Meeting of the Tennessee State University Board of Trustees
Finance Committee Meeting
June 23, 2026
Tennessee State University – Virtual

MINUTES

Committee Members Present: Trustees Leticia Towns, Charles Traughber, and Dakasha Winton. Other Board members present: Marquita Qualls, Dimeta Smith Knight, Terica Smith, and Venkataswarup Tiriveedhi

University Staff Present: President Dwayne Tucker; Ginette Brown, Interim General Counsel and Board Secretary; April Robinson, Chief Finance Officer; Sterlin Sanders, Interim Chief Information Officer; Will Radford, Assistant Vice President for Campus Operations + Planning, Design and Construction

I. CALL TO ORDER

Committee Chair Towns called the meeting to order at 6:04 p.m.

II. ROLL CALL/DECLARATION OF A QUORUM

Committee Chair Towns requested that Secretary Brown conduct the roll call. The following committee members were present: Trustees Leticia Towns, Charles Traughber, Leticia Towns, and Dakasha Winton. The committee members participating electronically confirmed that they could hear and speak with the Board and that they were alone in the room. Following the roll call, Secretary Brown determined that a quorum was present.

III. ADOPTION OF AGENDA

Chair Winton moved to adopt the agenda as presented. The motion was seconded by Trustee Traughber. A roll call vote was taken, with all present committee members voting in favor of the motion. The motion passed unanimously.

IV. APPROVAL OF NEW POLICY: USE OF OUT-OF-STATE UNDERGRADUATE TUITION AND FEES REVENUE

Committee Chair Towns introduced the agenda item concerning the proposed policy on the use of out-of-state undergraduate tuition and fees revenue and invited Mrs. April Robinson, Chief Financial Officer, to provide an overview of the proposed policy prior to consideration of the action by the committee.

Mrs. Robinson explained that the proposed policy is required effective July 1, 2026, pursuant to House Bill 1833 and Senate Bill 2079, enacted May 1, 2026. She stated that the policy establishes a framework for the use of out-of-state undergraduate tuition and fees revenue for academic instruction and support, student services and success initiatives, faculty and staff compensation and benefits, financial aid and scholarships, facilities, infrastructure and technology, and strategic initiatives. The policy also provides that, as part of the annual budget and financial planning process, the University will consider how such revenues may be used to mitigate costs for in-state undergraduate students, including through financial aid and scholarships, limiting tuition and fee increases, offsetting instructional or operational costs, and investing in efficiencies or cost-saving measures.

Trustees discussed the proposed policy in comparison with policies and approaches at other Tennessee public universities, including Middle Tennessee State University, the University of Memphis, and the University of Tennessee. Mrs. Robinson explained that the proposed policy incorporates common elements from those institutions while being tailored to Tennessee State University's circumstances.

Trustees also discussed potential annual reporting on out-of-state undergraduate tuition and fees revenue, including the amount received, how the revenue is utilized, and its alignment with enrollment strategies. Trustees suggested that the use of such revenue also be routed through the Finance Committee for review to provide additional Board oversight. Trustees further clarified that the policy applies to out-of-state undergraduate tuition and fees, including international students.

Following discussion, Chair Winton made a motion to recommend to the full Board approval of the new policy on the use of out-of-state undergraduate tuition and fees revenue. Trustee Traughber seconded the motion. A roll call vote was taken, with all present committee members voting in favor of the motion. The motion passed unanimously.

V. FISCAL YEAR 2026-2027 TUITION AND MANDATORY FEES INCREASE

Committee Chair Towns introduced the next agenda item concerning the proposed Fiscal Year 2026-2027 tuition and mandatory fee increase and invited Mrs. April Robinson, Chief Financial Officer, to provide an overview of the University's recommendation.

Mrs. Robinson explained that the proposed increase would result in an estimated $425 annual increase for a full-time, in-state undergraduate student, representing a 4.5% increase comprised of $300 in program service fees and the remainder in maintenance fees. She noted that the proposed increases were informed by benchmarking with other locally governed institutions and reflected fees that had not been increased in several years.

Mrs. Robinson explained that the recommendation was intended to address anticipated inflationary and operating cost increases while supporting investments that enhance the student experience. Identified investments included residence hall improvements, enhancements to the financial aid office, renovations and furnishings in existing residence halls, and campus beautification initiatives. She also noted that no increase was proposed for full-freight out-of-state undergraduate or graduate tuition rates.

Trustees discussed the relationship between the proposed increase and the University's overall budget, the anticipated impact on students, and the cumulative effect of the prior year's 6% tuition increase and the proposed 4.5% increase. Mrs. Robinson stated that the University expected minimal adverse impact on students and reviewed available data regarding student balances and Foundation financial assistance. Trustees also discussed the need to balance affordability with the costs associated with providing and improving services and technology for students.

Following discussion, Chair Winton made a motion to recommend to the full Board approval of the Fiscal Year 2026-2027 tuition and mandatory fee increase. Trustee Traughber seconded the motion. A roll call vote was conducted with the following results:

- Chair Winton: Yes
- Trustee Towns: Yes
- Trustee Traughber: No

The motion passed.

VI. FISCAL YEAR 2025-2026 ESTIMATED BUDGET

Committee Chair Towns introduced the next agenda item concerning the Fiscal Year 2025-2026 estimated budget and invited Mrs. April Robinson, Chief Financial Officer, to provide an overview of the proposed estimated budget.

Mrs. Robinson reported that the FY2025-2026 estimated budget reflected a net surplus of \$8,596,000 despite a significantly lower-than-targeted freshman class. She highlighted strategic investments in enrollment and critical administrative functions, as well as personnel cost savings, and noted that the estimated budget represented continued efforts to improve the University's financial and operational position.

Mrs. Robinson explained that, after adjusting for \$10 million in incremental funds received through the Memorandum of Understanding (MOU) and \$4.3 million related to the Voluntary Separation Program payout, the University's October budget reflected a \$1.8 million deficit compared with an adjusted estimated surplus of approximately \$4.7 million. She emphasized that the improvement reflected continued cost controls and strategic enrollment investments.

Trustees discussed the estimated budget, including comparisons to prior-year financial information, the reliability of unaudited financial data, monthly and quarterly financial closing procedures, and differences between the University's budget presentation and financial reporting provided through the State Comptroller. Mrs. Robinson explained that the University had strengthened its monthly closing processes and anticipated providing more consistent quarterly financial reporting. Trustees also discussed the importance of clearly identifying non-recurring revenues and adjustments to allow the Board to better monitor the University's structural deficit.

Following discussion, Chair Winton made a motion to recommend to the full Board approval of the Fiscal Year 2025-2026 estimated budget. Trustee Traughber seconded the motion. A roll call vote was conducted with the following results:

- Chair Winton: Yes

- Trustee Towns: Yes
- Trustee Traughber: Abstained

The motion passed.

VII. FISCAL YEAR 2026-2027 PROPOSED BUDGET

Committee Chair Towns introduced the next agenda item concerning the Fiscal Year 2026-2027 proposed budget and invited Mrs. April Robinson, Chief Financial Officer, to provide an overview of the proposed budget. Mrs. Robinson explained that the budget uses moderately conservative revenue assumptions while including anticipated expenses and strategic investments to provide the University with flexibility to respond to unexpected needs.

Mrs. Robinson explained that the FY27 proposed budget assumes a 1,200-student freshman class and incorporates significant personnel cost reductions, including savings associated with the Voluntary Separation Program. The budget also includes strategic investments in enrollment, institutional advancement, athletics, business and finance support, student affairs, and potentially real estate. The proposed budget reflects a $796,000 surplus, including funds anticipated from the State's MOU agreement. Without the one-time MOU funding, the University would face an estimated $24.3 million deficit.

Mrs. Robinson reported that the FY26 enrollment investments are producing positive results, with confirmed freshman enrollment approaching 2,000 students. The University is continuing to monitor enrollment confirmations, new student orientation participation, and housing registrations to mitigate potential enrollment melt and registration impacts. She explained that the FY27 budget was intentionally based on the more conservative 1,200-student target because the budget was finalized earlier in the year, when enrollment confirmations were substantially lower.

Regarding the VSP, Mrs. Robinson explained that the FY27 proposed budget initially included $4.8 million in personnel savings compared with the $12.2 million anticipated in the preliminary projections, creating a $7.4 million gap. She noted that the University is actively pursuing additional cost-reduction measures and that the final VSP savings are expected to be approximately $7.8 million. Potential measures include workforce realignment, continued hiring restrictions, and review of third-party contracts and services.

Trustees discussed the relationship between the proposed budget, the recurring structural deficit, and one-time funding. Trustee Traughber emphasized the Board's responsibility to support the President and CFO in achieving structural financial soundness and ultimately a balanced or break-even budget. Mrs. Robinson acknowledged the urgency of reducing reliance on one-time funds and explained that FY27 represents an important baseline year for the University's multi-year financial turnaround. She noted that the University does not expect the current pace of deficit reduction alone to eliminate the structural deficit before the MOU funds expire in 2030 and that the University intends to accelerate deficit reduction through enrollment growth and additional cost and revenue measures.

Trustees also questioned how the University would manage the additional revenue associated with enrollment exceeding the 1,200-student budget assumption. Mrs. Robinson explained that, given the University's limited reserves, excess revenue would initially be used to strengthen the University's reserves, while additional resources would also be directed toward student success and student experience. She noted that many academic and student-success initiatives are supported through Title III funding, including advising, tutoring, career readiness, and programs targeted to freshmen and sophomores.

Trustees asked about academic staffing and whether the personnel reductions could result in right-sizing of faculty, staff, or administration. Mrs. Robinson confirmed that workforce realignment is one of the measures being considered while emphasizing that staffing decisions must account for the needs of the larger incoming class. President Tucker explained that national searches for certain leadership positions, including the provost and communications leadership, have not yet been launched because the University is balancing the need to fill critical positions against the need to control costs. He also confirmed that tenure and promotion increases were not included in the current FY27 budget because faculty staffing remains high relative to current and projected enrollment.

Trustees questioned athletics revenue and the University's level of athletic subsidization. Mrs. Robinson estimated approximately $4 million in FY26 athletic revenue, while noting that historical figures reflected higher amounts in some prior years. Athletic Director Allen reported strong recent ticket revenue, including approximately $1.78 million in football ticket sales and $288,000 in basketball ticket sales, and stated that athletics is expected to generate its highest revenue level during the upcoming year. He also reported approximately $450,000 in partnership and sponsorship revenue opportunities and stated that the athletics program is currently subsidized at approximately 60%, compared with substantially higher subsidy levels among some OVC peers. Trustees requested that the historical athletic revenue figures be cross-referenced to ensure consistency.

AD Allen also provided an update on the potential establishment of a hockey program. He explained that the University has been engaged in discussions with the NHL and the Nashville Predators regarding potential facility access, operational support, and fundraising assistance. A preliminary model estimates approximately $1.5 million in annual operating expenses, while the Predators have discussed providing approximately $2.5-$3 million in start-up funding and assisting with fundraising. The potential program is currently under deliberation, with a possible launch in 2027, subject to further due diligence and the University's fiduciary responsibilities.

Trustees further discussed how scholarships would affect the financial impact of increased enrollment and tuition. Mrs. Robinson indicated that the University has been working to reduce its scholarship rate, which had previously been approximately 50%, but she stated that the exact scholarship composition of the incoming freshman class would require further review.

Following discussion, Chair Winton made a motion to recommend to the full Board approval of the fiscal year 2026-2027 proposed budget. Trustee Traughber seconded the motion. A roll call vote was conducted with the following results:

- Chair Winton: Yes
- Trustee Towns: Yes
- Trustee Traughber: Abstained

The motion passed.

VIII. CONSIDERATION AND POSSIBLE ACTION REGARDING REAL ESTATE TRANSACTION

Committee Chair Towns introduced the real estate transaction item and recognized Chris Dalgarno-Platt of Hayat Brown to present the firm's recommendation regarding the approximately 25-acre property at 7200 Cockrill Bend Boulevard near the John C. Tune Airport.

Mr. Dalgarno-Platt reviewed the valuation work conducted on the property. He explained that Hayat Brown's initial market analysis estimated a value of approximately $9 million to $12 million. A subsequent formal appraisal by Alliant Commercial Appraisers, using four comparable light-industrial properties in the Cockrill Bend/Northwest Nashville area, valued the property at approximately $15.5 million. He noted that comparable properties had generally remained on the market for nine to 18 months.

Mr. Dalgarno-Platt also reviewed an appraisal commissioned by the Metropolitan Nashville Airport Authority, which valued the property at approximately $10.5 million to $13.5 million. He explained that the difference was primarily attributable to the selection of comparable properties and adjustments for the University property's topography. Hayat Brown concluded that the appraisals supported a reasonable market range of approximately $13 million to $15 million.

The Board discussed whether to pursue an open-market competitive process or negotiate directly with the Airport Authority. Hayat Brown recommended bilateral negotiations, noting that the Airport Authority was a motivated potential purchaser and that a market process could take nine to 18 months without assurance of a higher offer. The Board also discussed State Building Commission requirements, with Hayat Brown advising that a transaction with another Tennessee public agency may not require the same market-testing process, subject to confirmation by the Office of General Counsel.

Trustee Traughber questioned how the potential transaction would support the University's broader strategic priorities and requested greater specificity regarding the intended use of proceeds. President Tucker stated that proceeds could be used to address campus housing needs and modernize residence halls. Mr. Radford explained that the University's prior space-utilization study had identified certain properties as non-essential to academic programming and that Hayat Brown's work was intended to evaluate how those assets could be leveraged for other University priorities. Trustee Traughber also noted that the presentation materials had not been provided to trustees in advance of the meeting.

The Board also discussed whether changes to the Metropolitan Nashville Airport Authority's governing board and related litigation could affect the proposed negotiations. Secretary Brown indicated that additional review would be necessary to determine whether those matters presented any risk to the transaction.

Secretary Brown reviewed proposed resolution language that would have authorized a 30-day listing period before considering a direct sale to the Airport Authority. Committee Chair Towns clarified that the committee was considering the President's recommendation rather than that proposed resolution. President Tucker recommended proceeding with negotiations with the Airport Authority consistent with Hayat Brown's recommendation.

Chair Winton moved to approve the President's recommendation to proceed with the proposed real estate transaction with the Metropolitan Nashville Airport Authority. Trustee Traughber seconded the motion. A roll call vote was conducted with the following results:

- Chair Winton: Yes
- Trustee Towns: Yes
- Trustee Traughber: No

The motion passed.

IX. ADJOURNMENT

Chair Winton moved to adjourn, with the motion seconded by Trustee Traughber. A roll call vote was conducted, with all Committee members present voting in favor of the motion. The meeting was adjourned.