

## **Minutes from 15 June 2023 HRMFFA Board of Directors Meeting**

1. HRMFFA's Annual Board of Directors meeting was held at the Regional Building on 15 June 2023. Public Board members present were Mayors Duman, Dyer, Glover, Pons, and Tuck; Supervisors Hipple, Rosie, and Shepperd; and Councilman Southall. Councilwoman Ritter represented Chesapeake. Private Board members present were Faulkner, Garcia, Honecker, Klett, Stephens and Sutton. Bill Brown represented ECPI. Executive Director Dwyer and Deputy Executive Director Nichols were present, along with Treasurer Wilson. A quorum was achieved.
2. Board Chair Pons called the meeting to order at 10:35 a.m. There were no public comments.
3. Futures Advisory Committee Update: Mayor Tuck provided the Board with background and Futures Advisory Committee development context. After meeting with federal and military installation leadership in 2021, the committee advised the HRMFFA Board on conditions, opportunities, and challenges facing installations. In December 2021, the HRMFFA board approved a consolidated report and requested semi-annual progress updates. Mayor Tuck and Mr. Mark Klett provided the first update, presenting common concerns broadly categorized among Climate and Energy Resilience, Compatibility, and Quality of Life. Executive Director Dwyer presented specific staff actions to date. Mr. Klett also discussed the future missions and opportunities identified in the report. Additional details on update actions can be found in the enclosed update slides presented to the Board.



HRMFFA Futures  
Cmte Update June 20.

CAPT Dees (CNRMA CoS) commented on the Navy future mission and opportunities, offering Naval Station Norfolk has historically often been the default interim port for a new class of ship coming into service. However, if the ship's ultimate homeport is elsewhere, that is where funding is applied for supportive infrastructure. This was noted in the Navy's LHD's, homeported in Mayport FL, but serviced and overhauled in Norfolk VA. Not only are infrastructure funds spent in other localities, Sailor support services (gyms, medical facilities, etc.) are also funded to the number of homeported vessels. These services and infrastructure costs often get missed among recapitalization plans as these vessels occupy the area for extended periods away from the ultimate homeport.

4. NASA Advisory Committee Update:
  - Councilman Southall briefed the Board the NASA Advisory Committee met 2 June 23 at NASA Langley Research Center (LaRC), where Director Clayton Turner provided an overview of 14 major missions the center is playing part of in 2023 and 2024.





- NASA FY24 budget request is \$27.2 billion; \$1.8 billion (7%) increase from 2023.
  - LaRC FY24 budget request is \$895.2 million.
  - LaRC Revitalization Program continues with construction progress on the 25,000 sq. ft. flight dynamics research facility, with target completion date December 2024, replacing the spin tunnel.
  - NASA Legislative proposals before the 118<sup>th</sup> Congress include:
    - Authority to transfer and receive funds from other departments and agencies for scientific and engineering research.
    - NASA expanded procurement authority.
    - SBIR phase two flexibility authority protect.
    - Authority to protect certain technical data from public disclosure.
    - Public Private Talent Proposal Program Proposals.
  - NASA Open House October 21st, 9:00 AM through 4:00 PM, showcasing the center's history and ongoing research and STEM opportunities for youth.
5. Mr. John Simmons of The Roosevelt Group (TRG) provided a Washington Update. Highlights included:
- Debt Ceiling Deal Details:
    - Sets budget caps for FY24 and FY25 (two-year deal).
    - \$886.35 billion for defense spending in FY24 and \$895.21 billion for FY25.
    - Sets discretionary caps from FY26-FY29 that are voluntary guidelines.
    - Incentivizes Congress to pass all 12 appropriations bills by January 1, 2024, failing results in a year-long continuing resolution.
    - Rescinds over \$28B in unobligated COVID funding in a variety of programs.
    - Rescinds \$1.39B of IRS funding included in "Family and Small Business Taxpayer Protection Act".
    - Establishes work requirements for SNAP that sunset in 2030 but doesn't touch Medicare or other welfare programs.
    - Ends freeze on student loan repayments and interest at the end of the summer.
    - Protects Biden Administration loan forgiveness up to \$20,000 (SCOTUS ruling pending).
    - Permitting reform sets one to two-year time limits for NEPA reviews for new projects and allows developers to go to court if agencies miss the deadline.
    - Expedites federal approval of the Mountain Valley Pipeline.
  - FY24 NDAA Timeline
    - House Armed Services Committee
      - Subcommittee markups took place on June 13 and June 14, full committee markup on June 21 with floor action in early July.
      - Topline consistent with PBR under the debt ceiling deal
    - Senate Armed Services Committee
      - Subcommittee markups commence June 20, full committee markup on June 21.
      - Floor action expected mid-July.





- FY24 Appropriations Timeline
    - House Appropriations Committee
      - MilCon/VA bill and Agriculture bill have been marked up in full committee.
      - Defense bill subcommittee markup June 15, full committee markup to follow.
      - Outlook for floor consideration and passage remains a challenge.
    - Senate Appropriations Committee
      - MilCon bill subcommittee markup June 22
      - Defense bill to be marked up in subcommittee on July 25, with full committee markup on July 27.
  - NDAA Provisions of Interest
    - Directs DoD to brief HASC on how it plans to address challenges faced by servicemembers and dependents on accessing mental health services (as requested by HRMFFA).
    - ERCIP projects authorized at the Pentagon (\$2,250,000) and Naval Medical Center Portsmouth (\$611,000).
    - Multiyear procurement authority for up to 13 Virginia class submarines, 550 MK-48 torpedoes, and 6 Auxiliary Personnel Lighter class vessels.
    - Authorizes a grant program for the Navy for non-nuclear shipyards.
    - Declares the shipbuilding industrial base is critical to the Navy for achieving its shipbuilding requirements.
    - Approximately \$415.3 million in MilCon projects slated for Hampton Roads.
6. HRMFFA Board Trip to Washington DC in Fall 2023: Mr. Dwyer proposed a tentative travel date of Thursday, 26 October 2023 for a trip to the Pentagon, and requested the Board hold this date on their calendars. Mayor Tuck indicated he would not be able to make the trip. The Roosevelt Group offered a rooftop reception at their office, time permitting. More details will be provided to the Board in the September 2023 meeting.
7. FY24 Board Meeting Schedule: Mr. Dwyer presented a proposed FY24 HRMFFA Board meeting schedule coordinated with the TPO, the PDC and HRTAC, and deconflicted with the General Assembly session. Mayor Dyer motioned to approve the schedule, with a second from Mr. Sutton. The motion unanimously passed.
8. Monthly Financial Statements, FY 23 Audit Schedule: Mr. Dwyer presented the May 2023 and estimated end of June financial reports. He noted we were projected to run under budget for the fiscal year due to five months of unused payroll in the budget before bringing on Mr. Nichols. Items slightly over budget include office supplies and banking fees, due to changing over bank accounts last year after former Director Quigley retired, which included additional banking fees. Also, Mr. Nichols enrolled in March in LEAD 757, which was originally expected to be a FY24 expense. The Board had no questions or comments.
9. Budget & Finance Committee: Chair Pons invited Mayor Duman to present the Budget and Finance (B&F) Committee Report. Mayor Duman presented three items for



consideration to the Board from the 1 June 2023 virtual meeting.

- Adopting the FY24 Proposed Budget. Cost of living increases were compared to other municipalities and the Committee found a five percent increase was common across Hampton Roads and the Commonwealth. The Committee recommended the budget include a 5% cost of living increase. Sponsorship expenses were increased from \$6,000 to \$10,000 due to potentially hosting a reception for the New Navy Regional Commander and The Roosevelt Group working with Senator Kaine's office to host a Secretary of the Navy visit. Otherwise, the budget contains minor inflationary adjustments. Mayor Dyer made a motion to adopt the FY24 budget as presented; Mayor Glover seconded the motion, with unanimous board approval.
- Investment Strategy Change. Mayor Duman presented three investment options to the Board. Options 1 & 2 involved a Certificate of Deposit laddering strategy managed across financial institutions spread across varying durations, with investments limited to \$250,000. Option 3 involves investing a large proportion of funds (more than \$1 million) in a single institution (Old Point Bank) providing FDIC protection through an Internal Cash Sweep (ICS). Maintaining liquidity, ICS allows for transferring money between a reserve fund and an operating fund. FDIC protection is provided as network banks pool reserves to ensure FDIC security for invested funds. In a return-on-investment comparison, Option 3 provides the best returns, with a 4% guaranteed yield for a one-year duration with flexibility of withdrawals anytime without the traditional penalties of a Certificate of Deposit. Based on the advantages and higher yield, the Committee recommended adopting investment Option 3. Supervisor Shepperd made a motion to adopt Investment Option 3, investing a large proportion of funds maintaining FDIC protection under the ICS network of banks; Mayor Dyer seconded the motion, with unanimous Board approval.
- Investment Policy Amendments. With the Board approving investment Option 3, an investment policy language change was presented for Board approval. Current investment policy caps investment funds to \$250,000 for traditional FDIC insurance protection. HRMFFA Statement of Investment Policy, Investment Principles and Portfolio Funding, Paragraph 2 Reserve Fund was proposed to remove the statement "*Reserve funds should be spread among financial institutions offering the highest rate of return with the lowest risk, while maintaining liquidity.*" The following statement was amended to read "*Deposits in these accounts shall be insured by the FDIC to guarantee safety of principal.*" Supervisor Shepperd made a motion to adopt the Investment Policy amendments; Mayor Dyer seconded the motion, with unanimous board approval.

10. Nominating Committee Report: Mr. Dwyer briefed Dominion Energy's interest in joining the HRMFFA Board, represented by Mr. Andrew Warren. Mr. Warren served a 21-year Marine Corps career and as a professional Staff Member on the US House Armed Services Committee and is Dominion Energy's Head of Military Affairs. Mayor Dyer made a motion to





approve adding Dominion Energy as a private board member represented by Mr. Warren; Mayor Duman seconded the motion, with unanimous board approval.

Private sector board members who desire to renew their two-year terms from July 2023 through June 2025 included Mr. Buckless, Old Point Bank; Mr. Dreyfus, ECPI; Mr. Garcia, SimIS; Mr. Sutton, Newport News Shipbuilding; Ms. Chiazor, Cox Communications. Klett Consulting Group would be represented by Vice President Michael Klett. BAE Ship Repair notified HRMFFA they are not going to renew their membership. Mayor Dyer made a motion to approve term renewal of these private board members; Mayor Duman seconded the motion, with unanimous board approval.

The Nominating Committee recommended Councilman Bud Southall from Poquoson as HRMFFA Vice Chairman for FY24. Mayor Dyer made a motion to approve Councilman Southall as HRMFFA Vice Chairman; Mayor Glover seconded the motion, with unanimous board approval.

11. Pass the Gavel: With the Board's approval of Councilman Southall as HRMFFA Vice Chairman, Mayor Robert M. Dyer relieved Mayor Douglas G. Pons as HRMFFA Chairman.
12. Mr. Dwyer reminded the Board the next quarterly meeting will take place on September 21, 2023, at 10:30 a.m. in the Regional Building. Mayor Dyer adjourned the meeting at 11:42 a.m.

