

Minutes from 21 March 2019

HRMFFA Quarterly Board of Directors Meeting

1. HRMFFA's quarterly Board of Directors meeting was held at the Regional Building in Chesapeake on 21 March 2019. Public Board members present were: Mayors Alexander, Dyer, Price, Rabil, Rowe, Tuck and West; Vice Mayor Pons; Supervisors Hipple and Shepperd; Councilman Southall. Private Board members present were: Baugh, Brickell, Faulkner, Klett, McKenna, Stephens, and Watkins. Mr. Karl Johnson represented Joe Campbell and BAE Shipbuilding. Executive Director Quigley, Deputy Executive Director Dwyer and Treasurer Wilson were also present. A quorum was achieved.
2. Board Chair Kenny Alexander called the meeting to order at 10:32 a.m. and offered welcoming remarks. He then opened the floor for public comments; there were none.
3. Executive Director Quigley then reviewed the end-of-February financials. He noted there were no issues with the financials since the December board meeting and we were still on track with executing the FY2019 budget as planned. There were no questions or comments from the Board.
4. Chair Alexander then asked John Simmons from The Roosevelt Group (TRG) to provide his Washington Update. Mr. Simmons provided the Board a recap of the President's FY20 budget request, FY20 military construction in Hampton Roads, NASA Langley's FY20 budget, ADC Installation Innovation Forum activities, and an update on TRG's advocacy efforts on behalf of the region.

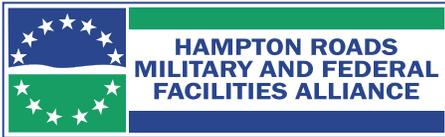
Key items of interest include:

- The administration sent a \$4.7 trillion budget to Congress on March 11th. It included over \$718 billion for the DoD portion of defense spending with \$98 billion in base budget requirements moved to overseas contingency operations (OCO) accounts to circumvent the Budget Control Act (BCA) spending cap of \$545 billion for DoD. Non-defense spending was reduced by 5% overall.
- DoD's FY20 budget priorities are meant to operationalize the National Defense Strategy to strengthen our competitive advantage for long-term security. The four broad focus areas include enhancing competitiveness through emerging warfighting domains; modernizing air, maritime and land domains; sustain and build on readiness gains; develop and field innovative technologies.



- Proposes creation of a new Space Force under the Department of the Air Force similar to how the Marine Corps is an independent service under the Department of the Navy.
- Budget proposes the largest shipbuilding request in more than 20 years and the largest research and development request in 70 years. However, it proposes cancelling the USS Harry S. Truman's mid-life refueling and complex overhaul (RCOH) and retiring the ship early in the 2024 timeframe. Mayor Price asked about the Truman decision and stated it would have a huge impact on Newport News Shipbuilding. Mr. Simmons said it was a Navy funding issue to save \$3.4 billion on the RCOH and \$30 billion over about 30 years, but the Navy knows that Congress will likely restore the RCOH funding. There has also been about \$500 million already spent on long lead time RCOH items. Mr. Quigley stated that former Secretary of Defense Mattis made cancelling the RCOH part of the deal to approve the Navy's two-carrier buy.
- Hampton Roads is currently slated for six FY20 MILCON projects worth \$241 million, which is much better than FY19s \$59 million in MILCON. Mr. Shepperd asked about whether the MILCON authorizations expire and whether they were at risk to have funds diverted to pay for the border wall. Mr. Simmons stated that MILCON projects previously approved/appropriated are good for five years, but these FY20 projects have not been approved yet and may be at risk. Mr. Dwyer explained that DoD has said previously-approved projects awarded by 30 Sep 2019 are safe from having their funding diverted to the border wall. There are several previously approved Hampton Roads MILCON projects that have projected award dates beyond 30 Sep 2019 that are at risk based on DoD's criteria. Mr. Quigley stated the MILCON list and Hampton Roads projects at risk would be distributed to the board members.
- NASA Langley Research Center's FY20 budget request is \$845 million, which is slightly higher than last year's budget request. It includes the fifth new building in the center's revitalization plan, a \$51 million vertical wind tunnel facility which is one of only two new FY20 facilities in all of NASA. It also includes about \$20 million for hypersonics research with the Air Force, a key DoD priority. However, it does cut \$29 million and cancel the center's CLARREO-PF program. This was also proposed to be cut last year and Congress restored the funding.
- TRG and HRMFFA are continuing to advocate for Langley to be home to the relocated F-22 flying and maintenance training units. They worked with Secretary Hopkins to help craft a Virginia congressional delegation and General Assembly letters to the Secretary of the Air Force urging Langley's selection. They are keeping an eye on the Navy's public shipyard revitalization plan, 2nd Fleet/Innovation Hub, and beddown of the MQ-25 carrier refueling drone.





KENNETH C. ALEXANDER, CHAIR . DONNIE R. TUCK, VICE-CHAIR . SHEILA S. WILSON, TREASURER

CRAIG R. QUIGLEY, EXECUTIVE DIRECTOR . RICHARD E. DWYER, SECRETARY

- Mr. Kevin Felix of the Roosevelt Group briefed the William and Mary Whole of Government Center of Excellence that HRMFFA helped establish as hosting its second annual National Security Conference on April 4th at William and Mary. Flyers with details were provided to the board.
5. Chair Alexander then invited Mr. Hipple to brief the board on the Budget and Finance Committee's activities. Supervisor Hipple stated the committee met for the first time on 21 Feb and focused on how HRMFFA's retained earnings are invested. The committee asked Cindy Black to research available CD rates to find vehicles that could provide a better rate of return while minimizing risk. The committee is looking at investing approximately \$750,000 of the retained earnings in CDs. HRMFFA's current CDs mature in April and June and the funds from those CDs will be re-invested in the new CDs. The committee would have an investment recommendation for the Board at the June meeting. The committee also discussed, and recommends, adding two additional private sector board members as allowed by our bylaws. Mr. Quigley recommended to the Chair that a vote be taken. Chair Alexander asked if there was a motion to add two Board members. Mayor Rowe made the motion with Mayor Price seconding it. The motion was unanimously approved by the Board.
 6. Chair Alexander invited Mayor Tuck to brief the board on the NASA Advisory Committee's activities. Mayor Tuck stated the committee met for the first time on 25 February and decided it would be best to hear from NASA LaRC Center Director, Dr. David Bowles, to get his thoughts on the FY20 budget and his priorities for the center. Dr. Bowles met with the committee on 18 March and gave a presentation on the center's FY20 budget, the highlights of which Mr. Simmons previously briefed. Mayor Tuck also said Dr. Bowles invited the committee for a tour of the center which is scheduled for 2 April.
 7. Mr. Quigley briefed the board on the 2019 federal legislative priorities. He noted there were some changes to previous blank items such as dollar figures and specific MILCON projects since the Board was last briefed on the draft priorities in December. Other items such as support for federal impact aid, the regional Maritime Industrial Base Effort, legislative language to broaden DoD authority to exchange land for facilities/services from a municipality, and funding for Norfolk Coastal Risk Management Study were also added. Mr. Shepperd stated HRMFFA should also make a statement supporting corrective actions for recently reported poor housing conditions in some privatized military housing units. Mr. Quigley stated we could add a statement supporting healthy and well-maintained housing for service members. Chair Alexander asked CAPT Vincelette, Commanding Officer of Naval Air Station Oceana, if he would like to comment on the issue. CAPT Vincelette said that there



was probably a problem with about 5% of the housing, but the goal should be zero issues. Findings so far seem to indicate most issues are with tactical level leadership in the companies managing housing at the installations. Installation leaders have been empowered to address issues with privatized companies to ensure service members have adequate housing. Mr. Stephens agreed that HRMFFA should support adequate housing for all service members. Mayor West cautioned that we need to be careful about overreacting to media reports and condemning the entire housing privatization enterprise, when a lot of it is doing well. Mayor Alexander asked Mr. Quigley to work on a statement of support for adequate service member housing.

8. Mayor Alexander invited CAPT Vincelette to address the Board concerning NAS Oceana's Future Base Design initiatives. CAPT Vincelette set the stage by discussing how the Navy does not have enough funding to adequately sustain its aging infrastructure. Navy leadership is looking for ways to direct their limited resources to core missions that enable, generate and increase naval power. Consistent with this guidance, Oceana is looking to reduce total ownership costs and footprint, increase the quality of services, and enhance resilience between the base and surrounding communities. To accomplish this, the Navy is looking to robustly implement public partnerships with municipalities through intergovernmental support agreements (IGSAs), privatization opportunities, and enhanced use lease agreements. CAPT Vincelette mentioned there were already several initiatives being looked at such as the Virginia Beach and Norfolk Sheriff's inmate workforce performing groundskeeping, transferring some underutilized property to Virginia Beach, and a joint small arms firing range facility at Fentress with Chesapeake and Virginia Beach. He said they have also identified several parcels of land that could potentially be utilized for partnerships with public or private entities. CAPT Vincelette said he appreciates HRMFFA's offer to help support an "Industry Day" at Oceana to bring public and private entities together to explore the possible. Mr. Stephens said he has already started to socialize this concept with the business community and there is a lot of interest in exploring it further. He would like to have a meeting with CAPT Vincelette and HRMFFA staff to talk more specifics. Mr. Quigley stated he and Mr. Dwyer recently had a phone call with Mike Coleman from Secretary Hopkins' staff and the Commonwealth is ready to support the Oceana Industry Day with support from their consultant, The Matrix Design Group. Mr. Quigley stated details would be provided to the Board once the coordination is worked out.
9. Mayor Alexander invited Mayor Price to address the board concerning Jefferson Lab (JLAB). Mayor Price stated JLAB is a significant federal facility on the Peninsula with a substantial economic impact. It also is one of only two federal

labs being considered for a new \$1 billion Electron Ion Collider (EIC) facility. If JLAB is selected over Brookhaven Lab in New York, it would be “our region’s Amazon,” with a \$4-5 billion impact to the entire region over 10 years. It would attract thousands of researchers from across the world as well as accompanying businesses. Mayor Price said he is proposing a visit for Hampton Roads municipal leaders to the CERN particle physics lab in Geneva, Switzerland to see how another community leveraged a similar project for economic benefit. He asked that HRMFFA consider helping to offset some of the costs of such a trip and he would invite municipal leaders from both sides of the water to participate. Mr. Quigley suggested it could be beneficial for the Board to take a field trip to JLAB and have the lab’s director, Stuart Henderson, address the Board about the lab and EIC project. The Board agreed and Mr. Quigley said he would work to set up the visit.

10. Mr. Quigley reminded the Board that it had previously approved at the December board meeting an annual trip to DC to meet with Pentagon leadership and the CODEL. After consulting with The Roosevelt Group, we are looking at scheduling the 2019 trip for Wednesday, September 25th. There are a lot of details to be worked out, but he asked for the Board members to block that date on their calendars so we have another productive trip.
11. Mayor West asked if he could comment on something he should have brought up during the legislative priorities discussion. He asked if HRMFFA could include a statement supporting keeping full funding for the Deep Creek AIWW Bridge in the Army Corps of Engineers budget. Mr. Quigley asked who is the city’s POC to work the language and Mayor West said it was Dr. Bailey. Mr. Quigley said he would get with Dr. Bailey to insert the request.
12. Mayor Alexander then invited Vice Admiral (Ret) Dave Architzel to address the board about the regional Maritime Industrial Base Ecosystem (MIBE) initiative. Admiral Architzel stated that to assert maritime superiority, the Navy needs a fleet that is ready, relevant and sustainable. To meet the Navy’s 355-ship goal will require access to significant ship building and ship repair capabilities with a tech-savvy workforce and a robust supply chain. Hampton Roads, with its constellation of maritime resources in commerce, academia, labs, Navy, Military Sealift Command, Coast Guard, and US Maritime Administration is uniquely postured to help meet this need. MIBE envisions Hampton Roads as the national center of excellence for ship repair and ship building where people come from all over the country to receive training, find a job, or establish a business in the maritime industrial base. The MIBE will take a mission engineering approach to this issue and focus on three main efforts:





KENNETH C. ALEXANDER, CHAIR . DONNIE R. TUCK, VICE-CHAIR . SHEILA S. WILSON, TREASURER

CRAIG R. QUIGLEY, EXECUTIVE DIRECTOR . RICHARD E. DWYER, SECRETARY

people/workforce capabilities, facilities/manufacturing, and supply base health. Mr. Quigley serves on the group's strategy team. Admiral Architzel said the group is already working to secure some federal funding through the Office of Economic Adjustment to help move the effort forward.

13. Chair Alexander asked Mr. Shepperd to please come forward. Mayor Alexander presented Mr. Shepperd a certificate of appreciation for his years of service to the HRMFFA Board. Mr. Shepperd thanked the Board for the opportunity to serve and reiterated the importance of what HRMFFA does to support our military and federal partners in the region. He said it's always critical for us to remember that our communities support the most important part of the military, its people. He thanked the board, HRMFFA staff, and The Roosevelt Group for all the work they have done supporting our military.
14. Chair Alexander adjourned the meeting at 11:51 am.

