the INSTITUTE FOR ADVANCED LEARNING AND RESEARCH

AGENDA
RESOURCES COMMITTEE MEETING
Tuesday, July 30, 2026 – 10:45 a.m. – IALR Conference Room 203

I. Convening of Meeting	Mr. Don Merricks
A. Welcome	
B. Call to Order and Confirmation of Quorum	
C. Call for Changes to Agenda	
II. Attendance of Committee Members by Electronic Communications Means (Vote Required)	Mr. Don Merricks
III. Approval of Minutes (Vote Required)	Mr. Don Merricks
A. May 5, 2026	
IV. Financial Reports	Ms. Angie Anderson
A. Quarterly Financials – 4th Quarter	
B. Review of Manufacturing Advancement Financials	
C. Approval of 4th Quarter Financials **(Vote Required)**	
V. Legislative and State Budget Update	Mr. Telly Tucker
VI. Open Discussion of Concerns, Issues, and Observations	Group
VII. Adjournment	Mr. Don Merricks

Future Committee Meetings – 10:45 a.m.

Future Plenary/BOT Meetings – 9:00 am
August 13, 2026

Resource & Control Committee
Mr. Don Merricks, *Chair*
Mr. Ben Davenport
Mr. Don Gibson, *Ex Officio*
Mr. Charles Majors
Ms. Leslie Mantiply
Mr. Kunal Patel
Ms. Chris Pennington

IALR Staff
Mr. Telly Tucker, President
Ms. Angie Anderson, Chief Financial Officer
Dr. John Hughes, EVP, Operations
Ms. Pam Patterson, BOT Secretary
Ms. Emma Sellers, Sr. Director of Institutional Adv

IALR BOARD OF TRUSTEES (BOT)

RESOURCES COMMITTEE

Minutes – May 5, 2026 - 10:45 a.m. – Conference Room 203

Members Present Mr. Don Merricks, *Chair* Mr. Ben Davenport, *left at 11:42 am* Mr. Don Gibson, *Ex Officio* Mr. Charles Majors Mr. Kunal Patel Ms. Chris Pennington, *via Zoom* **Members unable to attend** Ms. Leslie Mantiply	**IALR Staff Present** Mr. Telly Tucker, President Ms. Angie Anderson, Chief Financial Officer Dr. John Hughes, EVP, Operations Ms. Pam Patterson, BOT Secretary & Executive Assistant Ms. Emma Sellers, Sr. Director of Institutional Advancement **IALR Staff Unable to Attend** **Guests** None

Call to Order / Quorum

Mr. Don Merricks called the Resources Committee meeting to order at 10:45 a.m. on Tuesday, May 5, 2026. A quorum was present. There were no changes to the agenda.

Attendance of Committee Members by Electronic Communication Means

Mr. Don Merricks announced that Ms. Chris Pennington would participate electronically due to the distance of travel from her workplace. The committee voted to allow her to attend the meeting via Zoom.

- **Motion**: Mr. Charles Major made a motion to allow Ms. Pennington to attend the meeting via Zoom. Mr. Don Gibson seconded the motion. The motion passed unanimously.

The results of the vote are shown below:

Committee Members Absent	-	1
Committee Votes For	-	5
Committee Votes Against	-	0
Committee Abstentions	-	0

Approval of Minutes

- **Motion** – Mr. Don Gibson made a motion to accept the minutes for the January 27, 2026 meeting. Mr. Charles Majors seconded the motion. The motion passed unanimously.

Financial Reports

Mr. Don Merricks reported that he, along with Mr. Gibson and Mr. Tucker, met with Ms. Anderson to review and finalize the financial report.

IALR Financial Overview

Ms. Angie Anderson presented the IALR Financial Overview (Exhibit A), which included the third quarter reports for IALR and the IALR Foundation. Ms. Anderson noted that the Institute concluded the period ending March 31, 2026, with a 6.7% surplus.

- General tracked over due to depreciation expense.

- Conferenced Services exceeded its budget due to upfitting the new café (*The Galley*) in the Maritime Training Center (MTC).

- Facility Operations & Maintenance tracked slightly over due to snow removal and increases in preventative maintenance agreements.

- Central Services exceeded its budget due to construction costs and furniture purchases for the Human Resources (HR) suite.

- Accounts Receivable totaled $6.1 million, representing an increase from the same period the previous year. Subsequent to the reporting period, a payment of $1.8 million was received on May 5, 2026. Of the remaining balance, $4.3 million, was over 30 days outstanding, primarily attributable to grants and contracts subject to reimbursement cycles exceeding 90 days. No collection issues were anticipated.

- The Institute's cash reserve remained just over $2.0 million. The operating account closed the quarter with a balance of $1.0 million, reflecting normal cash inflows and outflows, particularly those associated with construction payout schedules. The non-federal account totaled $3.5 million, while the federal account totaled $6.5 million.

- The Advanced Manufacturing segment reported $15.7 million in activity, which included a $1.6 million reserve designated for ATDM equipment needs. The segment reflected an approximate 29% surplus. On the Grants and Contracts Activity report, three contracts were highlighted:

  - Blue Forge Alliance (BFA)-Submarine Transportation
    Received notice that funding would be sent; however, it had not been received.

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- Department of Defense (DoD – Regional Training Center (RTC) Funding
  Reaching the end of the project; however, waiting for change order funds that were above the initial contract.

- Blue Forge Alliance (BFA) – NAVAIR
  Operating without a contract at present.

- Blue Forge Alliance (BFA) – Sail & Rudder

- Austal – AMPRO 2026
  Current project

Mr. Merricks led a discussion on financial performance and payment issues with federal contracts. The organization had a 6.7% surplus and $6.7 million in federally restricted funds, but was facing significant payment delays from the Navy, resulting in approximately $1.5 million in expenses incurred without corresponding contracts or payments. The Committee made the decision to wait until the May 14, 2026, Board meeting before potentially reaching out to Senator Tim Kaine and Congressman John McGuire about the payment issues, pending movement on the promised timeline from Navy leadership.

IALR Foundation – 3rd Quarter of FY2026

- The Foundation reported a total balance of $668,000, consisting of $287,000 in restricted funds and $380,000 in unrestricted funds. A new Community Foundation – Serve & Learn Camp grant was new for this quarter. The McAllister and Quinn Engagement fund was voted on by the Foundation Board of Directors and repurposed.

- The Real Estate Holding account showed $67,000. The funds were divided between the First National Bank account, used for mortgage payments, and the Atlantic Union Bank account, used for operational expenditures.

- Certificates of Deposit totaled approximately $351,000.

- The endowment reached $1.9 million, reflecting an increase of $213,000 from the previous quarter. Foundation investments totaled $1.5 million, an increase of $169,000 from the prior quarter. Grants and Contracts amounted to a $2.4 million deficit. The majority of the deficit was due to operating the Additive Manufacturing Center of Excellence (AM CoE) and the Naval Aviation School for Additive Manufacturing at a deficit, without current contracts. Depreciable fixed assets continued to grow as construction on several buildings remained underway.

  - **Motion** – Mr. Ben Davenport made a motion to accept the 3rd Quarter IALR Financial Report as presented and recommend it to the Board of Trustees for approval. Mr. Don Gibson seconded the motion. The

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motion passed unanimously.

Mr. Merricks reported that the IALR Foundation requested the Resources Committee to review its financial reports. The Committee reviewed the reports, found them to be acceptable, and recommended them to the FBOD for consideration.

- **Motion** - Mr. Don Gibson made a motion to accept the IALRF Financial Report as presented and recommend it to the IALR Foundation for approval. Mr. Charles Majors seconded the motion, and it was approved unanimously.

Legislative and State Budget Update

Mr. Telly Tucker reported that the State budget negotiations were ongoing around revenue projections, with the budget process not expected to conclude until June. The Data Center Tax Abatement appeared to be the issue. The Data Center Coalition had proposed two solutions to provide additional support; however, the Senate had not accepted either.

Key funding items remained uncertain, including the 2% cost-of-living adjustment, GO TEC, and staff funding. The original request was for $4.67 million, but approximately $2.3 million remained in the budget for each year pending the outcome of the business and sustainability plan. IALR will be presenting the plan to the GO Virginia Board in June. The plan recommends that the state provide a least two more years to build the infrastructure to execute the sustainability plan. After that time, there would be a cost share between industry, philanthropy, the schools, and licensing.

IALR Budget Comparison – FY2026 vs. FY2027

Ms. Anderson presented the FY2026 to FY2027 Departmental Comparison Budget Report.

- IALR budget
  - ➢ The budget included a $200,000 contingency
  - ➢ Two new positions (Chief of Staff and Executive Vice President of Administration) funded from cash reserves.
  - ➢ GO TEC funding – a 6-month gap requiring approximately $400,000 in gap funding if additional funding is not received, with potential sources including GO Virginia or the IALR Foundation.
  - ➢ Advanced Learning included the implementation of Salesforce totaling $300,000 for a one-year cost. Beyond that, the licensing cost would be approximately $20,000 per year.
  - ➢ Maritime Training Center (MTC) Café – a new line item was added. Overall, it is expected to operate at a loss of about $157,000. It was anticipated that the ATDM surplus would be used to share in that loss since it would be supporting the students and not open to the public. It would operate on a 24/5 basis.
  - ➢ Human Resources – funding was added for staff development, employee recognition, and software.

- **Motion** – Mr. Don Gibson made a motion for the BOT to accept and approve the FY2027 proposed IALR budget, as presented, contingent on state funding,

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and recommend it to the Board of Trustees for approval. Ms. Chris Pennington seconded the motion, and it was approved unanimously.

- Advanced Manufacturing Budget
  - ➢ Optimization 149 Slayton was added to the budget
  - ➢ Contingencies for CMA Operations, Advanced Manufacturing, Capstone, and the Rapid Launch facilities were included.
  - ➢ Capital cost was included, but did not include the cost of adding floor depth to meet specifications for some of the equipment.

  - **Motion** – Mr. Kunal Patel made a motion for the BOT to accept and approve the FY2027 proposed Manufacturing Advancement budget, as presented contingent on state funding, and recommend it to the Board of Trustees for approval. Mr. Charles Majors seconded the motion, and it was approved unanimously.

- IALR Foundation FY2027 Budget
  Ms. Anderson presented the FY2027 IALR Foundation budget.

  - ➢ The committee approved paying off the $4.6 million loan, which would save approximately $275,000 annually in interest costs.

  - **Motion** - Mr. Don Gibson made a motion for the FBOD to accept and approve the FY2027 IALRF budget, as presented. Mr. Ben Davenport seconded the motion which was approved unanimously.

- 149 Slayton Building – a proposed budget was included in the overall report.

<u>New Business and Open Forum of Concerns, Issues, and Observations</u>
No further concerns, issues, or observations were discussed.

<u>Adjournment</u>
Mr. Merricks adjourned the meeting at 11:43 a.m.

Signatures and exhibits are shown on the following page.

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Minutes Recorded By:	**Minutes Approved By:**
___________________________________	___________________________________
Pam Patterson **Secretary, Board of Trustees**	**Don Merricks, Chair**
___________________________________	___________________________________
Date	**Date**

Attachments Included as Official Part of Minutes
Exhibit A - IALR Financial Overview – 3rd Quarter, FY2026
Exhibit B – Budget Comparison FY2026 vs FY2027

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