

Board of Directors Quarterly Meeting Minutes
Virginia National Defense Industrial Authority
Offices of Greenberg Traurig, LLP
Washington, D.C.
April 15, 2009

The Hon. Joe R. Reeder, Chairman, called the meeting to order at 10:07 a.m., welcoming Authority board members, staff, and guests attending, and introduced General Bob Magnus, as VNDIA's newest member, appointed by Governor Tim Kaine. General Magnus joins the board as the immediate past Assistant Commandant of the Marine Corps.

Authority board members present:

Gen. John N. Abrams, USA (Ret.)	Dr. Eddie N. Moore, Jr.
Mr. G. William Beale	Maj. Gen. Robert B. Newman, Jr.
Rear Adm. Robert R. Fountain, Jr. USN (Ret.)	The Hon. Joe R. Reeder
Mr. Jeff B. Franzen	Mr. Cord A. Sterling
Gen. Richard E. Hawley, USAF (Ret.)	Mr. Kurt H. Tripp
Gen. Robert Magnus, USMC (Ret.)	Capt. Leonard P. Wales, USN (Ret.)
Vice Adm. James D. McArthur, Jr. USN (Ret.)	

Members absent:

Mr. John B. Adams, Jr.	The Hon. John W. Knapp, Sr.
Rear Adm. John G. Hekman, USN (Ret.)	Mr. William L. Welch

Chairman Reeder presented the January 21, 2009 VNDIA meeting minutes for approval. Rear Adm. Fountain moved that the minutes be approved as presented, Gen. Hawley seconded the motion, and the minutes were approved by unanimous vote.

Mr. David Dickson, VNDIA Executive Director, was asked by Chairman Reeder to introduce a resolution amending the Authority's by-laws, which was necessitated by recent legislation adding the Commonwealth's Secretary of Commerce & Trade to the VNDIA board. Mr. Dickson read the following into record:

Be it resolved by the Virginia National Defense Industrial Authority that action taken during the 2009 Session of the Virginia General Assembly requires an amendment to the Authority's By-Laws. Further, that amendment is to the first sentence of Section 3.6 of our by-laws. That sentence is changed to read, "Nine Directors shall constitute a quorum for the transaction of any business or the exercise of any power or function of the Board." Further, this amendment shall be effective July 1, 2009.

Gen. Hawley moved adoption of the amendment, Rear Adm. Fountain seconded the motion, and the amendment was adopted unanimously.

The board was asked by Fort Belvoir leaders to consider a resolution asking Gov. Kaine to proclaim 2009 "The Year of the Army Non-Commissioned Officer." After discussion, the board decided to expand the scope of the request to cover all defense branches and the Coast Guard. Chairman Reeder moved that staff work with the Governor's cabinet to submit a request to Gov.

Kaine proclaiming 2009 the “Year of the Non-Commissioned Officer; Army, Navy, Air Force, Marine Corps & Coast Guard.” Mr. Beale seconded the motion, which passed unanimously..

Chairman Reeder presented the remaining meeting dates for calendar year 2009. The July 15 meeting, hosted by Dr. Eddie Moore, will be held at Virginia State University in Ettrick, Va. The October 28 meeting will be held at the Little Creek Housing Club House in Virginia Beach, Va.

Chairman Reeder introduced retired Navy Capt. Gordon Peterson, Military Legislative Assistant to Sen. Jim Webb, who presented an excellent overview of Sen. Webb’s efforts to support the Defense Department in the Commonwealth. Two special challenges that Capt. Peterson identified are the potential shift of a carrier to Naval Station Mayport, Fla., and a \$417 million shortfall in ship maintenance funds. The decision on the carrier has been deferred to the 2010 Quadrennial Defense Review, which provides an opportunity to relook at priorities with a new, balanced perspective on national security, fiscal realities and force structure adjustments. Capt. Peterson underscored that this is not a Virginia vs. Florida issue, but rather an issue of meeting strategic requirements. Secondly, the Navy has in recent years counted on supplementals to provide additional ship maintenance funds to account for unpredictable requirements generated by operational tempo, operational commanders’ needs and unexpected repair costs. These factors have created a shortfall above the projected and budgeted 2009 plan, which will impact work for the Virginia shipyards.

In response to a question, Capt. Peterson highlighted the seamless teamwork between the offices of Sen. Webb and new Sen. Mark Warner, which he characterized as similar to the cooperative efforts with former Sen. John Warner.

Next introduced was Tara Butler with the National Governors Association’s (NGA’s) Center for Best Practices, who gave an equally impressive overview of NGA’s Mission Growth Working Group, composed of 17 states to address workforce development, education and transportation challenges created by BRAC and other defense growth. Virginia’s two representatives to this Working Group are Secretary of Commerce & Trade Pat Gottschalk, and Adjutant General Maj. Gen. Bob Newman. Maj. Gen. Newman is a member of the Authority, and Sec. Gottschalk will formally join the board in July. Ms. Butler provided major issue briefs for each of these three areas, and highlighted NGA recommendations to be made to the new administration. Of particular interest to the VNDIA board were transportation recommendations, and a discussion of the Defense Access Roads (DAR) program followed.

Rear Adm. Fountain, chair of the Local Coordination, Support & Communications Committee, reported that in February VNDIA Vice-Chair John Knapp and Mr. Dickson attended the inaugural meeting of the South Potomac Civilian-Military Community Relations Council, an organization sponsored by the Naval Support Activity South Potomac, headquartered at Dahlgren. In March, Rear Adm. Fountain, Mr. Sterling and Mr. Dickson attended the Fredericksburg Military Advisory Council dinner, where Chief of Naval Operations Adm. Gary Roughead was the guest speaker. In addition, staff made several visits including Fleet Forces Command, Naval Facilities Command Mid-Atlantic, and the Coast Guard’s Integrated Support Command at Portsmouth.

In March, Mr. Dickson facilitated an introductory meeting between the Chief Scientist at the National Ground Intelligence Center and the Senior Associate Dean for Research at UVA’s School of Engineering. And in April, staff hosted the fourth statewide “Community Round Table” meeting of local and regional BRAC coordinators and related economic developers.

Gen. Abrams, chair of the Strategic Planning Committee, reported that the committee met earlier in the day to consider a proposed study of DoD spending and economic impact in Virginia. The committee recommended the award of a contract to George Mason University to conduct the first phase of this study, at an award price of \$59,250, including all associated fees. Mr. Beale moved that the Authority proceed as recommended, and Gen. Hawley seconded the motion, which passed unanimously. Gen. Abrams projected report out of this first phase of the study at VNDIA's October board meeting.

As part of this agreement, a percentage of the project cost will be assessed as an indirect fee. Since VNDIA is a public entity Gen. Abrams suggested that VNDIA should ask to pay no more than 5%. Mr. Sterling moved that VNDIA agree to pay no more than 5% above a project's cost as an indirect fee, and Mr. Tripp seconded the motion, which passed unanimously.

Gen. Abrams reported the staff's assistance in drafting a letter of support sent under Gov. Kaine's signature to locate Air Force Cyber Command headquarters at Langley AFB.

Mr. Tripp, for the Grants Review & Oversight Committee, reported that FY2010 prospective grantees have been informed of the application process and timelines. Several existing grant project terms will expire on June 30, 2009. Affected grantees are expected to either request extensions or complete their projects prior to this date. To date, five of the 20 projects have been completed, and a total of \$16,851,682 (51.85%) has been reimbursed. A status report on remaining projects was given to the board.

Mr. Dickson next presented his report. The 2009 General Assembly has passed several items of note, including House Bill 2529, adding the Secretary of Commerce & Trade to the VNDIA board. Mr. Dickson noted that this addition is of primary importance as the next administration is formed. Several other bills were highlighted, as well as a list of legislation addressed by the General Assembly that the staff has monitored through the session.

The fourth statewide "Community Round Table" in April following the General Assembly session saw 22 in attendance and featured presentations by DoD's Office of Economic Adjustment (OEA) and the Virginia Department of Transportation's BRAC coordinator, who covered military growth-related projects and their funding. VDOT estimates a shortfall of \$434 million to complete BRAC-related projects. Mr. Sterling, who is also serves on the Commonwealth Transport Board, noted that up to \$100 million in state stimulus funds may supplement funding some of these projects, thereby reducing the projected shortfall.

Finally, Mr. Dickson reported on efforts to inform localities on encroachment and available mitigation tools. Mr. Dickson moderated a VNDIA-formed panel at the Virginia meeting of the American Planning Association in March. The panel was well received and featured speakers from the Department of Defense, OEA and Naval Facilities Command. Similar panels will be proposed for the Virginia Association of Counties (VACO) and Virginia Municipal League (VML) conferences later this year. In addition, a VNDIA-authored article on encroachment was included in recent VACO and VML publications.

There being no additional items of business, Rear Adm. Fountain moved to adjourn, Gen. Magnus seconded, and with unanimous vote, the meeting was adjourned at 12:35 p.m.