Meeting of the Tennessee State University Board of Trustees
Finance Committee Meeting
February 20, 2026
Tennessee State University – The Farrell Westbrook Complex (the "Barn")

MINUTES

Committee Members Present: Trustees Charles Traughber (virtual), Jeffery Norfleet, Leticia Towns, and Dakasha Winton. Other Board members present: Azana Bruce, Trevia Chatman, Marquita Qualls, Dimeta Smith Knight, Terica Smith, and Artenzia Young-Seigler

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; Jim Grady, Alvarez & Marsal

I. CALL TO ORDER

Committee Chair Traughber called the meeting to order at 10:23 a.m.

II. ROLL CALL/DECLARATION OF A QUORUM

Committee Chair Traughber declared that a quorum was present. Board Secretary conducted the roll call. The following committee members were present: Trustees Charles Traughber, Leticia Towns, Jeffery Norfleet, and Dakasha Winton.

III. OPENING REMARKS

In his opening remarks, Trustee Traughber noted that the University remains at a critical moment in its history and expressed optimism regarding its ability to work through current challenges. He emphasized his appreciation for the opportunity to collaborate with fellow trustees, the administration, faculty, alumni, students, vendors, and state partners in advancing institutional stability and positioning TSU to thrive.

Trustee Traughber encouraged patience and continued collaboration among stakeholders as the University addresses its challenges, while also underscoring the importance of accountability and shared commitment to identifying and implementing solutions that move the institution forward. He concluded by noting that "iron sharpens iron, so one person sharpens another," reinforcing the value of constructive engagement and collective progress.

IV. ADOPTION OF AGENDA

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

V. APPROVAL OF NOVEMBER 20, 2025, FINANCE COMMITTEE MEETING MINUTES

The minutes from the November 20, 2025, meeting of the Finance Committee were approved as submitted, with Chair Winton making the motion and Trustee Towns seconding the motion. A roll call vote was taken, with all present Committee members voting in favor of the motion. The motion passed unanimously.

VI. FINANCIAL UPDATE

Committee Chair Traughber introduced the next agenda item, the financial update, and invited Jim Grady of Alvarez & Marsal to present.

Mr. Grady provided an update on the University's year-to-date financial performance, beginning with a review of budget versus actual results through the first half of the fiscal year. He reported that the University is currently tracking ahead of budget, primarily due to lower-than-anticipated personnel expenditures resulting from continued vacancies. However, he cautioned that the University remains projected to end the fiscal year with an operating deficit of approximately \$2–3 million and noted that favorable year-to-date performance does not eliminate underlying structural challenges.

Mr. Grady then reviewed liquidity, reporting an estimated year-end unrestricted cash balance of approximately \$12.4 million on June 30, 2026. He noted that this position does not yet reflect the anticipated \$25 million state allocation expected at the start of the next fiscal year under the existing memorandum of understanding. He also reported that current cash levels are approximately \$50 million, including timing adjustments related to financial aid drawdowns.

Turning to enrollment-related financial impacts, Mr. Grady provided an update on spring 2026 student purge results, noting that the University ended with approximately 4,324 FTEs, slightly below budgeted expectations of 4,364 FTEs. He emphasized that while enrollment remains relatively stable, ongoing monitoring is required to ensure alignment with budget assumptions.

Mr. Grady then reviewed financial compliance considerations related to the University's SACSCOC fifth-year interim review, outlining the three financial standards under evaluation, including federal and state responsibilities, physical resources, and institutional environment, safety, and wellness. He confirmed that required audits, space utilization updates, and safety and wellness documentation have been submitted in accordance with accreditor expectations.

Committee members engaged in discussion regarding liquidity targets, operating deficits, grant reimbursement timing, and structural budget gaps. Mr. Grady explained that a typical liquidity target is approximately three months of operating expenses and confirmed that current reserves are generally aligned with that benchmark. He further clarified that the University continues to operate with a significant structural deficit in the mid-\$30 million range when excluding non-recurring revenues and expenses.

Additional discussion addressed the voluntary separation program, grant drawdown timing, and the distinction between recurring and non-recurring revenue sources. Mr. Grady confirmed that the University remains in a deficit position prior to state support and emphasized the importance of continued financial discipline and monitoring.

Committee Chair Traughber thanked Mr. Grady for the report.

VII. FINANCE OPERATIONS REPORT

Committee Chair Traughber introduced the next agenda item, the report on finance operations, and welcomed Chief Financial Officer April Robinson to provide the update.

Ms. Robinson, a 2006 Tennessee State University alumna and certified public accountant with over 18 years of experience in public accounting, mergers and acquisitions, and publicly traded company finance leadership, outlined her professional background and early priorities following approximately 60 days in the role. She described a 30-day reset focused on resetting expectations and strengthening the finance and business culture, aligning departmental priorities with the administration's agenda, and establishing "go-live" objectives for the next six months. She emphasized an ambitious goal of positioning the University for a clean audit by July 1, while acknowledging the scale of required transformation.

Ms. Robinson reported ongoing work to expand the control environment review beyond prior audit findings to include broader compliance, effectiveness, and operational impact. She noted implementation of post-purge procedures designed to balance student access with financial discipline, including direct engagement with students and parents alongside leadership to ensure transparency in reinstatement decisions. She also reported a realignment of financial aid operations to improve performance in a high-impact functional area, along with tighter review of operating expenses through the budget process to support deficit reduction efforts.

Key financial integrity initiatives included restricting payment system access, implementing a formal monthly close process in Banner, and closing outstanding purchase orders to strengthen accounting controls. She noted that bank reconciliations were a major focus of her 180-day plan, with a structured review process underway to address prior inconsistencies, improve training, reduce manual reconciliation burden, and expand reconciliation coverage across all University bank accounts.

Ms. Robinson also outlined broader 60- to 180-day priorities, including continued budget restructuring, voluntary separation program (VSP) implementation support, organizational realignment within Business and Finance, liquidity management, and expansion of financial planning and analysis capacity. She emphasized the importance of strengthening reserve levels to reduce liquidity stress over time, while maintaining disciplined short-term cash management.

In the liquidity update, it was reported that the University projected approximately $12.4 million in unrestricted cash at June 30, 2026, with an anticipated additional $25 million state disbursement following July 1 under the existing memorandum of understanding. Current cash positions were estimated near $50 million, including planned drawdowns of financial aid funds. A preemptive grant reimbursement strategy was also discussed, allowing June expenses to be drawn in advance without compliance risk, in coordination with the Grants office.

Ms. Robinson further noted that financial aid operations had been restructured to improve responsiveness and performance, and that budget discipline efforts included more rigorous evaluation of departmental expenditures and staffing needs. She reiterated that the administration's objective was to strengthen financial reporting reliability through improved systems, controls, and staffing alignment.

Trustees discussed bank reconciliation challenges, with Ms. Robinson attributing delays to both staff capability development and limitations in system integration, which require significant manual matching of transactions across high-volume accounts. Trustees also raised questions regarding the University's deficit position, liquidity pressures, and the impact of structural operating gaps. Administration confirmed that the current budget reflects a deficit in the range previously reported and emphasized that liquidity and non-recurring revenue timing continue to influence cash flow analysis.

The Voluntary Separation Program was also discussed, with administration estimating an approximately \$10–11 million potential cost and a projected near-term savings return within 10–12 months based on anticipated participation rates. Trustees were informed that final participation levels would determine the ultimate budget amendment required and that academic program integrity and accreditation considerations would guide approvals.

Committee members further discussed the importance of aligning cost reduction strategies with long-term enrollment and revenue planning. Administration emphasized that while expense management remains critical, long-term financial stability will require complementary revenue growth initiatives, including enhanced alumni engagement, foundation restructuring, and expanded monetization opportunities.

Chair Traughber concluded the discussion noting that the University is engaged in a broader multi-year financial transformation effort requiring both operational discipline and strategic revenue enhancement. The report finished without any further questions being asked.

VIII. REPORT ON INSTITUTIONAL ADVANCEMENT

Committee Chair Traughber introduced the next agenda item, an update on Institutional Advancement, and welcomed Ms. Eloise Alexis, Assistant Vice President of Institutional Advancement, to provide the report.

Ms. Alexis reported that from July 1 through January 31, the University received approximately \$1.4 million in philanthropic giving, representing a modest increase of roughly \$100,000 over the same period in the prior year. She noted that the total reflected contributions from nearly 1,900 donors, which was a decrease in donor count compared to the prior year, resulting in a higher average gift per donor.

She also reported approximately $1.6 million in additional gift and grant awards and documented pledges during the period, with further awards expected to be announced at the next board meeting. Ms. Alexis highlighted the receipt of two estate gifts, including one exceeding $200,000, emphasizing the importance of planned giving as part of long-term philanthropic support for the University.

Ms. Alexis explained that giving by donor category showed increases in alumni contributions and scholarship-related giving, both endowed and current use, reflecting alignment with donor engagement messaging. She noted a decrease in corporate and foundation giving due to the timing of a prior large multi-year technology-related gift, while other organizational giving increased, including a $100,000 contribution made in honor of a late donor.

She reported that Institutional Advancement is actively transitioning from the Banner system to the Blackbaud CRM platform, with an internal go-live date of February 1. She noted that this transition would improve reporting accuracy, donor access to giving history, and scholarship account transparency, and that some gift data may not yet be fully reflected during the migration period.

Ms. Alexis further reported ongoing efforts to strengthen donor participation and engagement strategies, particularly among alumni. She noted that Institutional Advancement is implementing targeted outreach and engagement campaigns, including alumni town halls, regional meetings, and collaboration with affinity chapters and the National Alumni Association.

She also reported progress in restoring and stabilizing electronic funds transfer and payroll deduction giving systems, which had previously experienced disruption affecting approximately 150 donors. She stated that about half of those donors had already reinstated their recurring gifts, with continued outreach underway to re-engage remaining donors and ensure sustainability of recurring giving programs.

Ms. Alexis highlighted expanded fundraising and communications efforts, including targeted print and electronic appeals to approximately 11,000 constituents, estate and planned giving outreach to legacy alumni cohorts, and improved data cleansing processes to enhance donor record accuracy. She noted that over 4,000 tax acknowledgment letters had been issued in coordination with the TSU Foundation.

She also provided an update on the University's ongoing effort to redesign its alumni giving model. She clarified that the initiative is focused on consolidating fundraising activity under a single 501(c)(3), eliminating dues structures, and improving stewardship by ensuring that all funds raised in the name of the University are properly managed through the foundation. She emphasized that the intent is to strengthen alignment, compliance, and scholarship verification, not to dismantle alumni organizational structures.

Ms. Alexis reported that a steering committee and task force, composed of University leadership, foundation representatives, and alumni leadership, was established to evaluate implementation of the proposed model. She noted that working groups are assessing structural, financial, and governance considerations to support a unified fundraising framework.

She concluded by noting continued preparation for a comprehensive fundraising campaign, focused on strengthening alumni engagement, expanding philanthropic participation, and supporting student scholarships and institutional priorities. She also recognized the importance of leadership engagement in advancing fundraising goals and acknowledged the President's personal commitment to the campaign as a signal of institutional alignment.

Committee Chair Traughber thanked Ms. Alexis for her report. There were no questions, and the item was concluded.

IX. APPROVAL OF YMCA PARKING TRANSACATION

Committee Chair Traughber introduced the next agenda item, the approval of the YMCA parking transaction, noting that the relevant materials were included in the Board's meeting packet. He recognized Mr. Will Radford, Assistant Vice President for Campus Planning, Design, and Construction, to present the item.

Mr. Radford explained that the proposed transaction is a two-part arrangement designed to leverage existing parking capacity at the Avon Williams Campus. He reported that the campus includes a total of 352 parking spaces, of which 100 spaces, located in the northeast corner adjacent to the YMCA, would be made available under a lease or license agreement with the YMCA of Middle Tennessee.

Mr. Radford outlined the financial terms of the proposed agreement, stating that the 100 spaces would be leased at a rate of $231 per space per month, generating approximately $277,000 in annual revenue. He noted that this represents new, undesignated revenue for the University. The agreement includes an initial one-year term with a one-year renewal option, for a potential total contract value of approximately $554,400.

In response to a question regarding prior revenue estimates, University leadership clarified that earlier projections were based on a larger number of spaces. The number of spaces was subsequently reduced to 100 after determining that more students than anticipated were utilizing parking at the Avon Williams Campus rather than shuttle services.

Mr. Radford further described the operational responsibilities under the agreement. The YMCA will be responsible for identifying and authorizing its users, while the University will retain responsibility for parking enforcement, including ticketing and towing when necessary. He emphasized that the University retains full ownership of the property, and the agreement conveys only usage rights.

He also noted that although the agreement has been functionally active, formal execution of the lease is pending approval through the appropriate state processes, including final authorization by state officials. The item before the Committee is to approve the proposed approach, enabling the University to proceed with finalizing the agreement.

During discussion, trustees inquired about renewal provisions and termination rights. Mr. Radford confirmed that the YMCA would have the unilateral option to renew after the first year, while both parties would have renewal considerations thereafter. He also stated that the agreement includes a 30-day termination provision.

Mr. Radford reported that the University anticipates approximately $14,000 in one-time costs associated with striping and creating a pedestrian walkway to support the designated parking area. Additional operational considerations include staffing a dedicated parking attendant and managing scheduling conflicts related to events at the Avon Williams Campus.

Trustees also discussed contingency planning for parking capacity. University leadership indicated that shuttle services between campuses have already been increased to accommodate potential overflow demand and ensure continued access for students, faculty, and staff.

In response to questions regarding long-term impacts, Mr. Radford stated that the initial improvements are one-time costs, and any restoration required at the conclusion of the agreement would be minimal.

Following discussion, Trustee Towns made a motion to recommend adoption of the resolution as presented in the meeting materials, and Trustee Norfleet seconded the motion. A roll call vote was conducted, and the motion passed unanimously.

X. APPROVAL OF PARKING RULES

Committee Chair Traughber introduced the next agenda item, the approval of the parking rules, noting that the proposed materials were included in the Board's meeting packet. He recognized Secretary Brown to present the item.

Secretary Brown explained that the University is seeking authorization to proceed with the formal administrative rulemaking process to establish official parking rules. She noted that this process requires submission of the proposed rules to the Attorney General's Office for review and comment, the holding of a public hearing to receive feedback, and final submission to the Secretary of State, at which point the rules would be codified within the Tennessee Rules and Regulations.

She reported that this would be the first time the University has undertaken this formal rulemaking process for parking regulations, though other locally governed institutions have done so. She emphasized that the initiative is necessary to ensure compliance with state law and to provide a formal framework for parking enforcement and administration.

Secretary Brown outlined key provisions of the proposed rules, including the authority to charge for parking permits for students and visitors, definitions of vehicles and campus boundaries, and the establishment of campus traffic regulations, including a 50-mile-per-hour speed limit. She further noted that the rules would include a structured appeals process and the creation of a three-member parking and traffic committee with representation from students, faculty and staff, and administration.

She also highlighted new provisions addressing personal mobility devices, such as bicycles, scooters, and skates, formally authorizing their use on campus. Secretary Brown added that the proposed rules were developed using a benchmarking approach, modeled in part on peer institutions while incorporating existing University practices.

Trustees asked whether the rules would return to the Board for final approval following completion of the rulemaking process. Secretary Brown indicated that the rules would likely be brought back to the Board, as revisions are anticipated based on feedback received during the review process.

In response to questions regarding the rationale for the initiative, Secretary Brown reiterated that state law requires formal rulemaking for policies affecting the rights and privileges of the public. She noted that this effort also establishes a framework for potential revenue generation through parking permits and aligns the University with standard practices across peer institutions.

Trustees also inquired about how the rules would be communicated to campus users. Secretary Brown stated that the finalized rules would be published on the University's website and, upon completion of the rulemaking process, formally included in the Tennessee Rules and Regulations. She added that external partners, such as those entering into parking agreements with the University, would be required to comply with and be informed of these rules.

Following discussion, Trustee Norfleet made a motion to authorize the University to proceed with the parking rulemaking process, and Chair Winton seconded the motion. A roll call vote was conducted, and the motion passed unanimously.

XI. APPROVAL OF DEBT MANAGEMENT POLICY

Committee Chair Traughber introduced the next agenda item, the approval of the Debt Management Policy, noting that the proposed policy and supporting materials were included in the Board materials for the meeting. Ms. April Robinson presented the item.

Ms. Robinson explained that the Debt Management Policy is a new policy intended to address outstanding governance gaps and strengthen the University's financial framework. She noted that the University does not currently have a formal debt management policy and that the proposed policy was developed using benchmarking from four peer institutions within the state, with the closest alignment to the model used by Austin Peay State University. She stated that the policy authorizes the Board of Trustees to approve the University's ability to issue debt through the State Bond Authority.

Trustees raised questions regarding the scope and limitations of borrowing authority under the policy. Ms. Robinson clarified that the University cannot incur debt without Board approval and that the policy includes a defined debt capacity formula to limit exposure. She further explained that debt capacity is assessed at the time of bond issuance on a project-by-project basis.

Trustees inquired about policy transparency, publication, and compliance. Ms. Robinson indicated that the policy would be published both through the University and in coordination with the State, given its connection to the State Bond Authority. She noted that the Board retains ultimate oversight responsibility for ensuring compliance and that procedures outlined in the policy guide project identification and approval.

Discussion also included the University's current debt obligations. Ms. Robinson reported that the primary outstanding debt relates to the 2022 bond issuance for the construction of a new residence hall and confirmed that no additional bond issuances have occurred since that time. She stated that no new debt-financed projects are currently planned, though future needs – particularly related to aging campus infrastructure – may be evaluated.

Trustees emphasized the importance of conducting a risk assessment of existing debt obligations and ensuring alignment with policy provisions, including compliance requirements related to financial reporting and use of funds. Ms. Robinson acknowledged these considerations and agreed that ongoing evaluation of debt capacity and associated risks would be prudent.

Additional clarification was provided regarding the distinction between bond-funded projects and state-funded capital projects. It was noted that bonds are typically used for auxiliary, revenue-generating facilities, while academic buildings are generally funded through state appropriations with required institutional matching funds.

Following discussion, Chair Winton made a motion and Trustee Norfleet seconded the motion to recommend approval of the Debt Management Policy to the full Board. A roll call vote was conducted, and the motion passed unanimously.

XII. ADJOURNMENT

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