THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE
June 29, 2026

The Finance and Administration Committee of The University of Tennessee Board of Trustees met at 1:30 p.m. (CDT) on Monday, June 29, 2026. The meeting was held in Gault Fine Arts Building at the University of Tennessee Southern, Pulaski, Tennessee.

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

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

Others in Attendance: President Randy Boyd; David L. Miller, Senior Vice President and Chief Financial Officer; Andrea Addis, Assistant 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). Additional members of the UT senior leadership and staff were also in attendance.

Ms. Moore called the roll and announced the presence of a quorum. No requests had been received to address the Committee.

Opening of the Meeting

Committee Chair Rhodes called the meeting to order and welcomed those attending in person and by video. He thanked Chancellor Melinda Arnold and the UT Southern team for hosting the meeting. Chair Rhodes welcomed Andrea Addis in her new role as Interim Treasurer and recognized Tammie Cole upon her retirement after 24 years of service to the University, including more than 20 years supporting the Finance and Administration Committee.

Report on Financial Performance

Interim Treasurer Andrea Addis presented the financial report for the nine-month period ending March 31, 2026. She reported sustained financial momentum, with total revenues approximately 8.5% above the same period in the prior year. Tuition and fee revenue increased approximately 8%, driven primarily by enrollment growth at UT Knoxville and UT Chattanooga; state and local appropriations increased 8.4%; and investment income increased approximately 22%. Expenses increased 11.8%, reflecting enrollment growth,

increased research and auxiliary activity, facilities maintenance, and continued growth in scholarships and fellowships.

Ms. Addis reported that the balance sheet remained healthy and liquidity remained strong. Investments approached $1.9 billion, supported by positive endowment returns and gifts, while construction in progress increased by approximately $404 million. The Committee discussed the significant year-over-year decline in the reported pension and other post-employment benefit liability. Administration explained that the amount reflects the University's accounting allocation of the State's pension and benefit obligations and may vary based on the State's annual actuarial valuation; the University has not historically been required to make payments on the reported liability.

With respect to liquidity, UT Knoxville, UT Chattanooga, UT Martin, and the University overall were reported above the applicable Moody's median for days cash on hand. Administration noted continued improvement at UT Health Science Center and ongoing monitoring of UT Southern, where a multi-year plan is underway to build reserves through a balanced operating budget.

Ms. Addis also provided a year-end readiness update. Ernst & Young (EY) has been engaged to assist with reconciliations, audit readiness, control documentation, year-end close, GASB[1] compliance, and accounting for public-private partnerships. Administration reported that monthly closing activity had been brought current and expressed the goal of avoiding a repeat of the significant deficiency reported following the prior year's transition to Oracle Fusion Cloud ERP.

Enterprise Resource Planning (DASH) Project Update

Senior Vice President and Chief Financial Officer David Miller and Chief Information Officer Ramon Padilla reviewed results of the second DASH user survey and the roadmap for additional system improvements. Mr. Miller noted that survey results showed only modest improvement since December and emphasized that reporting, ledger functionality, and automation of manual processes remained the principal areas of user concern. The next survey is planned for September, with results to be reported to the Committee in October.

Mr. Padilla described progress on high-priority operational improvements, including stabilization of payroll processing, and reviewed lessons learned from the DASH implementation that are being incorporated into the student financial aid and future student information system projects. These include stronger vendor executive sponsorship, earlier data conversion, more rigorous integration and user-acceptance testing, dedicated work-stream leadership, treating reporting as a core deliverable, clearer internal accountability, and more intentional staffing and backfill strategies.

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[1] *Governmental Accounting Standard Board, which establishes accounting and financial reporting standards for U.S. state and local governments that follow generally accepted accounting principles.*

Committee members emphasized that the University's investment in the new platform should produce material improvements over legacy processes, not merely restore prior levels of performance. Administration stated that the student financial aid implementation is being implemented by a different consulting partner and is the first phase of the broader student information system modernization.

FY 2026-27 Operating Budget

Jennifer Easley, Associate Vice President Budget, Analysis & Planning, presented the proposed FY 2026-27 Operating Budget, including the salary plan, student tuition and fees, and room and board rates. She reported approximately $44 million in additional recurring state funding, including formula funding for UT Knoxville, UT Chattanooga, UT Martin, and UT Southern, salary support for non-formula units, and funding associated with increased insurance premiums.

The proposed budget totals approximately $4.0 billion from unrestricted educational and general, auxiliary, and restricted revenues. The proposed Unrestricted Educational and General Operating Budget is approximately $2.546 billion, a 5.8% increase, and the proposed Unrestricted Auxiliary Operating Budget is approximately $493.6 million, a 10.8% increase from FY 2025-26.

Dr. Easley reviewed proposed tuition and mandatory fee changes for in-state undergraduate students. The combined annual increase is approximately $148 (1.1%) at UT Knoxville, $322 (3.0%) at UT Chattanooga, $324 (3.0%) at UT Martin, and $338 (3.0%) at UT Southern. The UT Health Science Center rates had previously been approved. Administration noted that each proposed increase falls below the Tennessee Higher Education Commission binding range.

The Committee discussed the importance of evaluating the full cost borne by students and families, including housing and dining, rather than tuition and mandatory fees alone. Committee members requested that future presentations show actual dollar costs, historical trends, and an all-in view of student costs. Administration agreed to provide additional information and noted that a total cost-of-attendance comparison had been presented at the prior meeting.

Dr. Easley also reviewed the principal uses of incremental tuition and fee revenue, with the largest share directed to academic programs, instructional costs, and student support and success. She then outlined a new multi-year financial planning exercise using common assumptions for state appropriations and tuition and fee rates. Committee members encouraged inclusion of enrollment assumptions and scenario analysis, particularly in light of changing national higher education enrollment trends and the need to improve UT Southern's financial performance.

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 2026-27 Operating Budget, including the applicable student tuition and fees and other rates, as set forth in Tab 2 of the meeting materials.

Affiliation Agreement - UT Health Science Center

Chancellor Peter Buckley presented the proposed Third Amendment to the Master Affiliation Agreement between UT Health Science Center and Shelby County Health Care Corporation, doing business as Regional One Health. Before addressing the agreement, Dr. Buckley expressed appreciation for the State's support of the new College of Medicine and interdisciplinary building and reported that fundraising toward the related $50 million campaign was progressing rapidly.

Dr. Buckley explained that Regional One and UTHSC have a longstanding partnership in education, clinical care, and research. Regional One provided notice in December 2024 that it intended to terminate the existing 2014 Master Affiliation Agreement effective July 3, 2026, in order to negotiate a new agreement. Because the parties have not yet reached agreement on long-term terms, the proposed amendment provides a one-year extension, with revised financial terms, to allow additional time for negotiations.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the resolution approving the Third Amendment to the Master Affiliation Agreement with Regional One Health, as set forth in Tab 3 of the meeting materials.

Capital Projects

Austin Oakes, Associate Vice President for Capital Projects, reported that approximately 225 projects, totaling more than $3 billion, were active in design or construction across the University. He then presented the FY 2027-28 capital outlay, maintenance, demolition, and disclosure requests.

- Capital Outlay Requests (FY 2027-28 through FY 2031-32). The University's highest-priority request is the $60 million Martin-Andrews Science Hub at UT Southern, which would renovate approximately 30,000 square feet in the existing Martin and Andrews buildings and add an approximately 25,000-square-foot connector. The project would expand classroom and laboratory capacity while also addressing significant deferred maintenance. The Committee discussed the magnitude of the investment, the importance of disciplined capital allocation, UT Southern's financial position, and how the project would support enrollment growth, STEM and health professions programs, workforce needs, and student outcomes. Other priority requests include a new student health and counseling center at UT Martin, planning for an interdisciplinary Applied

Health Sciences Building at UT Knoxville, and completion of biomedical research space in the Nash Building at UT Health Science Center.

- Capital Maintenance Requests (FY 2027-28 through FY 2031-32). Mr. Oakes reviewed the proposed allocation across approximately 20 projects and discussed the continuing gap between annual maintenance needs and recent state appropriations. He noted that the University's formula-based need is approximately $135 million annually to maintain the condition of educational and general facilities, while the FY 2026-27 state budget represented an encouraging increase in maintenance funding compared with the prior year.

- Capital Demolition Requests (FY 2027-28). The proposed schedule includes six demolition projects totaling approximately $5.4 million. Mr. Oakes noted that the list is similar to prior years because demolition projects have not received state funding in recent cycles.

- Capital Disclosure Requests (FY 2027-28). The proposed disclosure list includes seven institutionally funded projects totaling approximately $711 million. Administration explained that disclosure is required for certain projects even when the University does not expect to finance the project directly. The Committee discussed a proposed $50 million hotel development at UT Martin, which is anticipated to be structured as a public-private partnership on University land. Chancellor Freeman described potential experiential-learning benefits for construction management and hospitality students. Administration explained that a planned P3 exceeding $10 million must be disclosed through the annual state capital process.

Upon motion duly made and seconded, the Committee, in a single vote, approved recommendations 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 (iv) the capital disclosure requests, as set forth in Tabs 4.1 through 4.4 of the meeting materials.

FFREC - Rogers Group Property Swap (UTIA). Mr. Oakes presented a proposed land exchange involving the Forest Resources Research and Education Center in Oak Ridge. Under the proposed transaction, the University would convey approximately 52.5 acres to Rogers Group, an adjacent quarry operator, and receive approximately 12 acres, a $147,000 cash payment, a $2.7 million donation to the University of Tennessee Foundation for the benefit of the Center, and retained timber and research-access rights, together with other protections associated with the conveyed property.

Upon motion duly made and seconded, the Committee approved a recommendation that the Board of Trustees adopt the resolution authorizing the Rogers Group property exchange, as set forth in Tab 4.5 of the meeting materials.

Board Policies

Board Secretary and Special Counsel Cynthia Moore reviewed three proposed revisions to Board policies. Two were presented for separate action by the Committee, while the third was included on the Consent Agenda.

- Board Policy on Naming of Facilities and Other Assets (BT0017). Ms. Moore explained that the proposed revisions are intended to strengthen clarity, consistency, and governance in the review and approval of naming opportunities across the University. Among other changes, the revisions provide clearer guidance regarding the review and benchmarking of proposed naming opportunities; refine the standards for determining appropriate gift levels for the naming of University units and facilities; establish additional parameters for corporate namings; and make technical and conforming changes to align the policy with other Board policies.

- Board Policy on Tuition and Student Fees (BT0022). Ms. Moore reviewed proposed revisions prompted by a new state-law requirement concerning tuition and fees charged to undergraduate out-of-state students. The revisions provide that the tuition and fee rate for undergraduate out-of-state students will not be less than the rate charged to undergraduate in-state students, except as otherwise approved by the Board or required by law, and that revenues generated from undergraduate out-of-state tuition and fees will support the educational and general operations of the University and its institutions. In recognition of the expanded scope of the policy, its title would be changed from the *Policy on Approval of Student Fees* to the *Policy on Tuition and Student Fees*.

- Board Policy on a Student Programs and Services Fee (BT0023). Ms. Moore also reviewed a proposed revision to the timing of the President's annual report to the Committee concerning the use of Student Programs and Services Fee (SPSF) funds. The policy currently requires the report to be presented at the Board's Annual Meeting. The proposed revision moves the report to the Fall Meeting, allowing the report to include actual financial results through June 30, rather than forecasted year-end amounts. The revision was included on the Consent Agenda.

Following discussion, and upon motion duly made and seconded, the Committee approved recommendations that the Board of Trustees adopt the proposed revisions to BT0017 and BT0022, as set forth in Tabs 5.1 and 5.2 of the meeting materials.

Proposed Facility Naming - UT Martin

Committee Chair Rhodes recused himself from the discussion and vote because the proposed naming of UT Martin's new College of Business building would honor him and his wife, Amy. Board Chair John Compton presided over the item.

Chair Compton recognized the longstanding commitment of Bill and Amy Rhodes to UT Martin. He highlighted Mr. Rhodes' distinguished career with AutoZone, including becoming the youngest CEO of a Fortune 500 company at age 39, as well as the couple's exceptional generosity and service across the University. He then invited President Boyd and Chancellor Yancy Freeman to present the naming recommendation.

President Boyd said the naming honored more than philanthropy, recognizing Mr. Rhodes' accomplishments, leadership, and service. He described the commitment of Bill and Amy Rhodes as an extraordinary investment in UT Martin and its students. Chancellor Freeman expressed the University's gratitude to Bill and Amy Rhodes, noting that their engagement, leadership, and generosity exemplify the lasting impact of a UT Martin education. He added that the new facility would reflect the excellence of the College of Business and serve generations of students.

Mr. Rhodes responded on behalf of himself and Amy, sharing that UT Martin shaped their lives and that this gift held special meaning for their family. He expressed excitement that the new facility would replace the converted residence hall that housed the College of Business when he was a student. He added that their commitment was inspired by others around the Board table and by a shared responsibility to contribute their "time, talent, and treasure" to the University's land-grant mission.

Upon motion duly made and seconded, the Committee recommended that the Board of Trustees name UT Martin's new College of Business building the "Bill and Amy Rhodes Business Building," commonly known as "Rhodes Hall," in recognition of their enduring devotion, generosity, and support. Committee Chair Rhodes abstained from the vote.

Committee Consent Agenda

Committee Chair Rhodes asked whether any member wished to remove an item from the consent agenda. There being no request to remove an item, upon motion duly made and seconded, the Committee approved: (i) the Resolution to adopt the minutes of the last meeting of the Committee; (ii) the Ratification of Quasi-Endowments Created during FY 2025-26; and (iii) the Revision to Board Policy on a Student Programs and Services Fee (BT0023).

Other Business

Ms. Ashlee Mallon, the student Trustee from UT Martin, thanked Bill and Amy Rhodes for their support of UT Martin and emphasized the importance of the new College of Business facility to students and the campus community. No other business was brought before the Committee.

Information Items

Chair Rhodes noted the three information items included in the meeting materials: (i) the President's Report on Use of Student Programs and Services Fee Funds; (ii) the Endowment Investment Report; and (iii) the Report on Capital Projects Approvals for FY 2025-26. He observed that the University's endowment was approaching $2 billion and commended those responsible for its growth.

Closing Remarks and Adjournment

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