

**FORT MONROE**  
**FEDERAL AREA DEVELOPMENT AUTHORITY**  
**June 24, 2010 ~ Meeting Minutes**

The Fort Monroe Federal Area Development Authority (FMFADA) Board meeting was held on June 24, 2010, at the Bay Breeze Community Center on Fort Monroe.

**I. ADMINISTRATIVE MATTERS**

**A. Call to Order and Opening Comments. Mr. Tommy Thompson, Vice Chairman and Acting Chairman.**

Mr. Thompson called the meeting to order at 1:11 p.m. He stated that we did not yet have a super majority, and that there were two elements in the meeting that would require a supermajority vote.

Roll Call: Senator Mamie Locke

*Present:*

Secretary Ric Brown, Carrie Cantrell for Secretary Jim Cheng, Delegate Tom Gear, Ms. Catharine Gilliam, Senator Mamie Locke, Senator John Miller, Delegate Glenn Oder, Mr. John Quarstein, Mr. James Hopper for Ms. Suit, Mr. Tommy Thompson, and General Bob Wagner.

Garrison Commander Colonel Anthony Reyes, and City of Hampton Liaison George Wallace were also present.

Ms. Cantrell arrived at 1:30 p.m.; Delegate Oder arrived at 1:32 p.m.

*Absent:*

Secretary Doug Domenech; Mr. Robert Scott and Mayor Jeanne Zeidler.

**B. Approval of Minutes from May 20, 2010 Meetings**

**MOTION.** Vice Chairman Thompson stated that we have a quorum and called for any amendments to the May 20, 2010 Board meeting minutes. Mr. Harper stated the minutes needed to reflect that he was present at that meeting. Mr. Thompson motioned for the minutes to be approved with that addition; and they were passed unanimously. Appendix I.

**C. Treasurer's report. Mr. John Hutcheson, FMFADA Director of Operations.** Mr. Hutcheson gave an update since the last meeting when the financial audit from FY 2009 was presented. He stated that he had contacted the audit firm to see if there was anything that could be done to provide a qualified opinion. The audit firm responded to Bob Scott, Chairman of the FMFADA Finance Committee. Hutcheson, in Mr. Scott's absence, stated the audit firm advised against pursuing a re-audit because of the uncertain outcome. Subsequent to that communication, Secretary Brown had set up a telephone conference for the Finance Committee with Mr. Bill Shelton, the Director of the Department of Housing and Community Development (DHCD) and David Von Moll, the Comptroller from the Virginia Department of Accounts. Mr. Shelton reported that the Auditor for Public Accounts (APA) had audited the DHCD books and found no discrepancies. Both Mr. Shelton and Mr. Von Moll also recommended against a re-audit. The Finance Committee is recommending that there be no further action on the audit for FY 2009, but has advised staff to seek an audit for FY 2010 as quickly as possible.

Secretary Brown added that David Von Moll felt the audit centered on the fact that in the transition year FY 2009 the appropriation accounting for FMFADA was a part of the DHCD's accounting. The DHCD would code any expenditure from the Authority to a blanket account. When they closed their books they would come back on the state system and do an ATV that would place the lump sum expenditure into the proper accounts and merge it with their department. He added that the auditor was not used to that procedure, and had some difficulty reconciling. He stated this has been reconciled and that everyone is satisfied, and agrees that there are no irregularities. Secretary Brown added that the Auditor of Public Accounts will procure the auditor for FY 2010, and his intent is to get that done as soon as possible.

Questions/comments: Mr. Thompson thanked the Secretary for his effort and stated that he no longer has concerns about the audit, and fully expects the FY 2010 audit to be a clean audit. Mr. Wallace stated the incoming Board should be given a copy of the FY 2009 audit.

Mr. Hutcheson directed the Board to the Balance Sheet and Profit and Loss statements in their packets. Appendix II. He stated that as of May 31 the Authority has \$550,000 in cash on deposit. He stated we believe that is adequate to meet the needs for the next month. He added that number will go down as we do expect many invoices from consultants as they complete their projects by the end of the year. Mr. Hutcheson said we are working with the Office of Economic Adjustment to extend our existing grant for six months, and expect that extension to be approved.

Since there was still not enough Board members for a supermajority vote, Mr. Hutcheson asked the Chairman to defer approval of the FY 2011 Provisional Budget until a supermajority was present.

## II. REPORTS & BRIEFINGS

Vice Chairman Thompson invited the FMFADA Executive Director Bill Armbruster to come forward and give his report.

- A. Executive Director's Remarks, Bill Armbruster.** Mr. Armbruster briefed the Board on the following activities of the FMFADA since the May 20 Board meeting: staff actions, meetings, Economic Development Conveyance (EDC), infrastructure, National Park Service (NPS) Unit initiative, milestones and 2011. Appendix III. Mr. Armbruster stated that Deputy Director Conover Hunt was leaving the staff to do consulting work, and thanked her for her outstanding service. Mr. Armbruster stated that he was very excited that an NPS team was coming to Fort Monroe to visit the week of the 19<sup>th</sup> and considered that a giant step forward in the discussion with the Park Service. He added the new Board will meet on July 22<sup>nd</sup>. Mr. Armbruster concluded by thanking the Board for their guidance and direction to move this process forward. He hi-lighted the various milestones achieved which include the approval of the Reuse Plan, HUD application, Programmatic Agreement; and thanked the Board for their perserverance.

Questions/comments: Mr. Thompson asked Mr. Armbruster to draft an organizational chart of the FMFADA staff and identify their responsibilities, and ensure the new Board receives it. He agreed with Mr. Wallace that a position paper needs to be given to the new Board on how finance and accounting was going to be staffed; as well as what their procedures and responsibilities will be to ensure a well run financial system.

Mr. Wallace stated that he would like to see the possibility of co-locating the Slavery Museum on Fort Monroe and would like to see that item added to a future Board meeting's agenda. General Wagner expressed that the Old Point Comfort Yacht Club would like to stay in building 183.

Mr. Armbruster thanked the City of Hampton for the support they have given to him and his staff.

Mr. Thompson stated there was a supermajority present at this time, and asked Mr. Hutcheson to revisit approval of the FY 2011 Provisional Budget.

**MOTION.** Mr. Hutcheson stated the budget is provisional since we do not know the amount of the OEA grant; the budget is based solely on state appropriated funds, and revenue expected from the operation of the Monroe Apartments. He added that this budget is recommended by the Finance Committee for approval; and once the OEA grant is finalized the Board would be asked to approve a final budget. Mr. Hutcheson commented that the Board will notice that as we begin to build staff salaries will go up, as we wean ourselves from consultants.

Delegate Oder moved that the Board accept the Provisional FY 2011 Budget, and Dr. Locke seconded. Delegate Oder asked Mr. Hutcheson what he thought we could anticipate for the future from the State General Fund. Mr. Hutcheson replied he could not answer that question. Mr. Armbruster added that the State did not require the Authority to submit a biennial budget, in consideration of the uncertainty

with respect to what would be done next year. He stated Secretary Brown was with him when he made the rounds in Richmond, and that was part of our strategy. Secretary Brown said that since we will have leases that come into effect in the coming year there will be a clearer picture of what the Authority's budget will look like for next year. The General Assembly decided to deal with this on a year by year basis, given the expectation for change.

Mr. Thompson asked for a roll call vote of the Board to approve the Provisional FY 2011 Budget. He stated that this vote will require a supermajority of 14. The result of the vote was as follows:

Ayes: Secretary Brown, Ms. Cantrell, Delegate Gear, Ms. Gilliam, Mr. Harper, Secretary Hicks-Thomas, Dr. Jackson, Dr. Lett, Senator Locke, Senator Miller, Delegate Oder, Mr. Quarstein, Mr. Hopper, Mr. Thompson, and General Wagner.

Nays: None.

Absent: Secretary Domenech, Mr. Scott, and Mayor Zeidler.

**B. Army Update. Colonel Anthony Reyes, Garrison Commander.** Colonel stated that the Army has conducted an Army wide Rehearsal of Contact Drills (ROC Drills) to ensure that there are no areas that would keep the installations from meeting their closure date. He stated the result of the drills are that there are no issues identified that would keep Fort Monroe from meeting its closure date.

**C. Pete Petersen, City of Hampton Update.** Mr. Petersen had no comments for the Board at this time.

Questions/comments: Delegate Gear asked that City of Hampton give an update on both their plans for the City of Phoebus and Buckroe. Mr. Wallace suggested this report would be better if it was structured detailed report and could be done prior to a Board meeting. Mr. Thompson stated that Mr. Armbruster would follow up with the Hampton City Manager on this.

**D. Legal update. Steve Owens, Office of the Attorney General (OAG).**

Economic Development Conveyance (EDC). Steve Owens began by giving the Board an overview of the process of the EDC. Appendix IV. He stated the purpose of the EDC is to get the Army and Fort Monroe Authority/Commonwealth all on the same page as to what will happen as we move forward with the Programmatic Agreement (PA); especially in regards to the disputed properties, environmental matters, personal property owned by the Army after transfer; and preservation and protection of assets after transfer. He stated they hope to have the EDC executed by spring of 2011.

Questions/comments: Delegate Gear asked Mr. Owens which buildings he was talking about when he said "not all buildings would be preserved." Mr. Owens said he referred to buildings in the North Gate or more industrial area.

Foundation. Mr. Owens stated that the final pieces are being pulled together so they may present the Foundation to the new Board at the next meeting for approval.

Private/public education and infrastructure act (PPEA). Mr. Owens said this act allows public bodies to enter into public /private partnerships. He stated one provision of this law is that the Fort Monroe Authority must adopt guidelines. Mr. Owens recommended the Board adopt the guidelines that have been customized for the Fort Monroe Authority so that the Authority may accept both solicited and unsolicited proposals in the future. He reminded the Board that they had received a copy of the customized guidelines as a read ahead.

**MOTION.** Mr. Thompson called for a motion to adopt the PPEA Guidelines. Mr. Wallace asked if was necessary to adopt these guidelines today, as opposed to deferring so the new Board may decide to adopt. Mr. Owens added in order for the Authority to accept an unsolicited proposal, these guidelines would have to be in place. He added this would give the staff the flexibility to move forward in analyzing a project, if it is presented.

Secretary Brown commented that adopting the PPEA guidelines would allow the Authority to accept, reject or defer unsolicited proposals. Without adopting these there would be nothing in place to even review an unsolicited proposal.

Secretary Brown motioned to accept the Fort Monroe Authority's PPEA guidelines. Delegate Oder seconded.

Mr. Thompson asked for a roll call vote to accept the Fort Monroe Authority's PPEA Guidelines. The result of the vote was as follows:

Ayes: Secretary Brown, Ms. Cantrell, Ms. Gilliam, Mr. Harper, Secretary Hicks-Thomas, Dr. Jackson, Dr. Lett, Senator Locke, Senator Miller, Delegate Oder, Mr. Quarstein, Mr. Hopper, Mr. Thompson, and General Wagner.

Nays: Delegate Gear.

Absent: Secretary Domenech, Mr. Scott, and Mayor Zeidler.

Governance: Mr. Owens stated that it is anticipated that the Governor will approve the citizen's appointees this week, and that the press release should be out soon after that.

Mr. Owens stated that the Fort Monroe Authority Act provides that FMFADA employees be treated as local employees. He stated in order to maintain the same benefits for the employees that we currently have, the Board would have to make the following elections:

- Election to contribute 5% to the Virginia Retirement System (VRS) for employees who were employed prior to July 1<sup>st</sup>.
- Election to contribute 5% to VRS for employees employed after July 1<sup>st</sup>.
- Election for the "Buy back" provision for prior military service, state service, etc.

Mr. Owens stated that in the past the FMFADA has picked up the 5% employers share of the contribution to the VRS, and wants to continue do that.

Questions/comments: City Councilman George Wallace stated most cities have exercised the option to pick up the 5% contribution for their employees, and suggested the FMFADA should do the same. Dr. Lett asked if the other benefits would continue for the staff. Mr. Hutcheson commented there are replacements for the employee's benefits that are for local governments; the one impact to the employees is the 5%. He stated either the Authority pays it on behalf of the employees, or they must take it out of their paycheck.

Delegate Oder expressed that he would like to see a copy of the resolutions. He added that the General Assembly decided not to fund the VRS for new employees after July 1<sup>st</sup>. Mr. Owens stated that the 5% was already accounted for in the budget. Mr. Hutcheson added that this was one of the benefits of being an employee of the Authority, and we do not want to create two classes of employees by having some that get the benefit, and some that do not.

**MOTION.** After discussion Delegate Oder motioned to pass on voting temporarily on the resolution until the Board had the resolution before them, with Delegate Gear seconding. The vote was passed unanimously.

By-Laws. Mr. Owens directed the Board to the updated By-Laws in their packets, and recommended that the Board adopt the By-Laws so the new Board would have them in place as a governance document by July 1. He added Dr. Lett would present later on the By Laws.

**E. Real Estate Update. Jerry Moore, FMFADA Director of Real Estate.** Mr. Moore presented on the interim leasing of Monroe Apartments and the Economic Development Conveyance (EDC). Appendix V.

Questions/comments: Delegate Oder asked if the projected gross income is estimated to be \$40,000 to \$50,000 per month, and how long it will take to get to full occupancy. Mr. Moore replied that the apartments are pretty close to full occupancy. He said right now we do not have all the information we would like to have, and are not sure of what the falloff will be. Delegate Oder asked what would be the net profit from the apartments. Mr. Moore replied it will probably be \$8,000-\$10,000 per month.

**F. Infrastructure Report for FY 2010. Eddie Marscheider, Kimley-Horn.** Mr. Marscheider began with a recap of the move from infrastructure planning to implementation in the last year. Appendix VI.

Questions/comments: Mr. Thompson asked if the permitting process could be started sooner. Mr. Marscheider stated the permitting process has built in contingencies, and if they start in January they could have the permits by summer of next year.

Mr. Thompson asked Mr. Marscheider if he recommended the Authority pay the utility, then bill the users. Mr. Marscheider agreed yes. Mr. Thompson also expressed concerns with the potential charges from Virginia Natural Gas (VNG) to install service. Eddie Marscheider stated that VNG has indicated the proposal may be a cost based proposal, although it may be not. He said they are clearly in competition with VA Power. He added any proposal that is accepted will factor in the business aspect of revenue that can be generated on Fort Monroe.

Mr. Thompson stated that Eddie Marscheider's presentation represented a culmination of two years work, and recommended the incoming Board get this information.

Delegate Oder asked why the costs have changed from over \$100 million dollars to \$70 million. Mr. Marscheider stated that this has evolved over time, and that the numbers had come down slightly since the printing of the packets. Delegate Oder asked if that money was in the budget. Mr. Thompson replied the budget is an operating budget and does not include any contributed funds.

Mr. Armbruster added that the estimated cost to upgrade infrastructure was initially \$96.5M. He stated the comprehensive studies by Kimley-Horn have reduced that number, but the challenge is still there. He said that is what we are trying to do on Capitol Hill, and with HUD, is to find ways to cover as much of that cost as we can. He stated we have made a small start with the WRDA project, but have a considerable challenge, but not quite as daunting as when we started out last year.

Delegate Gear asked when we take over the Monroe Apartments how we will know how much electricity to bill them for. Mr. Armbruster said the apartments are metered, as well as the Chamberlin. Ms. Robin Mills Director of the Department of Public Works (DPW) stated the metering system is located by the entrance of the gate. Mr. Thompson asked Mr. Armbruster to provide Delegate Gear with a map that shows the property line after the meeting.

Mr. Quarstein asked if the Authority was in the process of applying for grants, and recommended the TEA21 grant as a great source of funding. Mr. Armbruster stated we do not have a comprehensive plan as far as grants, but are pursuing them. He added that we now have the right people in place to do that.

**G. Historic Preservation Advisory Group Final Report. Kathleen Kilpatrick, Chair.** Ms. Kilpatrick summarized activities of the Historic Preservation Advisory Group in her presentation to the Board. Appendix VII. She highlighted the group's involvement in and recommendations for the Interpretative Master Plan, and the Design Standards.

Questions/comments: Mr. Thompson commented that this report also should go to the new Board members.

**H. Design Standards Final Draft Report. Greg Rutledge, Hanbury Evans Wright & Vlattas.** Mr. Rutledge presented the final draft report after two years of work on the Design Standards for Historic

Preservation of Fort Monroe. He introduced them as the guide for the restoration, rehabilitation and renovation of pre-existing structures as well as a guide for new construction. He then gave an overview of the final document. Appendix VIII.

Questions/comments: Delegate Oder asked Mr. Rutledge what he meant by “not applicable” references in diagrams in the Design Standards, and asked if that would be confusing to users. He also expressed concerns on the usage of flat roofed buildings. Delegate Oder also suggested some opportunity should be given for site furnishings.

Delegate Gear asked if a portable stage for a concert could be set up on the land designated as that which cannot be built on. Mr. Rutledge said you could.

**MOTION:** Steve Owens announced that he had discovered a conflict in the laws passed by the General Assembly that requires interpretation on the resolutions for VRS. He suggested tabling this issue until the July 22<sup>nd</sup> Board meeting. Mr. Thompson asked for a vote; which was unanimous to table the resolutions until the July 22<sup>nd</sup> Board meeting.

- I. Report of the By-Laws Committee, Dr. Wayne Lett, Chair.** Mr. Thompson stated that since there was a supermajority present he would ask for the report of the By-Laws Committee at this time. Dr. Lett thanked Senator Miller, and Secretary Brown for working on the committee and Conover Hunt for staff assistance as well as Steve Owens for his legal expertise. He stated the only suggested change since the By-Laws review at the last Board meeting was from Terrie Suit. That change was to add the provision that another member of the Cabinet may represent the Cabinet member of the new Board.

**MOTION:** Dr. Lett motioned for the By-Laws to be adopted to become effective June 30, 2010. Secretary Brown seconded the motion. Mr. Thompson asked for a roll call vote to adopt the Fort Monroe Authority By-Laws to be made effective June 30, 2010. The results of the vote were as follows:

Ayes: Secretary Brown, Ms. Cantrell, Delegate Gear, Ms. Gilliam, Secretary Hicks-Thomas, Dr. Jackson, Dr. Lett, Senator Locke, Senator Miller, Delegate Oder, Mr. Quarstein, Mr. Hopper, Mr. Thompson, and General Wagner.

Nays: None.

Absent: Secretary Domenech, Mr. Harper (left at 3:50 p.m. and returned later 4:42 pm) Mr. Scott, and Mayor Zeidler.

- J. Draft Interpretive Master Report. Conover Hunt, Deputy Director, FMFADA and Interpretive Solutions, Leisure Business Ventures, O'Reilly Public Relations.** Ms. Hunt gave an overview of what an Interpretive Master Plan document is. Anne Clausen of Interpretive Solutions presented highlights of the Interpretive Master Plan. Mr. John Gerner of Interpretive Solutions then explained the business plan portion of the Interpretive Master Plan. Appendix IX.

Questions/comments: Delegate Oder asked if the Request for Proposal process in the business plan conflicts with the PPEA guidelines. Mr. Gerner stated this process would be in agreement with that.

Ms. Trudy O'Reilly continued the presentation on the tourism aspect of the IMP.

Delegate Oder expressed concerns that if Fort Monroe is called Fort Monroe at Old Point Comfort, would that name be recognizable. Mr. O'Reilly assured Delegate Oder that the brand is not yet created, that the information on her slides were just examples.

- K. Environmental Management System Report. Cheryl Widell, FMFADA Director of Heritage Assets and Historic Preservation Officer (HPO).** Ms. Widell directed the Board to her report in their packets detailing the Environmental Management System Guide by AH Environmental Consultants. Appendix X.

**MOTION.** Mr. Thompson asked for a motion to accept all reports presented at this meeting. These reports were accepted unanimously.

### **III. OLD BUSINESS**

**Report of the By Laws Committee, given above.**

### **IV. PUBLIC COMMENT**

Mr. Thompson then opened the Public Comment session. Appendix X.

### **V. NEW BUSINESS**

There was no new business presented.

### **VII. ADJOURNMENT**

Mr. Thompson stated the next meeting is on July 22, and will be preceded by an orientation for new Board members. He motioned for the meeting to be adjourned at 5:07 p.m.

Respectfully submitted,

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The Honorable Mamie E. Locke  
Secretary/Treasurer

MEL/jfb

### **APPENDICES**

**APPENDIX I** May 20, 2010 Board meeting minutes

**APPENDIX II** Financial Report

**APPENDIX III** Executive Director's Remarks

**APPENDIX IV** Legal Update

**APPENDIX V** Real Estate Update

**APPENDIX VI** Infrastructure Report for FY 2010

**APPENDIX VII** Historic Preservation Advisory Group Final Report

**APPENDIX VIII** Design Standards Final Draft Report

**APPENDIX IX** Draft Interpretive Master Plan Report

**APPENDIX X** Environmental Management System Report

### **PUBLIC COMMENT**

Christine Gergely, representing United Daughters of the Confederacy. Ms. Gergely thanked the departing Board members and departing Deputy Director, Conover Hunt.

Mark Perreault, representing Citizens for a Fort Monroe National Park. Mr. Perreault extended a thank you from his group and congratulations for what the FMFADA has accomplished since 2007. He reemphasized that the public wants Fort Monroe to be a Grand Public Place.

Louis Guy, representing self. Mr. Guy echoed the two previous speakers. He also expressed concerns for the Army's maintenance standards, and commented on the conditions of the infrastructure.