

**FORT MONROE AUTHORITY
March 24, 2011 ~ Meeting Minutes**

The Fort Monroe Authority (FMA) Board meeting was held on March 24, 2011 at the Bay Breeze Community Center on Fort Monroe.

I. ADMINISTRATIVE MATTERS

A. Call to Order and Opening Comments. Terrie Suit, Chairman.

Chairman Suit called the meeting to order at 1:00 p.m.

B. Roll Call: Nia Lissimore, Assistant Secretary

Present:

Terrie Suit for Secretary James Cheng, G. Robert Aston, Jr., Colin G. Campbell, Secretary Doug Domenech, Delegate Gordon Helsel, Councilman Ross Kearney, John R. Lawson, Senator John Miller, Mayor Molly Ward, James Church and Kim Maloney

Garrison Commander Colonel Anthony Reyes was also present

Chairman Suit announced that she would be voting under proxy for Secretary Cheng but in the next few days she officially becomes a voting member of the Board. Governor McDonnell proposed legislation this year that was passed unanimously by the House and Senate that changes Chairman Suit's office from the Assistant for Commonwealth Preparedness to Secretary of Veterans Affairs and Homeland Security. The legislation also changes the Board compilation from 11 voting members to 12 voting members.

Chairman Suit introduced new Board member Delegate Gordon Helsel who replaced former Delegate Tom Gear representing District 91.

C. Approval of Minutes from the January 6, 2011 Board Meeting.

MOTION: There was a motion by Mr. Campbell to approve the minutes. The motion was seconded by Delegate Helsel and unanimously approved. APPENDIX I.

D. Treasurer's report. Mr. John Hutcheson, FMA Director of Operations. Mr. Hutcheson reviewed the financial statements as of February 28, 2011. Mr. Hutcheson stated the Authority had \$827, 313 of cash on deposit at Old Point National Bank. The year-to-date operating statements are close to last year in terms of revenue but a little higher in terms of expenses due to payroll. The Authority has reduced the hiring of consultants and increased the hiring of permanent full-time employees. Mr. Hutcheson reviewed the new employee handbook and policies. He stated that all the policies and handbooks were submitted to the Board members earlier in the week via email. Mr. Hutcheson stated that when the FMA was separated from the Department of Housing and Community Development the Attorney General's office borrowed the handbook from the Virginia Resources Authority to update the FMA's handbook. APPENDIX II.

MOTION: There was a motion by Delegate Helsel to approve the employee handbook. The motion was seconded by Mr. Church and unanimously approved.

Mr. Hutcheson stated there were four policies created by pulling sections out of the handbook in order to give new employees a document that was short enough to read and sign the acknowledgement during orientation. Chairman Suit stated the policies were also sent to Board members electronically in order to save paper.

MOTION: There was a motion by Mr. Lawson to adopt the policies. The motion was seconded by Senator Miller and unanimously approved.

II. REPORTS & BRIEFINGS

A. Executive Committee Report – Chairman Terrie Suit. Chairman Suit stated the Executive Committee had a great meeting in Williamsburg that was hosted by Mr. Campbell. The Executive Committee received a presentation by HRI on its proposed development and voted to allow them to make a presentation to the full Board but declined to allow the company to take control of the site they proposed to develop until the full Board had an opportunity to review and approve the proposal. Chairman Suit stated HRI decided not to move forward with presenting to the Board at this point in time but reserved the right to come back in the future and present other development ideas. She added during the process FMA learned what the compatible uses and developments would be at Fort Monroe and the public also had an opportunity for input.

B. Communications Report – James Church, Communications Committee Chair. Mr. Church stated Chairman Suit previously requested participation from the board for Committee working groups and as Chairman of the Communications Committee he is currently working with the Phyllis Terrell, Director of Marketing, Trudy O'Reilly, Public Relations consultant and Marketing Consultant Siddall, Inc. as well Ms. Carrie Cantrell, Deputy Secretary of Commerce and Trade, who has an extensive background in communications. Mr. Church asked that anyone else interested in participating on the Communications Committee let him know after the meeting. Chairman Suit stated she would strongly encourage the City of Hampton to provide a participant for the Communications Committee.

Mr. Church stated the second order of business was the FMA communications policy. As a part of the read ahead materials the Board received a copy of the Proposed Dissemination of Public Information Policy. Staff drafted the policy with guidance from the Chair and the draft policy was reviewed by the Office of Attorney General. The intent of the policy is to ensure a consistent and reliable flow of information concerning the activities of the Fort Monroe Authority and the policy also provides guidelines for those individuals speaking on behalf of the FMA. APPENDIX III.

MOTION: There was a motion made by Mr. Church to approve the communications policy. The motion was seconded by Councilman Kearney and unanimously approved.

Mr. Church introduced Ms. Terrell to give details about the Board visioning sessions. Ms. Terrell stated at the last Boarding meeting staff was tasked with developing a visioning session for the Board members. After some consultation with Siddall Inc., Siddall suggested a visioning process that involves individual interviews with each Board member beginning in early April. During the interviews the Board members would address their thoughts on preservation and the development and achievement of economic sustainability at Fort Monroe. Chairman Suit asked what the goal of the interviews would be. Ms. Terrell stated the goal was to come to a collective vision to ensure cohesive vision for Fort Monroe. Chairman Suit asked how the City of Hampton would participate. Ms. Terrell stated the Communications Committee would identify key stake holders for additional interviews. Chairman Suit asked if there was any cost to having the vision sessions done. Ms. Terrell replied the cost is included in the discovery process which has been allocated in the FMA's marketing budget. Councilman Kearney asked how the Governor's office would be included in the sessions. Chairman Suit stated interviewing the Governor's cabinet members that serve on the FMA Board would cover that. Cabinet members discuss the Fort Monroe status with the Chief of Staff and the Governor on a regular basis and would ask them to provide input on the vision.

C. Fort Monroe Foundation Update – Steve Owens, Office of the Attorney General. Chairman Suit announced Steve Owens would update the Board on the legal status of the Foundation in Carrie Cantrell's (Chair of the Foundation Nominations Committee) absence. Mr. Owens stated the IRS form and all the

restated articles were filed and the FMA is currently waiting to hear back from the IRS. At this point members of the Foundations Committee can be identified so the process can begin once the letter from the IRS arrives. Chairman Suit reminded the Board that the Foundation will be a 501 (c) 3 that can accept tax exempt contributions. Chairman Suit asked what the purpose of the foundation is. Mr. Owens responded the purpose is principally to raise money to support educational, historical and organizational activities at Fort Monroe. Ms. Cantrell as Chair of the Foundation's Nominations Committee would be working with Board members and the public to recruit esteemed individuals to serve on the Foundation Board. Once the recruiting process is complete the Nominating Committee will present a nominations list to the FMA Board to approve for the Foundation Board of Trustees. Mr. Campbell stated it is going to be extremely important for members of the Foundation to be both a significant group of people regionally and nationally. The national involvement is a way to raise funds outside of the region and to get exposure for Fort Monroe nationally.

D. City of Hampton Report – Mary Bunting, Hampton City Manager. Ms. Bunting stated the City and FMA have a strong partnership. FMA and the City had several meetings since the Board last met that were very productive and are currently working on terms of municipal service delivery, marketing of Fort Monroe, and economic development resources for Fort Monroe.

E. Army Update – Colonel Anthony Reyes, Garrison Commander. Colonel Reyes announced the initial guidance from Army headquarters only gave the Garrison the option to close the marina if the EDC negotiations were not successful. This would result in slip holders having to vacate the marina by August 1, 2011. New guidance from Army headquarters as of March 15th is that no slip holders will have to vacate. If EDC negotiations are not successful another course of action will be selected allowing slip holders to remain in the marina. Colonel Reyes added no increase in prices will occur until April 20, 2012. He also announced the closing ceremony will be on September 15, 2011 at 10:00 a.m. at Continental Park.

F. Leasehold Feasibility – David Shiver, FMA Consultant/Bay Area Economics (BAE). Mr. Shiver stated the FMA tasked BAE Urban Economics to undertake a detailed feasibility analysis of prepaid residential leaseholds. As part of earlier reuse planning in 2008 through 2009, BAE collected information regarding other residential leasehold communities in the U.S. and met with or interviewed experienced, knowledgeable industry players in both the Hampton Roads marketplace and other residential leasehold communities. Mr. Shiver gave the Board a presentation on leasehold feasibility that reviewed what residential leaseholds are, terms and conditions, other leasehold communities, and how leaseholds would work at Fort Monroe. In addition, Mr. Shiver discussed lender perspectives, secondary market perspectives, and insurance. Chairman Suit stated that the leasehold residential properties were not going to be marketed until 2014. Chairman Suit proposed a committee made up of some members of the Board, citizens, FMA staff and Hampton City staff to evaluate what needs to be changed as far as legislation and the Reuse Plan is concerned. She asked that citizens that want to be involved contact FMA staff. Mr. Lawson suggested that the committee also look at commercial property as well because new construction needs fee simple ownership of the land in order to be effective. Chairman Suit stated the commercial piece is more time sensitive because the FMA is moving forward with the commercial piece a lot faster than residential. APPENDIX IV.

G. National Park Working Group Report – Mayor Molly Ward, City of Hampton. Mayor Ward stated the working group had a very productive month. There were three meetings with representation from the Board including; Colin Campbell, Secretary Domenech, Delegate Helsel, and Senator Miller. The Group visited the Pentagon and spent two days in Washington, D.C. to meet with Congressman Forbes and Senators Warner and Webb. There was also a meeting with the National Park Conservation Association and the Department of the Interior. Mayor Ward stated there were legal and negotiating strategy issues related to the EDC negotiations that needed to be discussed in closed session. Chairman Suit announced the closed session would be moved up on the agenda to discuss EDC, personnel and NPS impacts and receive legal advice. Chairman Suit clarified the NPS boundary and footprint discussion would not be done in closed session and the Board could not take any action in closed session. She further explained that in executive session the Board can only receive legal advice and discuss implications on negotiations. Mayor Ward stated that after

executive session she wanted to present the map the Working Group has proposed, talking points for legislation and a proposed letter from the Governor. Chairman Suit asked that the Board allow FMA and City of Hampton staff to remain as resources for discussion.

Mr. Campbell requested to give a brief EDC updated prior to going into closed session.

H. EDC Liaison Report Update – Colin Campbell, Board EDC Liaison. Mr. Campbell stated there have been two meetings with the Army team since the Board last met. He stated he has been encouraged by the tone of the discussions and desire to reach a mutually acceptable approach regarding the federal surplus properties. Issues discussed have been determining the value of the properties, an approach to disposition, caretaking arrangements following closure, administration of land use controls and construction support, utility issues and transfer of Army personal property. The critical issues recently discussed were the importance of concluding these negotiations as expeditiously as possible. May 30th is the deadline by which an agreement between the two groups will be made which means a considerable amount of discussion will need to be made prior to then. Mr. Campbell stated that at the next Board meeting on May 19th, the negotiations should be complete. Chairman Suit reminded the public that the entire Fort does not revert back to the Commonwealth. Two parcels of land are currently in dispute that the Army does not believe reverts automatically to the Commonwealth; the Marina, and Northgate. A third area; Dog Beach is not in dispute and does not revert. Instead of going to Court the Commonwealth is negotiating the areas under Economic Development Conveyance (EDC).

I. Executive Session

MOTION: There was a motion made by Mr. Campbell for the Board to proceed in executive session pursuant to VA code 2.2-3711(a)(3)(5)(6)(7) and (30). Those sections address the potential acquisition or disposition of property, potential business opportunities, provision of legal advice, potential investment of public funds, and the potential award of public contracts. The motion was seconded by Councilman Kearney and unanimously approved.

J. Reconvene

MOTION: There was a motion by Mr. Campbell to go into open session. The motion was seconded by Secretary Domenech and unanimously approved. Each Board member certified that only matters appropriate for executive session were discussed.

K. Legal Matters– Steve Owens, Office of the Attorney General. Mr. Owens stated the Foundation was previously discussed and the legislation has been passed. Once the legislation is signed by the Governor it will become effective. The new legislation clarifies the relationship with the City of Hampton and provides for a payment to the City of Hampton in lieu of taxes for services. The Bylaws amendment was drafted assuming the Governor signed the bill however the bill was not signed. Chairman Suit suggested the Board approve a delayed enactment of the amended Bylaws that reflect the changes in legislation. Mr. Owens stated he had a resolution that he would amend. APPENDIX V. Mr. Owens delivered the amendment to the Board.

MOTION: There was a motion made by Councilman Kearney to approve the Bylaws amendment. The motion was seconded by Mr. Church and unanimously approved.

L. Real Estate Report – Jerry Moore, FMA Director of Real Estate. Mr. Moore stated he wanted to bring the Board up to date on the current PPEA process. He stated there are certain parts of infrastructure at Fort Monroe that will not be serviced by Hampton Roads Sanitation District or Newport News Water Works. Two unsolicited proposals were received. In addition to waste water and water services part of the process is helping to determine if there are other services that can be provided in a more cost efficient manner. The two proposals were received from Veolia and American States Utility Systems. Mr. Moore stated that Delegate Helsel has agreed to work on the PPEA selection committee. The selection committee also consists of Steve Owens of OAG, Burt Jones of V-COM, and FMA and Old Point Comfort Real Estate Staff. Chairman Suit asked if the City of Hampton was interested in submitting a proposal. Mr. Moore stated they were eligible to submit. Chairman Suit asked Mr. Owens if it wasn't a conflict, could a member of the City sit on the review team. Mr. Owens stated the FMA is currently engaged in discussions with the City about a variety of the services. The proposal as it went out specified that there was a base level of service including; water and

waste water systems and everything else was in flux. The request was dependent on what level of services would be provided from the City of Hampton. Chairman Suit asked City Manager Bunting whether the City of Hampton would want to be involved in the process. City Manager Bunting stated she thought the City would be helpful to staff in the process. The City of Hampton also made it clear they cannot accept sub-standard utility systems. Chairman Suit stated the Finance Committee would review the PPEA proposals at some point and Pete Peterson, Assistant City Manager City of Hampton, is on the Finance Committee. Chairman Suit asked if Mr. Peterson had a background in reviewing PPEA proposals. City Manager Bunting stated he was the City of Hampton's specialist. Chairman Suit stated she would like to request that Mr. Peterson participate on the PPEA review panel and leave it to him to self police if he felt that the team was entering into review or discussion that could become a conflict.

Mr. Moore gave an update on the Army family housing stating there are 133 total units with 6 units at Monroe housing that are offline due to the fact it is not economically feasible to get them online.

Mr. Moore reviewed a map of current leasing progress and stated Real Estate is currently working with a state agency on building 100 and 168. He stated that some of the property is on non-reversionary land but after discussions with the Army the FMA can continue to pursue the agency as a lessee.

Mr. Moore discussed Letter of Intents (LOIs) received by the FMA. He stated the concept for both LOIs would be to do adaptive reuse projects. In some cases the buildings are currently used as residential which is the focus for both. Mr. Moore stated he asked both LOIs to exclude financial information in their proposals but include the buildings they are interested in. Chairman Suit asked how the commercial leasing looked. Mr. Moore stated right now the FMA is negotiating with the state agency previously mentioned on about 30,000 square feet of commercial space and there are other prospects that have been to the Fort to look at buildings as well.

Chairman Suit stated one of the items for discussion on the agenda was putting a process in place similar to the planning commission process that localities utilize so the Board can have a recommendation from that advisory group on LOIs or unsolicited proposals. Chairman Suit asked if the LOIs needed to be responded to in a hurry. Mr. Moore stated the sooner the better. Councilman Kearney stated the Finance Committee suggested the Executive Committee review proposals first to confirm they met the goals of the Board and the Authority prior to them reviewing the financials. Chairman Suit stated she spoke to the Executive Director and the City of Hampton about a process where each of the Board members designate an appointee to an advisory group that becomes very well schooled in the Reuse Plan and the vision for Fort Monroe that can review the proposals. The individuals on the advisory group would have a background in land-use, architectural design and things that would apply to what the FMA is trying to find out. They would review each LOI on behalf of the Board and make a recommendation to the Executive Committee and Board on ones that work well and ones that don't work well so the board doesn't have to spend time on each one and can focus on the ones that have made the staff pass and the first pass of the advisory group. Chairman Suit stated it sounded as though Mr. Moore was requesting guidance on the LOIs prior to the group being formed. Mr. Owens stated that if there was an Executive Committee meeting in April that may be timely enough. Mr. Moore stated he needed direction whether in April or May so that he could get back to the companies. Chairman Suit stated an Executive Committee meeting would be scheduled for April at which they can be briefed on the LOIs and provide feedback. APPENDIX VI.

M. Committee Assignments/Planning Process – Bill Armbruster, Executive Director. Mr. Armbruster stated the Board previously received a list of existing and new committees. Mr. Armbruster suggested that anyone interested in joining an open committee let the FMA know. There was a discussion regarding a real estate advisory group, Mr. Armbruster asked Chairman Suit to designate a Chair for that group and take the Board's input to select a committee. Chairman Suit asked FMA staff to come up with guidelines about how they envision the advisory group operating and present it to the Executive Committee at the April meeting. Chairman Suit stated Staff should look at how planning commissions work to ensure there is public input by inviting them to the meetings, and allowing them to review the plans. The group would be the Boards designees to ensure real estate planning complies with the vision.

Mr. Armbruster announced the Hampton Roads Economic Development Alliance (HREDA) and Virginia Department Economic Planning (VDEP) would be visiting Fort Monroe for a tour on March 25th.

Mr. Armbruster stated FMA staff met with the City of Hampton for a visioning session to review goals and objectives as identified in the Reuse Plan, Programmatic Agreement and Design Standards. Mr. Armbruster stated the group discussed issues regarding adaptive reuse of the large inventory of the historic resources. The groups agreed that a jointly developed comprehensive plan was the best way of fully defining an integrated and shared vision. The City offered to help fund that plan with the FMA Board's approval. Mr. Armbruster stated the cost is not in the FMA budget but thinks it is something the FMA should consider doing and could perhaps pursue OEA funding to assist with funding. Chairman Suit asked staff to come back to the Executive Committee meeting with a cost.

Mr. Armbruster stated Design Standards have been on the FMA website for comment for the past couple of months and the FMA is ready to complete the draft and forward it to SHPO and NPS for review.

Mr. Armbruster announced the FMA has received the mothballing plan for the historic buildings from the Army. Mr. Lawson stated having two categories for the mothballing would be better and the Board needs to look at the mothballing because it can be a considerable expense. Mr. Armbruster stated the Director of Heritage Assets is managing this task.

Mr. Armbruster announced the upcoming events at Fort Monroe. Chairman Suit asked that Staff send individual emails with the events to the Board. She also asked for an executive summary on the sesquicentennial for the Governor. APPENDIX VII.

N. National Park Working Group Report – Mayor Molly Ward, City of Hampton. Mayor Ward stated the NPS working group has worked very hard since its inception in May and she is very grateful to the Citizens for a Fort Monroe National Park and National Park Service for their help. Mayor Ward reviewed a proposed map that outlined areas for NPS consideration and stated it was very important for the map and draft legislation be taken into consideration together. Mayor Ward stated the Group added the Batteries to the original area identified because they would like the area to stay green and the batteries preserved. She stated the Group would like the entire Fort to be called a National Park however certain areas identified in the map would remain owned and managed by the FMA. This would be clear in legislation in accordance with the Programmatic Agreement and would allow FMA to continue with its efforts while leaving the opportunity in perpetuity to transfer things to the NPS. Mayor Ward stated the Park would be divided into two areas, if NPS did not use it as a National Park it would revert back to the Commonwealth, nothing in the legislation would prohibit the Commonwealth from adaptive reuse, and a joint planning process would be specified in the Wherry Quarter. Mayor Ward asked to recognize two people that wanted to speak; Mark Perreault and Gentry Jarvis. APPENDIX VIII.

Mark Perreault, representing the Citizens for a Fort Monroe National Park, shared with the Board his support of the proposed legislation and NPS map, while expressing concern about not including a portion of the Wherry Quarter.

Destry Jarvis, representing the National Park Conservation Association, stated he had not seen so much support from the community regarding a national park for Fort Monroe and expressed his support of the proposed NPS presence.

III. PUBLIC COMMENT

Karen Detwilder, representing self, expressed her concerns of the Wherry Quarters development.

Jim Neff, representing self, expressed his support of Fort Monroe becoming a state park in addition to a national park.

Louis Guy, representing self, expressed his concerns about abandoning leaseholds at Fort Monroe.

John Gergely, representing self, expressed his concerns about all of Fort Monroe becoming an entire national park.

MOTION: a motion was made by Mayor Ward for the Board to approve the NPS map with the legislation talking points and a draft letter requesting the Governor to write a letter in support of an NPS unit at Fort Monroe. The motion was seconded by Senator Miller.

Senator Miller asked about the highlighted area on the map around Admirals row. Chairman Suit stated the area was only highlighted because it was in the letter and no restrictive use will be around it. Mayor Ward stated the highlight can be

Chairman Suit requested a roll call vote.

VOTE: Ayes; Terrie Suit for Secretary James Cheng, G. Robert Aston, Jr., Colin G. Campbell, Secretary Doug Domenech, Delegate Gordon Helsel, Councilman Ross Kearney, John R. Lawson, Senator John Miller, Mayor Molly Ward, James Church and Kim Maloney

Nays: none.

IV. OLD BUSINESS

There was no new business presented.

V. NEW BUSINESS

There was no new business presented.

VI. ADJOURNMENT

The next meeting is on May 19, 2011.

Chairman Suit motioned for the meeting to be adjourned at 4:17 p.m.

Respectfully submitted,

Nia Lissimore
Assistant Secretary

APPENDICES

APPENDIX I January 6, 2011 Board Meeting Minutes

APPENDIX II Financial/Treasurer's Report

APPENDIX III Communications Policy

APPENDIX IV Leasehold Feasibility Report

APPENDIX V Bylaws Resolution

APPENDIX VI Real Estate Report

APPENDIX VII Committee Assignments & Planning Process Report

APPENDIX VIII National Park Working Group Report