



Minutes from 19 September 2024 HRMFFA Quarterly Board of Directors Meeting

1. HRMFFA's Quarterly Board of Directors meeting was held at the Regional Building on 19 September 2024. Public Board members present were Mayors Alexander, Duman, Dyer, Glover and West; Supervisors Bazzani, Cornwell, Hipple, Rosie, Shepperd and Councilman Southall. Private Board members present were Buckless, Dreyfus, Faulkner, Garcia, Klett and Warren. Executive Director Dwyer, Deputy Executive Director Nichols and Treasurer Wilson were present. A quorum was achieved.
2. Board Chair Shepperd called the meeting to order at 10:31 a.m. and welcomed Mr. Eric Conley, Sentara President of Acute and Post-Acute Care, to the HRMFFA Board, and congratulated Cox Communications and Klett Consulting Group for being named to the 2024 Inside Business Top Workplaces in Hampton Roads. Board Chair Shepperd called for public comments, Mr. Nichols reported there were none; however, Hampton Roads Planning District Commission Executive Director Bob Crum made a public service announcement describing the parking lot modifications and timeline of repairs.
3. Chairman Shepperd introduced Mr. Matt Swartz, Executive Director and Chief of Staff U.S. Fleet Forces Command. Mr. Schwartz opened with a dynamic video presentation, followed by an overview of US Fleet Forces Command (USFFC) mission responsibilities and their direct responsibility to STRATCOM (Maritime Strategic Deterrence Mission) and NORTHCOM (CONUS Homeland Defense). USFFC ensures force protection measures, and security of all domestic naval bases. Several Type Commanders are direct reports to USFFC, which is responsible for manning, training, and equipping the fleet as operational commanders prosecute operations.

Mr. Swartz illustrated if the United States Navy were a corporation, it would rank number 10 among Fortune 100 companies based on market capitalization, budget, and number of employees. If USFFC's annual budget was comparably measured in terms of gross domestic product, it's economic output would be tantamount to the world's 117th largest nation, with 80% of economic impact attributable to its \$13 billion annual employee payroll.

Substantial per diem disbursements enhance the region's hospitality sector, complemented by a \$2.5 billion contract portfolio, inducing commercial growth and vast regional economic opportunities. Given this fiscal backstop with embedded stability and an enduring economic foundation, Hampton Roads possesses an inherent durable competitive advantage few regions can tout, capably positioned to aggressively pursue innovative businesses with products or services that support national defense. Despite this backdrop, prevailing workforce plights pose risks to economic expansion. Mr. Swartz outlined the community development needs being childcare capacity and affordability, affordable and adequate housing, transportation improvements, and expanded community medical and mental health provider options.





At the forefront, Mr. Swartz explained community families at every income level struggle to find high-quality childcare. Military families unable to find childcare confront balancing service demands against parenting responsibilities, impacting the service member's ability to deploy or remain on duty—affecting military readiness. The Navy cites lacking childcare capacity with an area backlog of nearly 1,500 Sailor dependents, plus about 300 civilian dependents. These undercounted figures ignore the volume of parents that cease pursuing childcare services. While payment subsidy programs exist, provider participation is deterred by low wages, cumbersome administrative processes and untimely payments. Regionally, six childcare development centers are planned for development to mitigate these strains.

Beyond the last decade, the Navy absorbed excessive risk in quality-of-life services. Newly curative investments include parking infrastructure, expanding food options, and deploying Wi-Fi with 5G technology across shipyards and installations. USFFC is striving to ensure no Sailor permanently resides shipboard. Nonetheless, a prevailing -8,000 beds shortfall exists across USFFC barracks and within this Fleet Concentration Area, a -3,000-bed deficit is recognized. The Navy's restorative investments include refurbishment of numerous Newport News facilities to provide additional beds. Privatization allows the Navy to leverage an equity investment of \$400M to acquire \$1.4B equivalent in Unaccompanied Housing facilities. Existing scarce barracks inhabitancy conditions compel exploration of further allowances for community tenancy in prohibitively expensive housing market conditions. The more economical residential selections materialize into prolonged commuting distances from duty stations, added travel costs, and mental strains from increased journeying intervals.

The Navy has growing concerns from its inability to attract professional and experienced talent to fill crucial vacancies that support Sailors and fleet operations. Shipboard, Civilian Resiliency Officer billets were established to provide deployable mental health services. Despite offering lucrative incentives, the Navy is unable to attract these mental health practitioners. Ashore, Sailors and families find community mental healthcare providers are inarticulate and falter in treating military mental healthcare needs. Moreover, a disconcerting number of professional engineer vacancies remain unfilled despite prosperous starting salaries and significant recruitment incentives. These vacancies are particularly troubling given the Navy's largest proportion of fleet maintenance occurs in Hampton Roads. Further, trade skill applicants are chronically disqualified via security clearance vetting for industrial work in classified areas. The Navy lacks further compelling measures to attract talent to fill these consolidated vacancies and is turning to the community for remedies.

As regional leaders endeavor to attract corporations by providing a suite of robust employee support services, these solutions should be ideally suited and correspondingly meet our service member needs. Continued development of an interconnected public transportation infrastructure that relieves congestion will spur economic expansion. Affordable housing remedies would not only yield a long-term, high occupancy military-centric tenant population, but attract a broader corporate employee occupancy. Regional recognition as an emerging tech-centric locality will attract engineering talent. These are just some of the initiatives Hampton Roads can achieve that will not only provide regional economic benefits but aid in addressing the Navy's top concerns.





Chairman Shepperd invited questions from the Board. Mayor Dyer explained the military is engrained within the fabric of the region, citing recent public resistance towards an affordable housing project but the City Council of Virginia Beach demonstrated the courage and conviction to approve the project.

Ms. Jerri Wilson of Newport News commented the Virginia General Assembly pledged a \$40m budget amendment to match up to a \$400m to develop Sailor housing and supportive infrastructure, and queried Mr. Swartz for further insight or timelines on the decision progress. Mr. Swartz did not have further details he could share at this time.

Mayor West illustrated HRMFFA was particularly sensitive to balancing encroachment issues while promoting the region's military and federal presence. Given the economic diversification challenges, Mayor West asked Mr. Swartz to elaborate on any concerns with commercial development near military installations. Mr. Swartz was unaware of any specific encroachment concerns.

Bryan Stephens asked if other quality of life initiatives were in discussion, specifically related to mental health, medical care, or military spousal career development. Mr. Swartz stated conversations associated with regional health care capacity and the cost for those services were being discussed, but he did not elaborate on details.

Mr. Doug Smith provided a descriptive overview of the Hampton Roads Alliance's efforts, simultaneously re-militarizing, re-shoring, and decarbonizing which is attracting investment capital from several sources. Having engaged Bruce Katz, author of *New Localism and Metropolitan Revolution*, the Alliance is driving a reinvented regional economic order. Hampton Roads is the nation's fifth largest region in direct defense spending, distinguishing itself as having inherent economic opportunity supported by the defense industrial base. Additionally, the green supply chain is undergoing analysis for untapped opportunities. Already a national leader in offshore wind generative capacity, the Hampton Roads Alliance, in collaboration with its industry partners, aspire to place the region at the national forefront of nuclear power electrical generative capacity. Several significant opportunities exist among evolving critical industries, such as cyber and data. These diverse industries serve as economic complements, which provide technologies dually in demand within the defense and private sectors. Mr. Smith acknowledged the region's research and development base requires broadening.

4. Mr. John Simmons of The Roosevelt Group provided a Washington Update. Highlights included:
 - The recently released DoD Quality of Life Memo, containing several enhancing measures to aid service members and families
 - Flexible spending accounts for active-duty troops and certain reservists to hold up to \$3,200 pretax for qualified medical expenses.
 - Expanded Wi-Fi access in barracks.
 - Increasing the number of days to expense temporary lodging during military moves from 14 to 21 days.
 - Expanding military spouse funds eligibility to help train for their careers.



- Helping recruit and retain more childcare workers.
 - Study remote posts next year to improve quality of life at such installations.
 - Reviewing quality and cost of uniforms.
 - 2025 National Defense Authorization Act: The House of Representatives version authorizes \$833 billion, which falls within the 1% increase allowed by the Fiscal Responsibility Act (FRA); The Senate version authorizes \$919 billion, greater than the 1% increase allowed by the FRA.
 - 2025 Defense Appropriations: The House of Representatives version appropriates \$833 billion which falls within the 1% increase allowed by the FRA; the Senate appropriates \$852 Billion (3.3% increase from 2024), which exceeds the 1% increase allowed by the FRA.
 - 2025 Military Construction & Veterans Administration Appropriations: The House of Representatives version appropriates \$147 Billion, within the 1% increase allowed by the FRA and a Defense allocation of \$17.9 Billion; the Senate version appropriates \$404 Billion, exceeding the 1% increase allowed by the FRA and includes significant FY26 advanced appropriations, with Defense allocation of \$19.31 Billion.
 - Mr. Simmons briefed several scenarios related to government funding through a Continuing Resolution, with potential sequestration impacts depending on the passage of annual funding bills compared to imposed deadlines. Additionally, several possible outcomes regarding the General and Congressional Elections were rendered.
5. Chairman Shepperd invited Executive Director Dwyer to present the proposed 2025 Virginia General Assembly Legislative Priorities. Mr. Dwyer recapped passage of several 2024 General Assembly legislative items and described how the 2025 legislative priorities continue to build upon those initiatives. These include support for \$5 million funding levels in the Virginia Military Community Infrastructure Grant Program in the second year of the biennium and proposing a program modification allowing grant awards to localities regardless of DoD grant award. Additionally, the legislative priorities propose the Commonwealth address military-specific childcare by incentivizing providers with new childcare business grants and supporting business management software expense reimbursement. Other initiatives expand upon Military Spousal Employment initiatives, and legislation to require onshore wind farm developers to coordinate with DoD's Military Aviation and Installation Assurance Siting Clearinghouse before any locality issues a wind farm construction permit. Lastly, Mr. Dwyer requested support for addressing Virginia's Defense State Liaison Office items including military children school enrollment flexibility, supporting military families with special education needs, and state response to military interpersonal violence. Mr. Dreyfus motioned the 2025 Virginia General Assembly Legislative Priorities be approved, Mayor Glover seconded, with unanimous Board approval.

6. NASA Advisory Committee: Chair Shepperd invited Councilman Southall to provide the NASA Advisory Committee update held 28 August 2024 at NASA Langley Research Center. The Committee welcomed new Acting NASA LaRC Director Dawn Schiable, who is serving as Acting Director while Clayton Turner is temporarily detailed to NASA headquarters as the Acting Associate Administrator for the Space Technology Mission Directorate. Other highlights included:

- NASA Langley's primary missions continue to be making air transport cleaner, faster, safer; creating building blocks for deep space missions; and conducting scientific research here and on other worlds.
- NASA Langley has made significant contributions in the advancement of hypersonic travel. The facilities revitalization program continues to progress with the ongoing construction of the \$43 million Flight Dynamics Research Facility, with an estimated completion date in Spring 2025.
- Current Strategic Tenets include expanding and formalizing business development and capturing technological advancements from agile innovative businesses. Going forward, NASA looks to invest in its workforce and their ideas while creating and implementing a data-driven decision-making process for decisions concerning new business, priorities, investments, and its future sizing.
- NASA Langley's research should also derive great benefit by leveraging the advanced computing power from the Department of Energy's recently awarded Jefferson Lab High Performance Data Facility.
- NASA Langley's Future Core Capabilities are expected to bring further advancements in Intelligent Flight Systems, Aerosciences, Systems Analysis and Concepts, Entry, Descent, and Landing, Advanced Materials and Structures, and Atmospheric Characterization.

7. Monthly Financial Statements: Mr. Dwyer presented the August 2024 financial reports, noting year-to-date revenues and expenses were on target for the current fiscal year. Phone/IT and insurance expenses were recently paid, and licenses were renewed. Mr. Dwyer invited questions and received none.

8. Budget & Finance Committee: Chair Shepperd invited Mayor Duman to present the Budget and Finance (B&F) Committee Report. Mayor Duman presented minutes from the September 12th virtual meeting.

- Draft FY24 Audit: The committee reviewed the draft audit results prepared by Cavanaugh Nelson. The management letter and financial statements indicated another clean audit with no issues, corrective entries, or material weaknesses. The auditor



commented again on the difficulty of small organizations to maintain ideal separation of duties, an issue noted by the auditor for years. However, HRMFFA's internal control policies, HRPDC staff utilization and oversight by the Budget & Finance Committee and Board of Directors mitigates the risk. Mayor Duman thanked Treasurer Wilson and the HRPDC Finance staff, Ms. Jaquil Tatum, Ms. Quanda Tynes, and Ms. Otesa Mitchell for all their hard work, then invited questions or comments. Receiving no comments, Mayor Duman recommended the Board approve the FY24 audit results. The Board unanimously approved.

- Return of Excess Funds to Members: The FY2024 end of year financial statements indicated \$68,450 in excess funds available for return to members. Mayor Duman presented the proportional amounts to the Board and invited questions and comments. Receiving none, Mayor Duman recommended the Board approve the proportionate distribution of funds to members. The Board unanimously approved.
 - New Budget and Finance Committee Member: With Supervisor Shepperd elected as HRMFFA Board Chair, the Budget & Finance Committee recommended replacing him with Newport News Mayor Jones who agreed to serve on the committee. The Budget & Finance Committee recommended the Board approve Mayor Jones replacing Supervisor Shepperd, the Board unanimously approved.
9. Chairman Shepperd invited Deputy Executive Director Nichols to present the HRMFFA Bylaws update. Mr. Nichols presented changes based upon the June 2024 Annual Meeting vote to extend the Chair and Vice Chair terms from one-year to two-year term lengths. Other changes included adding Board meeting scheduling flexibility around a federal holiday and minor grammatical changes. The Board had no questions or comments regarding changes to the bylaws. Mayor Dyer motioned the bylaws changes be incorporated, Mayor Glover seconded the motion, with unanimous Board approval.
10. Supervisor Shepperd adjourned the meeting at 12:01 p.m.

