

FORT MONROE
FEDERAL AREA DEVELOPMENT AUTHORITY
March 19, 2009 ~ Meeting Minutes

The Fort Monroe Federal Area Development Authority (FMFADA) Board meeting was held on March 19, 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 1:10 p.m.

Roll Call: Chairman Bryant

Present:

Secretary Viola Baskerville, Dr. Alvin Bryant, Secretary L. Preston Bryant, Jr., Mr. Robert Crouch, Jr., Delegate Tom Gear, Ms. Catharine Gilliam, Deputy Secretary Lynette Hammond for Secretary Patrick Gottschalk, Dr. Kanata Jackson, Mr. Robert Harper, Delegate Phil Hamilton, Dr. Wayne Lett, Senator Mamie Locke, Mr. John Quarstein, Mr. Robert Scott, Mr. Tommy Thompson.

Executive Director Bill Ambruster, Garrison Commander Anthony Reyes, Hampton City Council Liaison George Wallace were also present.

Absent:

Secretary Richard Brown, Senator John Miller and Hampton City Council Liaison Joseph Spencer.

B. Approval of Minutes from January 6, 2009 Meeting

MOTION. Chairman Bryant called for any amendments to the January 6, 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 Treasurer Mr. Robert Scott to come forward and give his report.

- A. Treasurer's Report. Robert Scott.** Mr. Scott began by drawing the Board's attention to an audit from the accounting firm of Robinson, Farmer, Cox and Associates on the FMFADA's fiscal year which ended June 30, 2008. Appendix II. According to Robinson, Farmer & Cox there were no transactions that were not authorized, there were no corrected or uncorrected misstatements, and there were no disagreements with management. Mr. Scott summarized the audit report as being straight forward and a clean opinion. He then walked the Board through the highlights of both the Balance Sheet, Income Statement, and Statement of Cash Flows portions of the audit report. He added that in the internal control portion of the audit, there were no significant weaknesses reported. He stated the report also said there were no instances of noncompliance under government quality standards. He said basically the report said "we are doing what we are supposed to be doing and have the authority to do what we are supposed to do."

Mr. Scott then directed the Board to the Statement of Revenue and Expenditures included in the packets. Appendix III. He stated that the FMFADA has \$596,781.21 in remaining funds through the end of the fiscal year. He added that a more detailed spreadsheet of expenditures was also included in the Board packets. He also stated that there is still some confusion in interpreting these statements because the federal government and the state government have different fiscal years, with the federal government being on a calendar year, and the state being on a fiscal year from July to June. He added that he would be working with the staff to make it clearer, and that he did not see a problem.

Questions/comments: Secretary Bryant stated based on this report that there are no material deficiencies, and that the financial management is in compliance.

B. Executive Director's Remarks, Bill Armbruster. Mr. Armbruster stated that since the last Board meeting most of his and his staff's energies have been focused on budget related issues. He spent a considerable amount of time in Richmond meeting with legislatures seeking support for the FMFADA state appropriation for the next fiscal year and pointed the Board to the list of these meetings in their packets. Appendix IV. He also visited Congressional Offices in Washington, D.C. to present the FMFADA's infrastructure estimates in search of direct stimulus funding. Mr. Armbruster highlighted other activities since the last board meeting including: Secretary Bryant delivering a presentation to the House Appropriations Committee to gain their support; a meeting with Rich Sliwoski of the Department of General Services to work on the transition from the Department of Housing and Community Development (DHCD) to a separate, independent status; and meeting with Hampton City Mayor Ward and Congressman Glenn Nye, who indicated very strong support for the FMFADA's efforts on the stimulus package. He reminded the Board that the proposed FY 2010 FMFADA budget was \$3.1M. Half of that amount went forward in the Governor's package, and the General Assembly approved an allocation of \$1.6M, all of it in federal stimulus funds. The FMFADA has confirmed that OEA will not allow federal monies to match its grants. The Governor's office is aware of the dilemma, and he expects the FMFADA will get some of its money transferred from from the state general fund to accommodate the needed match.

The budget language authorizing the FMFADA to separate from DHCD by July 1 will require the Authority to establish policies and procedures approved in advance by the Board and that FMFADA must set up financial systems, bank accounts, and acquire additional staff to handle the management of its business affairs. He added that Secretary Bryant will be appointing a Finance Committee that will help the FMFADA begin to get its financial house in order.

Stimulus Package: Mr. Armbruster stated that the stimulus package and list of projects was presented to the Congressional delegation in DC as well as submitted to the Governor's office. The package included two priorities: flood control protection and wastewater system upgrades. He said they are looking toward Washington for a great portion of help in these areas, and that he was very encouraged by feedback he has gotten from members of the delegation. He said they are hopeful the FMFADA will get money out of that submission.

Programmatic Agreement: Mr. Armbruster stated that after three years the Programmatic Agreement is obtaining the required signatures to make it law. He commended the Army for doing a terrific job for shepherding this process. He said this document will guide what we can and cannot do with Fort Monroe in respect to the historic properties. Mr. Armbruster said the FMFADA has signed the document and it will be forwarded to the Governor's office for his signature within the next week.

Office of Economic Adjustment: Mr. Armbruster said the FMFADA has just received a \$467,964 grant increase from OEA. This grant actually goes back to an award that began in October 2007, and has been extended and amended twice. Mr. Armbruster said that OEA is a major partner and they will be looking toward them in the next month as the FMFADA plans its FY 2010 budget. OEA is conducting surveys to determine the demand for funding additional projects currently outside its scope of support. The FMFADA submitted a list of key projects.

Mr. Armbruster mentioned that the FMFADA's restoration architect, Greg Rutledge is continuing to work on drafting the Design Standards for Fort Monroe. This document will enumerate the guidelines and regulations for rehabilitation and restoration of historic properties, and define the appearance of new construction on the site, including additions to existing historic buildings. The Historic Preservation Advisory Group is supervising this work very closely.

Mr. Armbruster said that Kimley-Horn, the FMFADA's Civil Engineering consultant, has been instrumental in researching and putting accurate infrastructure information and numbers together for the stimulus package. Kimley-Horn is also working on putting together a package for OEA to see what might be realized if that agency's scope of funding expands. They are also working on gathering data on the condition of the existing infrastructure. There is still much work to be done, and this is

important as the FMFADA continues its discussions with the City of Hampton. Some valuable time has been lost in retrieving information from the Army that got caught up in the Freedom of Information Act. He said the Army BRAC office has intervened, and although some time was lost, the documents are being delivered.

Mr. Armbruster announced that the FMFADA has several new contracts in the works. One is a review of existing governance and management documents against the requirements of the reuse plan, which will create a set of recommendations about potential efficiencies. There are also two Requests for Proposals out on future security needs and requirements for emergency services. He said both of these reports are due in May.

Interpretive Master Plan: The RFP is completed and will be going up to Richmond for approval before it goes out. He said he hopes to have the contractor on board by June. Mr. Armbruster then summarized the HPAG report that was forwarded to him by Kathleen Kilpatrick, Chairperson, Appendix V. He said the report highlighted the establishment of the National Park Working Group. He said the HPAG is taking on the lead on this project, and is being coordinated by Preservation Consultant David Dutton. The Working Group includes Board Members Bob Harper and Catharine Gilliam, Advisory Group Members Robert Nieweg and John Munick. He stated the Board should expect a report from this group in early May. He said it is the FMFADA's intent to put a draft of the report on the FMFADA website and to invite public comment. He said the Working Group is also working with Terry Moore of the National Park Service (NPS). He said the group will look at various options available that the Park Service might play in the future of Fort Monroe.

Media relations: Mr. Armbruster said both he and other members of his team have presented to a variety of groups, and have had a couple of television events. He said over the last two months they have received over 40,000 hits on the FMFADA website.

Mr. Armbruster concluded by recognizing and thanking Melissa Magowan, Deputy to the Garrison Commander on Fort Monroe who will be relocating and Hampton City Manager Jesse Wallace who has announced his retirement.

Secretary Bryant then introduced Garrison Commander Colonel Reyes for his update.

- C. **Army Update. Colonel Anthony Reyes, Garrison Commander, Fort Monroe.** Colonel Reyes began by thanking his team and the collective body that was in the room for the hard work related to completion of the Programmatic Agreement. He said the next step is to do the environmental cleanup and they hope to have that complete by April 2010.
- D. **Environmental Cleanup. Rick Weeks, Virginia Department of Environmental Quality.** Mr. Weeks gave an update on the status of a number of environmental items. Appendix VI.

Questions/comments: Mr. Thompson asked Mr. Weeks to explain the possible landfill cap/cover system at Dog Beach. Mr. Weeks explained this would most likely be a layer of clay to reduce the amount of water seepage. It would be designed so it would not erode. He added it is not uncommon to use these for recreational areas like ball fields.

Mr. Weeks stated there are discussions between the Army and FMFADA's environmental consultant regarding the amount of munitions digital geophysical (DGM) mapping. The FMFADA's consultant Matrix would like to have 100% mapping to help facilitate development of the land use plan, whereas the Army does not feel that 100% coverage is necessary. The Army proposes to do an enhanced remedial investigation, and Mr. Weeks said VDEQ is waiting to see what the Army comes up with.

Mr. Weeks stated that both VDEQ and the FMFADA consultant want the Army to address the current and future use of the water by swimmers and waders. He stated that the Army feels that testing to a depth of 3 feet is adequate, but the consultants feel that it is not. He stated this is an issue that the Army and the consultants are still working on.

Questions/comments: Mr. Thompson asked if the depth considerations were in high water or low water. Mr. Weeks replied that it is 3' mean low water (MLW).

Mr. Thompson commented that he saw a 1997 map of Fort Monroe that depicted a Fort Monroe Cemetery, and asked if there is a cemetery is that an environmental issue and has it been located? Ms. Mills answered that the Programmatic Agreement addresses that type of issue but that she did not know the specific area Mr. Thompson was talking about. Mr. Quarstein stated that when they established the National Cemetery, the bodies were removed from the Fort in the 1880s and 1890s, and that the area was filled. The location is near where the bowling alley stands today. Mr. Quarstein said the map depicting this can be seen at the Hampton History Museum.

Secretary Bryant then recognized Robin Mills, Director of DPW who introduced Mr. Rob Reali as the new BRAC/Environmental Coordinator for Fort Monroe.

- E. Real estate Plan. David Shiver, Bay Area Economics.** Mr. Shiver said the BAE is putting together a real estate management strategy for Fort Monroe/Old Point Comfort. Appendix VII. Mr. Shiver invited the Board to interact with his presentation as it moved along, so he may incorporate feedback from the group into the plan.

Questions/comments: Mr. Thompson remarked on the financial slide from Mr. Shiver's presentation where it said "minimize upfront Commonwealth investment." Mr. Thompson said we need to recommend what needs to be done by the Commonwealth so we would not have to reduce rents to attract people to Fort Monroe. He stated the Commonwealth needs to consider that what we are doing will ultimately benefit the Commonwealth.

Delegate Hamilton added: Secretary Bryant and Mr. Armbruster gave a first class presentation to the House Appropriations Committee. He added there were a couple of legislators that asked why the Commonwealth and the FMFADA are looking into leasing possibilities for Fort Monroe, when it could just be sold. He stated those legislators do not understand why we are concerned about the delicate balance of history and resources. In general the legislators from the Hampton Roads area understand the significance of Fort Monroe, but some out of the area do not. If the FMFADA asks for more money than actually needed, that might push many legislators to look toward selling Fort Monroe. He stated there are many of them who are not sure that what we are doing is the correct approach. He added this is about achieving success with the delicate balance of what we are trying to deal with; historical preservation and economic development for Hampton and the Hampton Roads region. He stated that there are folks that would love to buy this place.

Mr. Shiver continued that perhaps there is a way of wording the plan to emphasize the return to the Commonwealth, in other words "you are not just asking for money, but there will actually be a return to the Commonwealth." Mr. Crouch suggested inserting the word "manage" as opposed to "minimize" on the aforementioned slide. Mr. Quarstein added we need to put more impact on the heritage and beach tourism, because although it is a tremendous cost, there is also a tremendous rate of return.

Mr. Quarstein suggested that Mr. Shiver add a bullet on interpretation, because that is the revenue generator of the historic preservation, i.e., how we maximize tours, and how we utilize those things.

Ms. Gilliam asked if Mr. Shiver has someone advising their group on Virginia Historic Tax Credits, and that she thinks that will be one of the largest selling points. Mr. Quarstein agreed with Ms. Gilliam, and said that the Chamberlin was able to accomplish their improvements by utilizing tax credits; that tax credits can be very valuable.

Mr. Scott added that we need to look at New Market Tax credits that would help significantly in the economic development area. He stated there are maps that show areas where these types of tax credits are available, and that he doubts if Fort Monroe is even on the map, since it is military. It is something

that we need to look at, and that he imagined that Phoebus is eligible for New Market tax credits. He said maybe we could get that extended to include Fort Monroe in the next couple of years.

Mr. Quarstein said that there are also conservation tax credits that are managed by DHR. Any property that is assigned non development, such as Dog Beach, may have tax credits generated if you put historic easements on them.

Mr. Scott added that New Market Tax Credits are a source of revenue; you can sell them for cash. Mr. Quarstein added we need to add in any programs that include an investment from the Commonwealth up front, will be returned in many ways. Mr. Quarstein told Mr. Shiver he needs to add bullets about tax credits, heritage tourism, and to include its upfront costs and economic impact.

Mr. Harper said he agrees that to really make this the economic muscle that it can be; it will require a collaborative effort from the Virginia Economic Development Alliance and the Hampton Economic Development Department. He said it will take efforts from the FMFADA and these other groups to provide the opportunity for those types of industries to come to Fort Monroe. We need a campaign to highlight what this facility can do. He suggested the use of virtual technology as a large market draw for Fort Monroe, for example if you could use technology to simulate being on board the Monitor.

Mr. Crouch suggested to Mr. Shiver that the plan make a specific reference to higher education. Mr. Quarstein said it should be all education, not just higher education. Mr. Quarstein said Mr. Shiver really needs to incorporate the idea of beach tourism, because he said no matter what else goes on at Fort Monroe, it will always have the beach. Beach tourism is a major economic flow. Mr. Quarstein gave examples of coined names for Fort Monroe that have been used in the past to include "Key to the South" and "America's Resort."

Mr. Wallace told Mr. Shiver that he would like the plan to promote more inclusiveness. He added there are no minorities as consultants. We need to capitalize on the slavery story, and it needs to be included in the Economic Development Conveyance.

Mr. Hamilton said from a branding perspective we need to decide just what it is that we are marketing...are we called Fort Monroe or Old Point Comfort? It is important to recognize that before this was called Fort Monroe, it was known as Old Point Comfort. He added that it is important to know what it is we are marketing. Mr. Quarstein said Old Point Comfort was the tourism site, and Fort Monroe was considered just the Fort itself. He stated therefore Fort Monroe recognizes the fort and everything inside the moat, or the heritage tourism concept. Old Point Comfort includes the housing and the resort. Mr. Shiver suggested the use of a property management firm to set the brand, and that a decision on that would need to be made soon. Mr. Harper added that we need to make sure we are in discussion with the Hampton Roads Partnership.

Secretary Baskerville said that in respect to education don't forget the other partners in this area; Norfolk State, Christopher Newport, William & Mary...

Mr. Shiver steered the group back to the original overall goals and asked if they thought the goals listed reflected their conversation today. He summarized the ideas suggested by the FMFADA Board members to include adding in references to: beach tourism, heritage tourism, recreational tourism, and a component about education. Mr. Quarstein stated we need to clarify education into two groups; one being tour groups and the other is educational use of the facility. Mr. Shiver said he would rework that part of it.

Mr. Quarstein asked Mr. Shiver if we could clarify the cost/end revenue associated with historic preservation. He added there is an ongoing cost to maintain the resource. The slide just says revenue; the goal is to create a balance. Mr. Scott added that it needs to say "preserve and protect."

Mr. Thompson suggested we need to make the public aware so they will be proud of Fort Monroe, and that will generate support. Mr. Harper suggested a bullet needed to be added about how Fort Monroe affects the image of the Commonwealth...Mr. Shiver added "as a destination for recreation."

Mr. Shiver said they will also add an inclusiveness concept and an interim leasing concept. Mr. Shiver said they also want to target the military and need to suggest that to brokers.

Mr. Shiver asked for any final comments or questions and Mr. Thompson responded the he is pleased with the work Mr. Shiver has done, and thinks it is a realistic approach to management.

F. Legal Issues Update. Steve Owens, Office of the Attorney General. Mr. Owens stated that FMFADA BRAC attorney Mr. David Knisely asked him to update the Board on the Economic Development Conveyance (EDC). Mr. Owens stated that there have been discussions between the Army, Mr. Knisely and Mr. Armbruster about who will get how much property when the Army leaves in 2011. The FMFADA's strategy is to resolve these issues without court action. Mr. Owens stated that the Army received the two parcels in question (parcels 4.1. and 4.2) from private parties, so they believe those parcels will always belong to the Army. The Economic Development Conveyance's intent is to have all the non reversionary properties convey to the FMFADA. This would be a cost based EDC. He said right now the Army's mandate is to get fair market value for all their property. He stated they are trying to keep their options open and are working on leasing in furtherance of conveyance. He stated at this point no commands are planning to leave early, but if they do we may be able to lease the properties out. This proposal has moved subtly forward. The final terms of the EDC will be presented to the Board in the near future.

Mr. Owens said the law firm that is going to help with the creation of the 501c3 is Kaufman and Canoles. The scope of work they propose is to advise us on the creation of a nonprofit, to include what role the nonprofit will play, how involved will it be in real estate/management aspects, and to help create the corporation. Mr. Owens stated they have capped their fees at \$15,000 along with out of pocket expenses, which would be billed monthly in 365 days. If this was paid in 120 days there would be a 30% discount. He said they are working on getting a finalized letter on the scope of work and asked the Board if they want him to come back to them with the final details before he and Mr. Armbruster negotiate the final contract.

Questions/comments: Delegate Gear questioned why the salary cap was so high, since doing a 501c3 is not that difficult. Mr. Owens said this will include advice on the structure and what the nonprofit should be doing. Mr. Quarstein added whatever nonprofit is established would have to be planned. Mr. Owens reminded Delegate Gear that the cost may not be as high as \$15,000 since that is a cap. Delegate Gear stated that he thought we could get an attorney to establish the 501c3 for less than \$15,000.

Motion. Mr. Thompson moved that the chairman be given the authority to enter into negotiations to set up the 501c3. Secretary Bryant added to that "bearing in mind other firms." Delegate Gear stated that he thought \$15,000 was too high, and that he could get a Newport News or Hampton firm that could do it for less. Mr. Quarstein added that the cost of establishing a 501c3 depends on the complexity of the nonprofit, and we know our complexity is vast. We have to consider not just historic preservation, memberships and museums to work with in interpretation, but how it affects "the greater world here at Old Point Comfort."

Delegate Hamilton added that "not to exceed \$15,000" should be built into the motion. Mr. Owens stated that is already done by including the cap. Secretary Bryant stated in addition to their fees we must keep in mind their qualifications, history and experience.

Mr. Crouch said that the FMFADA has been talking about establishing a 501c3 for almost a year, and expressed appreciation for the work by Steve Owens in seeking out a nonprofit firm.

Secretary Bryant called for a vote of the Board returning to the pending motion initiated by Mr. Thompson and amended by Delegate Hamilton. The motion is as follows: the chairman and Mr. Owens be given the authority to enter into negotiations to set up the 501c3, bearing in mind other firms, at a cost not to exceed \$15,000. Chairman Bryant called for a vote on the motion as amended which resulted as follows:

Aye: Baskerville, A Bryant, L. Preston Bryant, Crouch, Gilliam, L. Hammond (for P. Gottschalk), Jackson, Harper, Hamilton, Lett, Locke, Quarstein, Scott, Thompson.

Nay: T. Gear

Absent: Brown, Miller.

The motion passed 14-1.

III. PUBLIC COMMENT

Chairman Bryant invited public comment. Appendix VIII.

IV. OLD BUSINESS

V. NEW BUSINESS

Secretary Bryant stated that the FMFADA Bylaws call for the chair to appoint a Finance Committee. He appointed the following members to this committee:

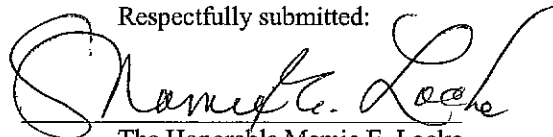
Robert Scott	FMFADA Treasurer
Secretary Ric Brown	Secretary of Finance for the Commonwealth of Virginia
Robert Shuford, Jr.	Executive Vice President and COO, Old Point National Bank

VII. ADJOURNMENT

Secretary Bryant announced that the FMFADA Board will skip the April meeting in order to develop a number of agenda items that might not be ready by April. There is still a meeting in May. He said we will have two meetings in June, a morning meeting, break for lunch, and then an afternoon meeting.

Secretary Bryant asked if there was any more business. Delegate Hamilton stated that legislatively there was an initiative about allowing the FMFADA Board members to do electronic meetings. Secretary Bryant asked if there was any other business. Hearing none, Chairman Bryant asked for a motion to adjourn the meeting, which was moved, seconded and carried at 3:14 p.m.

Respectfully submitted:



The Honorable Mamie E. Locke
Secretary/Treasurer

MEL/jfb

APPENDICES

APPENDIX I January 6, 2009 Board meeting minutes

APPENDIX II FMFADA audit ending June 30, 2008

APPENDIX III Statement of Revenue and Expenditures

APPENDIX IV Executive Director's Report

APPENDIX V Historic Preservation Advisory Group Report

APPENDIX VI Environmental Cleanup Update

APPENDIX VII Real Estate Management Strategy

APPENDIX VIII Public Comment:

Mark Perreault representing: Citizens for a Fort Monroe National Park. Mr. Perreault expressed concern for a lack in the consistency of how the P.A. was handled in reference to the consulting parties. He stated since August the P.A. process went behind closed doors, and that the Army needs to explain what has happened since then.

Mr. Perreault also commented on his visit to the Presidio, and that it is clearly a grand public place. He stated that Fort Monroe has many advantages over the Presidio that include: architecture, history and integrity. He believes we have a jewel that can be successful, and that we need to resist the impulse to develop land that may not have to be developed. The NPS presence on Fort Monroe could be a great assist in getting federal dollars.