

FORT MONROE
FEDERAL AREA DEVELOPMENT AUTHORITY
May 20, 2010 ~ Meeting Minutes

The Fort Monroe Federal Area Development Authority (FMFADA) Board meeting was held on May 20, 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 1:00 p.m.; and stated that since there was not a quorum approving the minutes would be later when there were enough Board members present for a quorum.

Roll Call: Joan Baker

Present:

Secretary Ric Brown, Policy Advisor Carrie Cantrell for Secretary Jim Cheng, Delegate Tom Gear, Ms. Catharine Gilliam, Mr. Robert Harper, Secretary Lisa Hicks-Thomas, Dr. Wayne Lett, Senator Mamie Locke, Senator John Miller, Delegate Glenn Oder, Mr. John Quarstein, Mr. Tommy Thompson, General Bob Wagner; and Mayor Jeanne Zeidler.

Hampton City Liaison George Wallace was also present.

Secretary Hicks-Thomas arrived at 1:09; Ms. Cantrell arrived at 1:15; Mayor Jeanne Zeidler arrived at 1:29; and Delegate Glenn Oder arrived at 1:40.

Absent:

Secretary Doug Domenech; Mr. Robert Harper, Mr. Robert Scott, Ms. Terrie Suit and Dr. Kanata Jackson.

B. Treasurer's report. Mr. John Hutcheson, FMFADA Deputy Director Operations. Mr.

Hutcheson pointed the Board to the Profit & Loss Statement and Balance Sheet in their packets. Appendix I. Mr. Hutcheson stated as of April 30 the Authority had \$459, 474.00 and that balance includes the fourth quarter appropriations from the Commonwealth. On May the 6th a third quarter reimbursement was received from the office of Economic Adjustment; and that an additional OEA reimbursement has been requested for April and May. He stated that reimbursement should cover the cost of the balance of the fiscal year. He added that included in the Board packets was a Profit and Loss Statement; and that is on a cash basis; and does not reflect any payables. As we approach the end of the fiscal year we will be receiving final invoices from all the consultants.

Mr. Hutcheson noted the results of the recent audit for FY ending June 30, 2009. He stated that the result was a qualified opinion based on the auditor's inability to get copies of invoices for certain expenses from our former fiscal agent in Richmond. He added despite this the auditor stated that the financial statement fairly represents the financial position of the Authority in accordance with generally accepted accounting principles.

Mr. Hutcheson stated that FMFADA management has reviewed the report with the Audit Committee and the Finance Committee, and has made recommendations to the Finance Committee. He added we believe that the Authority took responsibility for its own financial statements on July 1, 2009, and a Finance Director, Procurement Manager and part time Accountant have been hired. He said the control policies adopted by the Board in June of 2009 should resolve all deficiencies.

Questions/comments: Mr. Thompson asked if there was anything that could be done to obtain an unqualified report. Mr. Hutcheson replied no because FMFADA could not get copies of receipts from Richmond. Mr. Thompson expressed his concern that he hoped Mr. Armbruster would take every action that he could to ensure the invoices were discovered and addressed; and that any issue with the state be addressed in writing. Mr. Hutcheson replied that DHCD was acting as the FMFADA's fiscal agent; they were responsible for production of invoices and payments of checks. At the time the

FMFADA had 3 employees with no financial background. The FMFADA relied on the fiscal agent to maintain all those records. He added that since we have hired an accountant; there are no deficiencies.

Mr. Wallace asked the Chairman how the qualified report would affect the transition to the new Board. Mr. Thompson expressed concern as to why it would be difficult for the fiscal agent to recreate many of the invoices. Mr. Armbruster commented that DHCD acted as our fiscal agent from the latter part of 2008 to July 1, 2009; and that everything was run through DHCD. He said DHCD wrote all the checks; and it was not an ideal situation. He said the FMFADA staff made repeated trips to Richmond to get clarification on the missing pieces. He stated they were not successful in getting all of them; but have taken remedial action necessary and recommended. They have discussed it with the Finance Committee. He added that he did respond in a formal letter indicating the actions the FMFADA has taken to correct this when we became our own fiscal agent. He then deferred to Rob Shuford, a member of the FMFADA Finance Committee.

Mr. Shuford stated that he is completely confident that the staff of the FMFADA has done everything within their powers to manage their finances correctly; as were the auditors. He said that he is also confident that next year's report will be beyond reproach.

Mr. Thompson stated that he would like to have a detailed explanation of the problem; and how it was resolved. He said he would like that report to be sent to the auditor, the cabinet secretary who was managing the FMFADA's funds and to members of the Board. Mr. Hutcheson responded that would be available prior to the next Board meeting.

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 began by assuring the Board that corrective action had been taken in reference to the audit. Mr. Armbruster announced that Delegate Glenn Oder had been appointed to the Board by the Speaker of the House to fill the vacant seat of Phil Hamilton. Mr. Armbruster welcomed the new Deputy Director of Heritage Assets and Historic Preservation Officer Cheryl Widell; and then updated the Board in his presentation which followed. Appendix II.

Questions/comments: Mr. Thompson commended Mr. Armbruster for his leadership. He also thanked Colonel Reyes and Bob Edwards for the efforts that they have taken to ensure a seamless transition.

Approval of Minutes from May 20, 2010 Meetings

Mr. Thompson announced that there was a quorum of Board members in attendance.

MOTION. Vice Chairman Thompson stated that we have a quorum and asked Senator Locke to call for any amendments to the May 20, 2010 Board meeting minutes. Hearing none, Senator Locke motioned for the minutes to be approved; Dr. Lett seconded; and they were passed unanimously. Appendix III.

- B. Army Update. Colonel Anthony Reyes, Garrison Commander.** Colonel Reyes announced the annual meeting for the Programmatic Agreement (PA) is June 1st at the Bay Breeze Community Center at 1:30 pm. The National Environmental Protection Act Impact Statement will be published in the national register in June. He added the goal is to have this signed in July.
- C. Pete Petersen, City of Hampton Update.** Mr. Petersen thanked FMFADA Executive Director Bill Armbruster for allowing the City of Hampton's Director of Federal Facilities Support Bruce Sturk to

be a part of the FMFADA staff meetings. He stated that the City of Hampton has engaged in studies of a northern access from the Buckroe section of Hampton to Dog Beach on Fort Monroe. He said he was aware the FMFADA had made no decision on a northern access. He added the City has contracted a consultant to verify the issues, costs, environmental impact and other things that might be associated with that crossing. He stated they will share the information with the FMFADA about some of the obstacles that might be there so the roadway would be better served.

- D. Historic Preservation Advisory Group Report, Kathleen Kilpatrick, Chair.** Ms. Kilpatrick stated the Historic Preservation Advisory Group (HPAG) will be wrapping up the Design Standards with their last meeting being June 7th. She added at that time she will be giving a very complete report. She noted that the HPAG as a group recommended that the new By Laws not provide for a Governor appointed group. She stated the group had completed their mission and with the addition of the Fort Monroe Historic Preservation Officer and other staff members, there are many issues the FMFADA could now handle.

Questions/comments: The Board expressed their gratitude to Kathleen Kilpatrick and HPAG for a job well done with a round of applause.

- E. Legislative/legal update. Steve Owens, OAG.** Steve Owens updated three items in his brief to the Board. He stated that the Old Point Comfort Foundation has been created; and summarized the remaining necessary steps. Mr. Owens then referred to the status of the leasing documents. He stated the package was at the Norfolk Corp of Engineers waiting for approval. He added the plan was to start leasing August 1st, creating income for the Fort Monroe Authority. Mr. Owens announced that the new legislation has been passed; and will go into effect July 1st. He said the Secretary of the Commonwealth's office is working on the new Board appointments; and the announcements will be forthcoming.

Mr. Owens then explained the Public/Private Education & Infrastructure Act of 2002 (PPEA), and how it will affect the FMFADA. He stated this act allows the private sector to bring in some entrepreneurial partners to the table to allow more flexibility. In order to use this statute the FMFADA must draw up guidelines. He pointed the Board to the Department of General Services (DGS) Guidelines for state agencies to use as an example. Appendix IV. He asked the Board to review these generic guidelines, and if they had suggestions for items that they thought should be in these guidelines to let him know.

Questions/comments: Delegate Gear asked what kind of agreement was signed with the real estate company, and how long until they renew. Mr. Jerry Moore the FMFADA Director of Real Estate replied a one year term.

Mr. Wallace asked who the members of the Foundation were. Mr. Owens replied for now the Foundation Board is made up of Otto Konrad of Kaufman and Canoles, Mr. Armbruster and himself, Steve Owens. He stated they would be replaced in the future; and that he is working with the Governor to get applications out for members. Mr. Wallace asked if members of the City of Hampton would be considered for the Foundation. Mr. Owens replied they wanted to have a very inclusive group, and there would be many slots to fill.

Mr. Thompson announced that City of Hampton Mayor Molly Ward and Councilman Ross Kearney had been appointed by the City of Hampton to the new Fort Monroe Authority Board.

- F. Real Estate Update, Jerry Moore, FMFADA Director of Real Estate.** Mr. Moore presented an update of the FMFADA's real estate operations to the Board. Appendix V. He introduced the representatives from Old Point Comfort Real Estate Service, LLC, a joint venture between Divaris Real Estate and Frye Properties. The group included Bart Frye and Kim Merritt of Frye Properties, Michael Divaris, President of Divaris Real Estate, and Sandy Cohen, Chief Operating Officer of Divaris. Josh Gillespie, FMFADA Project Manager for Real Estate then briefed on buildings that were being turned over to the FMFADA by the Army early.

Questions/comments: General Bob Wagner expressed that Old Point Comfort Yacht Club (OPYC) was interested in leasing Building 183. Mr. Jerry Moore stated that the FMFADA would be meeting with marina slip renters and club members from OPYC on June 1st and June 2nd, respectively.

Mr. Moore stressed the importance of military families to the interim leasing program. He stated that military families stationed at Fort Monroe may continue to use their Base Housing Allowance to facilitate them continuing to live on Fort Monroe throughout their tour. Mr. Quarstein asked if we will market to other military families in the future. Mr. Moore stated yes. Mr. Moore pointed out that Colonel Reyes and his staff are working to find additional residential units that can be transferred to the FMFADA pre-post transfer.

Mr. Moore explained that the infrastructure evaluation by Kimley-Horn is nearly complete and findings will be presented at the June Board Meeting. He stated that the systems on Fort Monroe are in good shape for military purposes; however, there are deferent regulations post transfer and capital improvements will be needed to bring the systems in compliance. He stated that as a result of the capital requirements associated with the upgrades, we are looking at multiple options for providing utility services after the transfer. He said we are continuing talks with municipal operators and have started discussions with private operators. He stated this may result in one or more Request for Proposals (RFP) being posted. Mr. Moore explained other issues that would be important to real estate developers, investors, tenants and residents, and that will need to be provided to be competitive in the market place.

Delegate Gear asked who is the lead in the relationship with Divaris and Frye. Mr. Moore explained that OPCRES is a partnership; they are a great asset and resource and continue to bring a wealth of market information. He stated Divaris is a commercial firm and Frye is a residential firm. Delegate Gear asked what the plan for the airstrip is. Mr. Moore stated that the Reuse Plan shows it as recreational space and its use is not valid as an airstrip; but we are open for ideas.

III. OLD BUSINESS

Report of the By Laws Committee, Dr. Wayne Lett, Chairman; Steve Owens, OAG. Dr. Lett began by thanking Senator Miller, Secretary Brown, Steve Owens, and Conover Hunt. He pointed the Board to the revised set of By Laws provided in their packets. Appendix VI. He stated the Board has 3 options: to approve the revised By Laws to possibly take effect July 1st; or support the committee's report as a recommendation; or take no action and turn the draft report to the new Board in July. Dr. Lett stated the proposed revisions were written in accordance with the new legislation and the governance subcommittee recommendations. He highlighted the revisions in his PowerPoint presentation.

Questions/comments: Mr. Thompson suggested to modify the revisions if necessary and pass the By Laws at the June meeting. Steve Owens commended Dr. Lett on his summary of the revisions and said he had nothing to add to the information.

Mr. Thompson reminded the Board that their "homework" would be to review the By Laws revisions and the Public/Private Education and Infrastructure Act guidelines provided in their packets prior to the next Board meeting. Mr. Armbruster stated that the June 24th meeting will be a long meeting; but after the meeting he invited the Board to a farewell reception at Old Quarters One.

Mr. Thompson also asked Bill Armbruster to develop an orientation packet for the new Board members. Mr. Armbruster replied that the FMFADA staff has an orientation program/packet in place for new Board members.

IV. PUBLIC COMMENT

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

V. NEW BUSINESS

There was no new business to come before the Board at this time.

VII. ADJOURNMENT

Mr. Thompson stated the next meeting is on June 24, and will require a supermajority to be present. He motioned for the meeting to be adjourned at 2:51 p.m.

Respectfully submitted,

The Honorable Mamie E. Locke
Secretary/Treasurer

MEL/jfb

APPENDICES

APPENDIX I Treasurer' Report

APPENDIX II Executive Director's Remarks

APPENDIX III May 20, 2010 Board meeting minutes.

APPENDIX IV Public-Private Education Facilities and Infrastructure Act of 2002

APPENDIX V Real Estate Presentation

APPENDIX VI By Laws Review Report

APPENDIX VII Public Comment

PUBLIC COMMENT

Mark Perreault, representing Citizens for a Fort Monroe National Park. Mr. Perreault requested that a member of his group be appointed to the Old Point Comfort Foundation. He commended the FMFADA's NPS Task Force for getting the NPS involved in defining and developing legislation for a national park at Fort Monroe. He stated that his group stands ready to assist that process and hopes they are involved in the details as they move forward. He added a word of caution of the probability of a North entrance issue. He stated his group has not taken a formal position on this; but there has been much concern about the environmentally sensitive nature of the property at the north end.

Joanne Berkley, representing Chesapeake Bay Foundation. Ms. Berkley stated the Chesapeake Bay Foundation's stand on the North Gate entrance is that it would be very harmful environmentally to open the North Gate to traffic.