAA environment and revenue-sharing requirements have created meaningful financial pressures. He also described the growing challenge of retaining student-athletes as NIL opportunities continue to expand and acknowledged the uncertainty surrounding future financial obligations and NCAA policy changes. Chancellor Bruce similarly described the environment at UT Chattanooga, noting that while donor support for athletics remains strong, increasing revenue-sharing obligations and declining NCAA distributions are requiring philanthropic support to be redirected toward operating expenses rather than program enhancements. She observed that athletics leadership continues to monitor an evolving legal and regulatory landscape that presents ongoing financial uncertainty for institutions competing outside the Power Four conferences.

Committee members discussed the importance of continued monitoring of the rapidly changing collegiate athletics environment and acknowledged the unique financial pressures as national policies continue to evolve.

Revised FY 2025-26 Operating Budget

Dr. Jennifer Easley, Associate Vice President for Budget, Analysis and Planning, presented the Revised FY 2025-26 Operating Budget. She explained that the revised budget is submitted annually in accordance with State of Tennessee requirements and incorporates updated enrollment, revenue, expenditure, and position information following adoption of the original operating budget. Dr. Easley reported that the revised operating budget reflects only modest changes from the budget approved by the Board in June and continues to support the University's strategic priorities while maintaining sound financial stewardship. She also noted

that preparation of the revised operating budget historically required extensive manual compilation and reconciliation but can now be generated directly from institutional data within DASH, significantly improving efficiency, reducing manual processing, and allowing staff to devote additional time to financial analysis and planning activities.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the Resolution approving the Revised FY 2025-26 Operating Budget as set forth in the meeting materials.

Cost of Attendance at Peer Institutions

Administration presented comparative information regarding the cost of attendance at peer institutions, including tuition, mandatory fees, housing, dining, and other student expenses. The report provided context for future tuition discussions and demonstrated the University's continued commitment to affordability while maintaining the resources necessary to support student success and institutional quality. Committee members discussed the importance of balancing affordability with long-term financial sustainability and maintaining the University's competitive position among peer institutions.

Proposed FY 2026-27 Tuition Levels - UT Health Science Center

Executive Vice Chancellor and Chief Operating Officer Raaj Kurapati presented the proposed FY 2026-27 tuition and mandatory fee levels for the UT Health Science Center. Mr. Kurapati explained that the proposal reflects a strategic, program-specific approach designed to maintain competitiveness while addressing inflationary operating costs and supporting continued academic excellence across the UT Health Science Center.

Committee discussion focused on balancing affordability with the resources necessary to sustain high-quality health professions education and maintain competitiveness in an increasingly challenging marketplace. Administration emphasized the University's continued commitment to limiting tuition increases while preserving educational quality and student outcomes.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the proposed FY 2026-27 Tuition Levels for the UT Health Science Center as presented in the meeting materials.

Capital Projects

FY 2026-27 State Budget Amendment Request

Austin Oakes, Assistant Vice President for Capital Projects, presented the proposed FY 2026-27 State Budget Amendment Request and reviewed the projects recommended for inclusion in the State's capital budget process. Mr. Oakes discussed the importance of continued

investment in campus facilities and infrastructure to support the University's strategic priorities, enrollment growth, and long-term capital planning needs. Committee members discussed the proposed projects and their role in supporting the University's academic mission and future development.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the FY 2026-27 State Budget Amendment Request as set forth in the meeting materials.

Cherokee Mills Acquisition and Bank Loan – UT Knoxville

Prior to Committee consideration of the item, Committee Chair Bill Rhodes announced that, because of his service on the Board of Directors of Regions Bank, he would recuse himself from discussion and voting on the matter to avoid any appearance of a conflict of interest. Chair Rhodes then turned the meeting over to Trustee David Wade for consideration of the agenda item.

Mr. Oakes presented the proposed Cherokee Mills Acquisition and related bank loan for the UT Knoxville, reviewing the purpose of the acquisition and the associated financing structure. Trustee Wade presided over the discussion, during which Administration responded to questions regarding the proposed acquisition and financing arrangement and the strategic value of the property to the Knoxville campus.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the Resolution authorizing the Cherokee Mills Acquisition and related financing as set forth in the meeting materials. Chair Rhodes abstained from the vote.

Following consideration of the item, Chair Rhodes resumed his duties as Committee Chair.

Human Resources – Staff Engagement Survey Results

Dr. Brian Dickens, UT System Chief Human Resources Officer, presented the results of the University's Staff Engagement Survey, highlighting employee participation and reviewing key themes related to organizational culture, communication, leadership, professional development, and employee engagement.

Discussion emphasized the value of employee feedback in strengthening workplace culture and informing future organizational improvement efforts across the University system. Administration noted that survey results will continue to guide action plans designed to improve employee engagement, workplace effectiveness, and long-term retention.

Committee Consent Agenda

Chair Rhodes presented the Committee Consent Agenda, consisting of: (i) Minutes of the Last Meeting; and (ii) Confirmation of Authority – Interim Treasurer. Upon motion duly made and seconded, the Committee approved the Consent Agenda as presented.

Closing Remarks and Adjournment

There being 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

Information Items

- Report on Capital Projects Approvals
- CY 2025 Report on Endowment Investment Performance
- Composite Financial Index Report for FY 2024-25

Appendix

- 2025 Annual Financial Report