

**FORT MONROE**  
**FEDERAL AREA DEVELOPMENT AUTHORITY**  
**June 25, 2009 AM ~ Meeting Minutes**

The Fort Monroe Federal Area Development Authority (FMFADA) Board meeting was held on the morning of June 25, 2009, at the Bay Breeze Community Center on Fort Monroe.

**I. ADMINISTRATIVE MATTERS**

**A. Call to Order and Opening Comments. Secretary L. Preston Bryant, Chairman.**

Secretary Bryant called the meeting to order at 9:34 a.m.

Roll Call: Chairman Bryant

*Present:*

Secretary Viola Baskerville, Secretary Ric Brown, Dr. Alvin Bryant, Secretary L. Preston Bryant, Jr., Mr. Robert Crouch, Jr., Ms. Catharine Gilliam, Secretary Patrick Gottschalk, Mr. Robert Harper, Dr. Kanata Jackson, Dr. Wayne Lett, Senator Mamie Locke, Senator John Miller, Mr. John Quarstein, Mr. Robert Scott, Mr. Tommy Thompson, Mayor Jeanne Zeidler.

Executive Director Bill Armbruster, Garrison Commander Colonel Anthony Reyes, Hampton City Council Liaisons Joseph Spencer and George Wallace were also present.

*Absent:*

Delegate Tom Gear and Delegate Phil Hamilton.

**B. Approval of Minutes from May 15, 2009 Meeting**

**MOTION.** Chairman Bryant called for any amendments to the May 15, 2009 Board meeting minutes. Hearing none, the motion to approve the minutes was made, seconded and passed unanimously. Appendix I.

**II. REPORTS & BRIEFINGS**

Chairman Bryant invited the FMFADA Executive Director Bill Armbruster to come forward and give his report. Appendix II.

**A. Executive Director's Remarks, Bill Armbruster.** Mr. Armbruster began by stating that June 25 marks a milestone in Fort Monroe History because we are asking the Board to take steps necessary to make the FMFADA fully operational as a political subdivision of the Commonwealth. He added that in the past two years the FMFADA has relied on the City of Hampton and state government agencies to handle finances and human resources. The approved FY 2010 Budget language allows the FMFADA to take control over its own fiscal and human resource affairs effective July 1<sup>st</sup>. The FMFADA staff has been working since April on developing the policies and procedures for future operations: establishing bank accounts, reviewing policies of other state political subdivisions, purchasing accounting software, etc. He stated these policies conform to state law, and have been reviewed by Steve Owens of the Office of the Attorney General (OAG). He thanked all the agencies that were involved in helping us draft these policies.

Mr. Armbruster stated the approval of the Human Resource Policies by the Board has been deferred, to be voted on at the July meeting. He added that the FMFADA employees are classified as "at will," and do not fall under all the provisions of the State Personnel Act.

Mr. Armbruster stated that the FMFADA has to establish contracts and agreements for utilities and municipal services when the Army leaves in 2011. Two of the providers are unwilling to enter into agreements to provide future services until we complete the detailed condition assessments of the infrastructure systems here at Fort Monroe. Our civil engineer has drafted an interim Memorandum of Understanding (MOU) with the City of Hampton and Newport News Waterworks (NNWW). He added that we hope to formalize these agreements at the end of FY 2010.

Mr. Armbruster said that in March we contracted with the Robert C. Lesser Company (RCLCO) to perform a review of the FMFADA's existing management/governance structure. Our present governance system was established with planning in mind, and now we are recognized as the official local reuse authority by the Department of Defense for the future management of Fort Monroe. We must now look at functioning as a business, and invited the Board to RCLCO's Executive Summary of the Report that they had received earlier in the week. Mr. Armbruster said that after representatives from RCLCO present an overview of this report, Chairman Bryant will appoint a special board committee to review RCLCO recommendations and report back to the Board at the September meeting.

Mr. Armbruster described the agenda for the afternoon session to include an update from the Army on the successful completion of the Programmatic Agreement (PA), progress of the Economic Development Conveyance from the FMFADA's BRAC attorney; Bay Area Economic's (BAE) updated financial model, a report from the Historic Preservation Advisory Group (HPAG), and an update on formation of the 501c3. Mr. Armbruster stated that the solicitation for the Interpretive Master Plan (IMP) Coordinator was closed. And, that the applicant's information from the Department of Housing and Community Development (DHCD) has been received.

Mr. Armbruster stated that Greg Rutledge of Hanbury, Evans, Wright + Vlattas would also be giving an overview of the first draft of the Design Standards Manual. This manual will regulate the renovation and restoration of historic structures, and the amount and character of any future new construction. The Design Standards will go through a series of drafts, a round of public comment, and regulatory approval before the final document is forwarded early in FY2011.

Mr. Armbruster said that we expect to start implementing our real estate strategy early in 2010. He said we have been discussing early interim leasing with the Army, and are moving ahead along the plans to get involved early in leasing property before the Army actually leaves. We have some potential clients who understand the restrictions and opportunities that exist for adaptive reuse and redevelopment here, and we will use the Design Standards draft as part of our marketing while we wait for the final product. Mr. Armbruster noted that the Army is conducting separate studies on cultural landscapes and viewsheds that still must be incorporated into the Design Standards before the public review and final approval process begins.

Mr. Armbruster announced that we had good news on the Housing and Urban Development (HUD) application; HUD has approved the application, and will send it to the DOD for review and final approval. He said he anticipates the application to be closed within the next couple of months.

Mr. Armbruster commended the Garrison for opening up some of the beach areas for the public to enjoy. He concluded his report with an announcement that Fort Monroe was referenced in the television game show Jeopardy, and played a short sequence of the game with the Board.

Questions/comments: Mr. Harper asked for more information on the HUD grant. Mr. Armbruster said Mr. Knisely has been tracking this very closely. HUD will send the application back to DOD, which will in turn send it back to us. We have considerable time before we have to begin the support to the providers. He stated we had worked on the application for a long time, and thanked Rick Russ from the City of Hampton for the amount of time he worked on it. Mr. Armbruster said the application would be fully approved in the next couple of months.

**B. Treasurer's/Finance Committee Report, Robert Scott.** Mr. Scott echoed Bill's thanks to Ric Brown, Steve Owens, Conover Hunt, Crystal DeAngelis, Diane Lee-Strong and the FMFADA Staff for gathering all what was needed to become an independent organization. He then directed the Board to the review of operations through May 31<sup>st</sup> in his report in their packets. Appendix III. He stated to date we have received revenue of \$2.2M, expended \$1.7M leaving us with approximately \$510K. He said about \$200K of that will be spent in June; the remaining money will be forwarded as a carryover. He explained the details of the transfer of funds between DHCD and the FMFADA.

Mr. Scott reminded the Board that all of the FY2010 State Budget Appropriations consist of Federal Stimulus funds which cannot be used to match OEA grants. He then gave an overview of the process.

Mr. Scott pointed the Board to the FY2010 Budget included in their packets. He stated there were two different budgets in their packets; the first one is a budget combining OEA funds. This budget assumes we will get funds from OEA, and that we are hoping to get those funds sometime soon after the onset of FY 2010. Mr. Scott asked Jay Sweat, OEA Project Manager if he could add any remarks to this. Mr. Sweat said that the OEA will be reviewing the FMFADA's grant application on June 30. He said that Fort Monroe is by far the most unique and complex BRAC project at this time. He explained typically the OEA will conditionally approve the grant after review, and will go back to the staff to discuss what needs to be amended or revised. Mr. Sweat said that his job is to sell this project to his Director, Deputies and peers when they review it.

Questions/comments: Secretary Bryant asked Mr. Sweat what makes this project especially unique and complex and to describe the process that he must "sell" this project to his boss and peers. Mr. Sweat answered that it is not so much selling, but an education for his peers at OEA. He said his Technical Review Committee includes BRAC experts, environmental and historic preservationists, but many of them have never been to Fort Monroe. He stated it is his job to educate and act on our behalf in an attempt to secure the dollars that we have requested. Mr. Sweat said the reason this BRAC closure is so complex is primarily because of the environmental nature, the history and the reversionary deeds that are involved.

Mr. Scott continued his report by saying we are beginning our year without a major part of our funding approved. He then asked the Board to look at the provisional budget that assumes we are going to get the OEA funds. He said he asked the Board to give approval of the provisional budget and the authority for the Finance Committee to make any adjustments required by the OEA. He stated otherwise many of the FMFADA's projects would come to a halt.

Questions/comments: Dr. Lett asked what is the percentage of increase we have budgeted for our employees. Ms. Hunt answered that only one employee is getting a raise after being on staff for two years with no increase, and will be taking on additional responsibilities. Mr. Thompson asked Mr. Scott to explain the OEA reimbursement process. Mr. Scott said we submit invoices to them for services rendered to us, and they pay the invoices based on our submittals. Dr. Bryant asked Mr. Scott if he could give the Board a listing of the contracted services, so the Board may know the potential shortfall. Mr. Armbruster directed Dr. Bryant to "Infrastructure Analysis" on page 2 of 3 in the budget.

**MOTION.** Mr. Scott also asked the Board to look at the budget that assumed no OEA funds, with the eliminated funds shown in red. He said we don't anticipate this will be the case. He asked for the first approval on the provisional budget that incorporates OEA money, and would allow the Finance Committee and the FMFADA staff to make adjustments after OEA comes back with revisions, continuing operations between July 1 and the September Board meeting when we come back with a final budget. Secretary Brown motioned, Mr. Thompson seconded. Secretary Bryant then conducted a roll call vote that was unanimously approved:

Ayes: Baskerville, Brown, Bryant, Crouch, Gilliam, Gottschalk, Harper, Jackson, Lett, Locke, Miller, Quarstein, Scott, Thompson, Zeidler.

Nays: None

Absent: Gear, Hamilton.

**MOTION.** The second vote Mr. Scott asked for was approval of the FY2010 interim budget that reflects no OEA funds. Secretary Bryant called for a roll call vote:

Ayes: Baskerville, Brown, Bryant, Crouch, Gilliam, Gottschalk, Harper, Jackson, Lett, Locke, Miller, Quarstein, Scott, Thompson, Zeidler.

Nays: None

Absent: Gear, Hamilton.

The vote passed unanimously.

Mr. Scott reported that the Finance Committee and staff have been working on Procurement Policies and Procedures that have been reviewed by Steve Owens. These Policies and Procedures have been approved by the Finance Committee, and asked for Board approval of these procedures. These policies were forwarded to the Board prior to the meeting. Secretary Bryant acknowledged Conover Hunt, Crystal DeAngelis and Diane Lee Strong for their work on this document.

**MOTION.** Secretary Brown motioned for approval of the FMFADA Procurement Policies and Procedures as written. Secretary Gottschalk seconded. Secretary Bryant asked for a roll call vote of the Board resulting in the following:

Ayes: Baskerville, Brown, Bryant, Crouch, Gilliam, Gottschalk, Harper, Jackson, Lett, Locke, Miller, Quarstein, Scott, Thompson, Zeidler.

Nays: None

Absent: Gear, Hamilton.

The vote passed unanimously.

Mr. Scott concluded his report with the following updates from the Finance Committee: FMFADA established bank accounts with Old Point National Bank (OPNB) which has also provided credit cards; discussions between OPNB and Townebank on the concept of long term leases with both banks willing to explore those options; the arrangements with OPNB include establishment of a payroll account and a separate arrangement with a payroll company.

**C. Executive Committee Report, Chairman Bryant.** Secretary Bryant asked the Board to submit comments on the Human Resource Policies and Employee Handbook that was emailed to them earlier in the week, and stated the Board would come back to this in July. Mr. Thompson asked Dr. Lett to continue to review this document since he has expertise in administration. Secretary Baskerville suggested Sara Wilson, Director of the Department of Human Resources for the Commonwealth should also be involved. Secretary Bryant said Joan Baker has gone through Human Resource Training with the state and thanked both her and Secretary Baskerville for their involvement.

**D. MOU for City Municipal Services; MOU for Water Services. Eddie Marschieder, Kimley-Horn Associates.** Mr. Marschieder provided more detail on the MOU process. He stated we are not as far along as we had envisioned, but hoped to have something for the Board to approve at the next meeting. Mr. Marschieder said we are discussing with the City of Hampton for them to provide municipal services to Fort Monroe, and are also working with Newport News Waterworks for water service. He said the City of Hampton and NNWW want to be provided with detailed assessments of the systems before they will agree to provide those services. He added we have developed a scope of services with the City and NNWW to conduct these assessments which would begin in July and take most of the fiscal year to complete. Mr. Marschieder stated we want the City to agree to two things: 1) a concurrence of agreement with the scope of services 2) and a commitment to get back together after the assessments are finished to discuss the findings and reach a mutual agreement to provide the services. He stated we are awaiting comments from both the City and NNWW on the draft MOU. Mr. Marschieder stated the goal is to present the City of Hampton's MOU at the July meeting for Board approval, and approval in August for NNWW. Mr. Marschieder said this time next year the assessments will be done, and we will be ready to discuss the findings.

Questions/Comments: Dr. Bryant asked Mr. Marschieder what sources the FMFADA has for a Capital Improvement Plan. Mr. Marschieder stated none that can be identified yet. He stated we are hoping for the development of a capital tourism program, that would provide potential profits, and that the application for stimulus money from Congress is still up in the air. Dr. Bryant said this could stop the MOU's if we don't have a Capital Improvement Plan, and that we need to work aggressively on this.

Secretary Bryant stated part of the infrastructure line items could fall into OEA, and that the FMFADA is embodied with the power to issue bonds based on projected revenue. He added we do have potential revenue streams, but still a way to go. He said the MOU commits the City of Hampton, and that it is a document of good faith.

Mr. Spencer commented that the Hampton City Council had concerns as to where the funding was to come from. He stated their major concern is not only what the infrastructure costs would be, but the ongoing service costs to maintain and protect Fort Monroe. He stated although these discussions have been ongoing for 9 months, the City Council was not briefed until May 27, and have not had a detailed briefing on the possible funding sources. He stated the City is prepared to provide the services if and when appropriate financial responsibilities are identified and funded by the Commonwealth of Virginia. He stated that the Hampton City Council believes the General Assembly members on the Board should be working diligently to insure the Commonwealth appropriately funds these responsibilities.

Secretary Bryant to Mr. Spencer: Is there a line drawn in the sand that the City is not going to be a part of the infrastructure package? Mr. Spencer stated the City is willing to assist in any way possible, but also want to have their say and be heard in the process. Senator Miller said he agrees with Councilman Spencer in that it is unfair to ask the citizens of Hampton to come up with funds for some of these services. The state has the responsibility to come up with the money for services. He added he hoped the General Assembly and the Governor's office would find funding. Mr. Wallace asked if the citizens of Hampton could be assessed a cost of these improvements without their approval. Steve Owens replied no. Dr. Bryant stated the FMFADA would need to provide the City of Hampton with reimbursement for services rendered, and the FMFADA needs to identify those costs.

Mr. Spencer stated the briefing the Mr. Armbruster gave to Hampton City Council stated that the plan is for 50 year lease to recoup real estate taxes, then the scale diminishes 2% per year. He said that is the point of concern, and that some problem solving discussions must take place. Secretary Bryant said that he is sure these issues will be flushed out, and that some of these issues may be addressed in BAE's presentation in the afternoon session.

Secretary Bryant stated that Interim City Manager Oliver will be the signatory, and invited him to make a statement. Mr. Oliver stated that in regards to the MOU, the City wanted to find some appropriate language that spells out expectations for the revenue.

Mr. Harper stated that this is a complex situation because the Hampton Citizens should not be expected to pay to bring the infrastructure up to code. Secretary Bryant reminded the Board not to forget those who reside on Fort Monroe will be citizens of Hampton. Secretary Bryant said some of these issues will be discussed further at the July Board meeting.

**E. Governance and Management Report. Tim McGarrity and Shyam Kannan, RCLCO.** Mr. McGarrity and Mr Kannan gave an overview of their report. Appendix IV. Mr. McGarrity gave a synopsis of RCLCO's mission in regards to the FMFADA, and advice on the governance structure that would be successful for implementation of the Reuse Plan.

Questions/comments: Mr. Spencer commented that in the recommendations on the future organizational structure that the City of Hampton is not mentioned. Mr. Kannan said they had not assumed the City of Hampton to be excluded in any way. Ms. Gilliam stated that she had some concerns about the way in which RCLCO addressed the Reuse Plan, which is a conceptual document. She stated she also had concerns about how they talked about the PA in terms of handicaps and limitations. She was concerned that the management structure RCLCO drafted did not address the

NPS and the Historic Preservation Advisory Group. She also said the report omitted the importance of historic preservation tax credits.

Mr. Kannan said they understand the Reuse Plan has a role in the organization, and there are steps in the organization that have to happen. He stated it is a credit to the FMFADA organization that the Reuse Plan is completed. Mr. McGarrity added that the PA is a very strong document, but in all the discussions conducted they kept in mind that Fort Monroe was not to be *only* a historic park. The PA is very extensive and will impact how FMFADA will execute the implementation plan. He cautioned that you don't want to slow down the process to the point where you can't be effective as a business. Shyam Kannan stated the report was complimentary of the PA, but does raise questions. The FMFADA must pay attention to both economic sustainability and historic preservation. He added the PA does involve additional hurdles. Mr. McGarrity stated their report did not take into consideration historic tax credits as the economic side was not a function of their report.

Dr. Bryant stated he thought the organizational structure looked good but thinks they have left out the City of Hampton and more importantly the US Government. He stated we cannot be successful without Federal funding. Shyam Kannan said RCLCO believes continued leadership involving the City of Hampton is critical, and he apologized that that did not come through in the presentation.

Secretary Bryant volunteered Mr. Crouch to lead a study and asked the following to be on the subcommittee:

Mr. Robert Crouch, Chair  
Senator Miller  
Mr. Owens  
Mr. Wallace

Senator Baskerville  
Ms. Gilliam  
Mr. Harper

Mr. Crouch stated this is an issue for all the members of the FMFADA; and that he would be contacting all Board members individually as the subcommittee goes forward. Secretary Bryant anticipates this group will meet at least twice to prepare for September's Board meeting.

Before Secretary Bryant called for Public Comment he asked that the minutes reflect the Board's consensus that the FMFADA is prepared to operate as of July 1 as an independent agency.

### III. PUBLIC COMMENT

Chairman Bryant invited public comment. Appendix V.

### IV. OLD BUSINESS

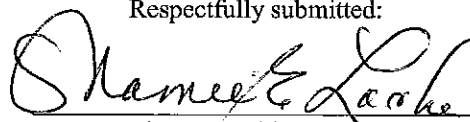
### V. NEW BUSINESS

Dr. Lett requested the budget include a column that reflects the current year. Mr. Thompson asked for the Executive Committee to meet at 12:50 p.m. prior to the next meeting.

### VII. ADJOURNMENT

Secretary Bryant asked if there was anything else before adjournment. Secretary Bryant announced the Board will reconvene at 1:00 p.m. for the afternoon meeting. The meeting was adjourned at 11:55 a.m.

Respectfully submitted:



The Honorable Mammie E. Locke  
Secretary/Treasurer

**APPENDICES**

**APPENDIX I** May 15, 2009 Board meeting minutes

**APPENDIX II** Executive Director's Report

**APPENDIX III** Treasurer's Report

**APPENDIX IV** Governance and Management Report

**APPENDIX V** Public Comment:

Mark Perreault representing: Citizens for a Fort Monroe National Park. Mr. Perreault stated that his group believes a unit of the NPS on Fort Monroe would solve a lot of funding problems. He said Fort Monroe is not a real estate project with public attributes, but is a natural treasure with vital real estate components. He disagreed with RCLco's remarks about the PA, and compared the PA to "building a better mousetrap." He stated the report does not mention the NPS, which he stated could aid Fort Monroe in developing a brand. He concluded by saying his group would welcome the opportunity to be included in the Governance/Management Committee.