

Board of Directors Quarterly Meeting Minutes
Virginia National Defense Industrial Authority

Little Creek Clubhouse
Virginia Beach, Virginia
October 28, 2009

At 10:00 a.m., Rear Adm. Robert Fountain, seeing that both Chair and Vice-Chair were not present at the meeting, moved that Vice Adm. James McArthur be named acting chair for the duration of the meeting. Mr. Sterling seconded the motion, which passed by unanimous vote. Vice Adm. McArthur officially called the meeting to order, welcoming Authority board members, staff, and guests attending, and led the group in the Pledge of Allegiance.

Authority board members present:

Gen. John N. Abrams, USA (Ret.)	Vice Adm. James D. McArthur, Jr., USN (Ret.)
Mr. John B. Adams, Jr.	Dr. Eddie N. Moore, Jr.
Rear Adm. Robert R. Fountain, Jr., USN (Ret.)	The Hon. Cord A. Sterling
Mr. Jeff B. Franzen	Capt. Leonard P. Wales, USN (Ret.)
Rear Adm. John G. Hekman, USN (Ret.)	Mr. William L. Welch

Members absent:

Mr. G. William Beale	Gen. Robert Magnus, USMC (Ret.)
The Hon. Patrick O. Gottschalk	Maj. Gen. Robert B. Newman, Jr.
Gen. Richard E. Hawley, USAF (Ret.)	The Hon. Joe R. Reeder
The Hon. John W. Knapp, Sr.	Mr. Kurt H. Tripp

Vice Adm. McArthur introduced Jeff Franzen, Executive Vice-President, Mid-Atlantic, Lincoln Property Company. Mr. Franzen welcomed the board on behalf of Lincoln Property, owners of the meeting site, and spoke briefly on privatized housing at military installations in Virginia. Lincoln Properties owns and manages 5,500 homes, about half on-post and half off-post in Hampton Roads.

Vice Adm. McArthur presented the July 15, 2009 VNDIA minutes for approval. Mr. Adams moved that the minutes be approved as presented. Rear Adm. Hekman seconded the motion, and the minutes were approved by unanimous vote.

Vice Adm. McArthur recognized Mr. Welch, who presented a final memorandum of agreement between VNDIA and Arlington County to be used to administer the \$10 million state grant to assist in the retention of DARPA. Mr. Welch moved that the following resolution be adopted by the board:

BE IT RESOLVED, by the Virginia National Defense Industrial Authority (VNDIA) that it accept \$10 million from the Commonwealth of Virginia for the purpose of providing grant assistance to Arlington County, Virginia to assist in the retention of the Defense Advanced Research Projects Agency known as DARPA. These funds will be placed into a segregated account in the "Local Government Investment Pool" which is managed by the Treasurer of Virginia. And be it further resolved, that the VNDIA Executive Director is authorized to sign the "Military Strategic Response Fund Agreement" between the

Commonwealth of Virginia; Arlington County, Virginia; and the Virginia National Defense Industrial Authority which sets forth how these grant funds are to be accounted for and expended.

Dr. Moore seconded the motion, and after brief discussion, the resolution was adopted unanimously by Authority board members present, representing a quorum of the board's 18 voting members.

Voting in favor of adoption of the resolution were:

Gen. John N. Abrams, USA (Ret.)	Vice Adm. James D. McArthur, Jr., USN (Ret.)
Mr. John B. Adams, Jr.	Dr. Eddie N. Moore, Jr.
Rear Adm. Robert R. Fountain, Jr., USN (Ret.)	The Hon. Cord A. Sterling
Mr. Jeff B. Franzen	Capt. Leonard P. Wales, USN (Ret.)
Rear Adm. John G. Hekman, USN (Ret.)	Mr. William L. Welch

Vice Adm. McArthur introduced Navy Capt. Bill Crow, commanding officer of the newly established Joint Expeditionary Base Little Creek – Fort Story. The base became active on October 1, 2009, and the sections are now referred to as West (formerly Little Creek) and East (formerly Fort Story). The joint base is the major East Coast installation supporting “Overseas Contingency Operations” (OCO). It has 18 Navy and auxiliary ships plus 69 small craft and more than seven and a half miles of beachfront. Combined, the base employs more than 17,000 people through 139 resident commands, making it the largest military employer in Virginia Beach.

The next presenter was Stephen Fuller, Ph.D., Director of Regional Analysis at George Mason University. Dr. Fuller presented his draft economic impact study findings. The data shows that the Defense Department and its related activities generated 15.6 percent of Virginia's gross state product, and support nearly 20 percent of the state's job base. Dr. Fuller will incorporate input gathered from the board following his presentation in a final report to be delivered in advance of the 2010 General Assembly session.

Rear Adm. Fountain, chair of the Local Coordination, Support & Communications Committee, reported that in August he was joined by Gen. Hawley, Rear Adm. Hekman, Maj. Gen. Knapp and staff for a visit to the Newport News/Northrop Grumman Shipyard. The shipyard is the sole designer, builder and refueler of U.S. nuclear-powered aircraft carriers and one of only two companies capable of designing and building nuclear-powered submarines. It is the largest manufacturer in Virginia, employing about 20,000 people. The Defense Department spent \$3.6 billion in Newport News in 2008. The committee's next scheduled visit will be to the Norfolk Naval Shipyard on November 13.

Gen. Abrams reported for the Strategic Planning Committee which he chairs. The major activity for the month was the analysis conducted by Dr. Fuller. In addition, Mr. David Dickson, VNDIA Executive Director, has provided staff support for the National Governor's Association “Mission Growth Working Group.” The group concluded its work after a final session held in Washington, DC on September 22-23, 2009.

Mr. Dickson also had an opportunity to brief the policy directors of both gubernatorial candidates on the importance of DoD to Virginia's economy and the key Virginia military issues

facing the next governor. As adopted in the VNDIA Strategic Plan, legislation has been filed to add the VNDIA Executive Director to the Oceana-Fentress Military Advisory Council. This measure has been supported by the Secretary of Commerce and Trade and now is being considered by the Governor's Policy Office.

Mr. Welch, Grants Review & Oversight Committee chair, reported that staff continues to maintain the quarterly reimbursements and progress reports for previous awards. The fourth round of Military Strategic Response Fund Grants totals three projects, all earmarked by the General Assembly, including: Actions to Retain NAS Oceana as a Master Jet Base in Virginia Beach, VA.; Fort Lee Mahone Gate Improvements; and DARPA Retention in Arlington County. As of October 28, 2009, there are 15 active grant projects, and nine projects that have been completed.

Mr. Dickson reported that, as indicated during the July meeting, additional budget cuts were under consideration statewide. Since then, VNDIA has incurred a 10% reduction in funding effective July 1, reducing the FY 10 allocation by \$44,813. The Directors were advised that the VNDIA budget will be adjusted accordingly.

During the July meeting, guest speaker Joe Maroon described a new "environmental stewardship" venture between the DoD and the Commonwealth, known as the DoD Eagle Award. Last week Gov. Kaine announced the initial winners of this award - Fort A.P. Hill, Fort Pickett and the Defense Supply Center Richmond. Seventeen military installations around Virginia competed for this award. The Virginia Department of Conservation & Recreation and the Department of Environmental Quality work with DoD to evaluate results.

VNDIA organized a second panel presentation on the issue of encroachment which was presented at the Virginia Municipal League Annual Conference held in October in Roanoke. While the attendance was thin, the attendees were very interactive. Joining Mr. Dickson were two representatives from the Defense Department to review their program offerings.

As mentioned by Gen. Abrams, Mr. Dickson briefed the policy director for both Bob McDonnell and Sen. Creigh Deeds, providing them with information regarding the importance of DoD spending on Virginia, the make-up and role of VNDIA and the critical issues facing the next governor. Mr. Dickson reported that these sessions both went very well.

Vice Adm. McArthur announced the tentative 2010 meeting dates. These follow the same schedule as last year, being the third Wednesday of meeting months. Staff will contact the board shortly to gauge availability during these days and will adjust as necessary for maximum participation.

<u>Tentative Date</u>	<u>Location</u>	<u>Notes</u>
January 27, 2010	Richmond	Annual Meeting
April 21, 2010	TBD	
July 21, 2010	TBD	
October 20, 2010	TBD	

There being no additional items of business, Mr. Welch moved to adjourn, Rear Adm. Hekman seconded, and Vice Adm. McArthur adjourned the meeting at 12:30 p.m.