

# Minutes from 18 March 2021

## HRMFFA Board of Directors Meeting

1. HRMFFA's quarterly Board of Directors meeting was held virtually via GoToMeeting on 18 March 2021. Public Board members online were: Mayors Alexander, Duman, Dyer, Glover, Pons, Price, Rabil, Tuck and West; Supervisors Hipple, Rosie and Shepperd. Councilman Southall represented Poquoson. Private Board members online were: Banez, Baugh, Dreyfus, Faulkner, Garcia, Klett, McKenna, Monaco, Stephens and Whitney. Executive Director Quigley, Deputy Executive Director Dwyer and Treasurer Wilson were also online. A quorum was achieved.
2. Board Chair Hipple called the meeting to order at 10:30 a.m., offered welcoming remarks to new Board members Mayor Duman of Suffolk and Mayor Glover of Portsmouth, and asked that a roll call of Board members be taken for attendance purposes. Chair Hipple also asked if there were any public comments. Mr. Dwyer responded that none had been submitted. Chair Hipple then asked everyone for a moment of silence for Board member Sean Brickell who passed away suddenly on March 3<sup>rd</sup>.
3. Mr. Quigley introduced the end-of-February financials which were provided in the read-ahead materials. He pointed out that we were underrunning our annual budget, but otherwise there was nothing remarkable about the financials. There were no comments or questions from Board members.
4. Next agenda item was the Budget and Finance Committee report. Mayor West stated the Committee met on 23 Feb to discuss the FY22 draft budget. He said the committee recommended continuing with requesting the \$0.50/capita from each of the municipalities and \$5,000 from Private sector members and agreed with the current draft budget that was provided to the Board in the read-aheads. Mayor West stated that this budget does not need to be approved yet as the municipalities are still determining their FY22 budgets. He then asked Mr. Quigley to go over the budget slides with the Board. Mr. Quigley reiterated the revenues were based on the \$0.50/capita ask of the municipalities and \$5,000 per Private sector member and that the CD/money market income was estimated based on our current investments. He stated labor expenses were based off a 2% salary increase from FY20, as there had been no salary increase in FY21. He mentioned the auto allowance was in the budget in anticipation of a "return to normal" in FY22, but that he and Mr. Dwyer had not



been receiving the auto allowance since the pandemic began last Spring as they have been primarily working from home. For the other expenses slide, Mr. Quigley pointed out that the professional development line was re-added to the FY22 budget after being deleted in FY21, but it is there as a planning wedge and there is no specific opportunity targeted at this time. He also mentioned the event sponsorship was included for FY22 in anticipation of a new Navy Region Mid-Atlantic commander and possible service secretaries that we may want to host in FY22. Mr. Hipple asked whether the savings from reduced travel in FY21 would move into retained earnings at the end of the FY. Mr. Quigley stated that was correct. Mr. Shepperd asked about the professional development line item and whether that was previously used to send Mr. Dwyer to the William & Mary program HRMFFA had supported. Mr. Quigley stated the W&M program is designed for current mid-career officers and government civilians and Mr. Dwyer did not attend, but he did attend both LEAD Hampton Roads and CIVIC programs. Mayor West thanked the Budget & Finance Committee for their work and recognized Mayor Duman as a new member who asked a lot of great questions during the process. Chair Hipple thanked the Committee for getting the budget out early so the Public sector members would be informed about the HRMFFA requests as the various city councils and boards of supervisors developed their budgets.

5. Next agenda item was the discussion of creating a HRMFFA Futures Advisory Committee. Mr. Quigley pointed the Board to the draft committee charter provided in the read-aheads and reminded the Board of the discussion on the subject at the December Board meeting. The discussion is about the future of DoD and other Federal installation needs 10-15+ years from now and how introducing new technologies could change the support requirements for communities that host Federal installations. Mr. Quigley pointed out that the proposed committee members included both Board and non-Board members from a wide range of backgrounds and experience and that each had been informally asked about their interest in serving on the committee and each agreed to serve if approved by the Board. Mr. Quigley asked the Board to approve the charter, the members, and pre-approve spending up to \$50,000 if the committee decided it may need an outside consultant to come in and assist with doing the work so the committee would not have to wait for a future Board meeting for approval. Mr. Southall suggested that the Board vote individually on the charter, members, and the funding and others agreed. Mayor Tuck made a motion to approve the Futures Advisory Committee charter as presented and Mayor Price seconded; the motion passed with unanimous approval. Mayor Tuck then made a motion to approve the committee members as presented and Mayor Price seconded; the motion passed with unanimous approval. Mayor Alexander then stated he thought there needed to be more





discussion on spending money for a consultant to assist the committee. He said HRMFFA already retained The Roosevelt Group as a lobbyist and consultant and asked why they could not assist the committee as needed. Mr. Simmons stated he was unaware of another consultant submitting a proposal and that The Roosevelt Group was prepared to assist the committee as needed. Others agreed with this sentiment. Mayor Price made a motion to table the discussion about approving funds for the committee and Mayor West seconded it; the motion passed with unanimous approval.

6. Mayor Alexander asked the Chair if the public statement about why the Board was meeting remotely due to the pandemic had been read at the beginning of the meeting. Chair Hipple said it had not. Mr. Dwyer commented that since HRMFFA was a non-profit organization and not a subdivision of state government, we were not required to read the statement at our Board meetings but it was no problem to do so. Mayor Alexander said he thought since many of the Board members were public officials and that the majority of HRMFFA's funding came from public sources the statement should be read. Chair Hipple agreed and stated that the Board was holding the meeting remotely due to the declared state of emergency to keep the Board members and attendees safe. Mr. Dwyer stated he would get a copy of the formal statement and incorporate into future meetings.
7. The next agenda item was the Diversity, Equity and Inclusion (DEI) listening sessions proposal by the Association of Defense Communities (ADC). Mr. Quigley described ADC's "One Military / One Community" initiative where they are working to make sure military members are welcomed at every duty station and are not subjected to racism, intolerance or inequality. He said ADC reached out to him and offered to facilitate listening sessions between military installation leadership and community leaders to start a dialogue on DEI between the military and their surrounding communities. Mr. Quigley stated that he and Mr. Dwyer had informally discussed the initiative with several installation and community leaders, and all thought it was a good idea but would be more meaningful when sessions could be held in person instead of remotely. Due to our geography and numbers of bases and communities, he also thought it made sense to hold a session on the Southside and another on the Peninsula. Mayor Tuck stated that he thought it was a worthwhile initiative that we should support. Councilman Southall agreed that it would be of greater benefit to hold the sessions in person. Supervisor Shepperd reminded everyone that Hampton Roads is recognized as a Great American Defense Community by ADC and we should be doing all we can to welcome our service members. Mr. Quigley said he and Mr. Dwyer would work with ADC to plan the sessions later this Summer as conditions allow and would provide the Board an update in June.



8. Next agenda item was presentation of HRMFFA's FY22 draft Legislative Priorities that were provided in the read-aheads. Mr. Quigley explained that several items were not complete as the President's proposed FY22 budget had not yet been submitted to the Congress. Once we see some of the details in May, we will fill in the blanks. Mr. Quigley described several of the initiatives and stated that once the Board approves, The Roosevelt Group will schedule calls with each of the six CODEL members so Chair Hipple and staff could present the priorities to the members and ask for their help. Councilman Southall made a motion to approve the FY22 Legislative Priorities which was seconded by Mayor Dyer. The motion was unanimously approved.
9. Mr. John Simmons from The Roosevelt Group (TRG) next provided the Board a Washington Update. Highlights included:
  - TRG added three team members since the last meeting including retired Army Lt Gen Steph Twitty who was formerly the Deputy Commander of U.S. European Command; retired Navy Vice Admiral Mary Jackson who was formerly the Commander of Navy Installations Command; and retired Air Force Lt Gen Scott Rice who was the former Director of the Air National Guard.
  - President Biden signed the \$1.9 trillion coronavirus relief bill on March 11<sup>th</sup> and it included \$350 billion in aid for state and local governments. Virginia and its cities and counties will receive \$6.88 billion.
  - The President's FY22 budget request is expected to be submitted to Congress on 3 May, however it could be delayed because the administration must find another nominee to be OMB's Director. It is widely expected that DoD's FY22 budget will be flatlined at approximately \$705 billion.
  - To tweak the FY22 budget that was largely developed under the Trump administration, the Deputy Secretary of Defense is conducting six strategic program reviews to include Navy shipbuilding, nuclear triad recapitalization, long range strike, tactical aircraft, climate change, and "build back better." The reviews will all ask three questions:
    - What low value legacy fleets can be divested to save money for modernization?
    - What can be done to increase Pacific deterrence against China?
    - What can be done to accelerate autonomous/unmanned platforms?
  - The Air Force may propose additional aircraft retirements that were denied by Congress in FY21 (A-10, KC-10, KC-135). There is also discussion about possibly retiring the early F-22 models that are only used for training. Military service budget requests for FY23 are due to Office of the Secretary of Defense in June which is a very tight turnaround.
  - Air Force leadership is stressing across the board that they need to accelerate the Next Generation Air Dominance (NGAD) fighter in order to deter China and

they will not use the F-35 program as a billpayer. The prototype NGAD was digitally designed and had its first flight over the span of about a year. The idea is to use digital engineering to rapidly design and field replacements every 10 years to take advantage of new technologies rather than the multi-decade procurements used in the past for major weapon systems.

- The Hampton Roads and Virginia CODEL is well positioned on key committees in the new Congress.

-- Sen Mark Warner is now Chair of the Senate Intelligence Committee.

-- Sen Tim Kaine is now Chair of the Senate Armed Services Committee on Readiness and Management Support.

-- Rep Bobby Scott is Chair of the House Committee on Education and Labor.

-- Rep Elaine Luria is now Vice Chair of the House Armed Services Committee and a member of the House Homeland Security Committee.

-- Rep Don McEachin is a member of the House Committee on Energy and Commerce, Select Committee on the Climate Crisis, and House Committee on Natural Resources.

-- Rep Rob Wittman is now Vice Ranking Member of the House Armed Services Committee and Ranking Member of the Seapower and Projection Forces Subcommittee.

-- Rep Don Beyer is now Chair of the House Subcommittee on Science and Aeronautics.

-- Rep Jennifer Wexton and Rep Ben Cline are members of the House Appropriations Committee.

- It appears that Congressional earmarks will be returning in FY22, but they are still determining exactly how they will work. Current proposal by the Democrats is that they will be capped at 1% of spending or \$15 billion, whichever is lower; constitute approximately 1% of each bill; adhere to transparency standards by posting online and having no financial stake, etc.; House will further limit members to 10 earmarks across all 12 spending bills; no member limit in Senate; prohibition on for-profit entities locked in for the House.

- House has a very small majority made more challenging by President Biden picking some Democratic lawmakers for administration nominations.

- Senate is 50-50 split with Democratic majority due to the Vice President's tiebreaking vote. Moderate Democrat Sen Joe Manchin of WV has a lot of power because if he does not agree with the Democrat's position, he can hold up a bill.

- There are hints at a potential BRAC request. Strategic basing recommendations are influenced by quality of public school education, cost savings, climate change, and alignment to the National Defense Strategy.

- Lots of discussion about a large infrastructure bill but there is little appetite for paying for it through increasing the \$0.183/gallon gas tax which has not been raised since 1993.







- Tax increases being discussed and could include raising corporate rate from 21% to 28%, increasing income tax rate on individuals making over \$400,000, expanding estate tax, paring back tax preferences on pass-through businesses, and higher capital gains taxes for those making over \$1 million. Would raise approximately \$2.1 trillion over 10 years.

10. The next agenda item was the Old Dominion University Economic Analysis proposal and Supervisor Hipple asked Mr. Dwyer to brief the Board. Mr. Dwyer reminded the Board of the discussion during the December Board meeting about ODU's Dragas Center proposal to conduct a study for \$50,000 to provide detailed analysis on direct Federal spending and jobs, as well as broader induced economic impacts and jobs supported for the region writ large. At the December meeting the Board asked staff to discuss the issue with Doug Smith of The Alliance, Southside and Peninsula Chambers, and the HRPDC and provide a recommendation to the Board at the March meeting. Mr. Dwyer stated he and Mr. Quigley discussed the issue with those entities as well as a sampling of military and Federal installation leaders. What they discovered is that the regional entities thought a study would be interesting and useful, but they did not know if it would provide any additional value over existing studies. The discussions with the Federal leaders indicated that the larger entities, such as the Navy and Joint Base Langley-Eustis, could probably accommodate the requests for data and analysis due to their current practice of producing similar economic impact reports. However, some of the smaller agencies, such as the Coast Guard bases and National Park Service do not produce those types of reports and do not have large enough staffs to conduct the additional work. Based on these discussions, the staff recommendation is to not proceed with an ODU study as such a detailed study is not worth the extra cost to HRMFFA when ODU already dedicates a portion of its annual State of the Region report to the military/Federal impact and the HRPDC does a benchmarking study. Those studies along with the regular reports from Navy Region Mid-Atlantic, Joint Base Langley-Eustis, NASA Langley and Jefferson Lab are sufficient for HRMFFA's needs. Board members agreed with the recommendation to not pursue the study.
11. The final agenda item was approving the Board meeting dates for the rest of the calendar year. Mr. Quigley stated the dates had been coordinated with the HRPDC, HRTPO and HRTAC so that when in-person meetings hopefully resume later this year, Board members serving on several of the boards will only have to make one trip to the Regional Building. The Board unanimously approved the proposed dates.
12. Chair Hipple thanked everyone for their time and participation and adjourned the meeting at 11:43 a.m.

