



Fort Monroe Authority Board of Trustees
Finance Committee Meeting
August 11, 2016 – 1:00pm
Meeting Minutes

The Fort Monroe Authority (FMA) Board of Trustees Finance Committee met on August 11, 2016 at 1:00pm at 20 Ingalls Road, Fort Monroe, Virginia.

Call to Order

- 1. Opening Comments – Jay Joseph, Chairman**
Chairman Joseph called the meeting to order at 1:15pm.
- 2. Roll Call – Jessica Turner, Assistant Secretary**
Present: Chairman Jay Joseph, Rob Shuford Jr., Larry Wilder for Secretary Maurice Jones.
Absent: Secretary Ric Brown, Dr. Bill Harvey, Senator Mamie Locke

A quorum is not present.
- 3. Approval of Minutes from June 9, 2016**
The approval of minutes will be deferred until the next meeting.

Reports and Briefings

- 4. Financial Report – John Hutcheson, Deputy Executive Director**
Deputy Executive Director reviewed the Financial Report included in the Committee packet (APPENDIX I). As of June 30, 2016, the FMA's government fund had \$2,612,778 in cash on deposit in public fund accounts at Old Point National Bank (OPNB). As of the same date, the FMA had \$9,921,313 in other current assets compared to \$5,754,998 in the prior year. As of June 30, 2016, the FMA had a \$1,009,451 in current liabilities compared to \$296,927 in the prior year. The large increase reflects the accrual of the VDOT invoices, accrued payroll and leave liability, and deferred inflow of resources related to converting from cash to accrual reporting for year-end reporting. The government fund net position as of June 30, 2016 was \$13,655,813 compared to \$11,035,978 as of June 30, 2015.

Also reflected on the financial statements is the FMA's net pension obligation of \$1,620,620 as of June 30, 2015. A change in Governmental Accounting Standards now requires the reporting of net pension liabilities even if the liabilities are satisfied by the Commonwealth. As of this report, the FMA had not received the updated liability as of June 30, 2016.

Mr. Joseph asked about detailed budgeting and reporting for capital projects. Mr. Hutcheson stated that this is something the FMA is working toward for FY17.

For the current fiscal year the government fund had revenues of \$6,752,100 compared to \$7,721,846 for the prior year. The principal source of government fund revenue continues to be state general fund appropriations with \$5,285,036 received in the fiscal year. As previously reported, the variance in general fund appropriations results from the reduction in the FMA's appropriation from \$6.4M in FY15 to \$5.1M in FY16. The FMA will receive \$1,056,555 in reimbursements from the Office of Economic Adjustment (OEA) and \$387,313 in pass-through VDOT road maintenance funds from the City of Hampton. Government fund expenses for the fiscal year were \$4,613,053 compared to \$4,219,071 in the prior fiscal year. The increase in payroll related expenses stems from the 2% pay raise and an increase in the VRS contribution percentage.

As of June 30, 2016, the FMA enterprise fund had \$502,371 in cash on deposit as well as \$283,924 in restricted security deposits in public fund accounts at OPNB and \$500 in petty cash. As of June 30, 2016 the Enterprise Fund had \$10,088,606 in current liabilities compared to \$6,708,145 on June 30, 2015. The increase in current liabilities results from the increase in the Interfund Payable to the Government Fund for operational deficit funding for the commercial real estate and utility funds.

Residential net revenue for the fiscal year was \$2,665,507 compared to \$2,619,452 in the prior year. During the same period commercial net revenue was \$774,196 compared to \$668,327 in the previous fiscal year. For the fiscal year, expenses for residential leasing were \$1,944,068 compared to \$1,900,593 for the same period in the prior fiscal year. Commercial expenses for the same period were \$2,990,626 compared to \$3,404,540 in the prior fiscal year.

For the fiscal year, residential leasing generated \$494,597 in net income compared to \$718,859 in the prior year. The accounting for the net pension liability adversely effected the residential net income in the current fiscal year. Commercial leasing operated at a deficit of \$2,216,430 for the ten months compared to \$2,736,213 for the prior fiscal year. The improvement in the commercial leasing deficit is partially due to the reimbursement funds from the Cooperative Management Agreement with the National Park Service.

5. Executive Director's Report – Glenn Oder, Executive Director

Executive Director Glenn Oder reported that the FMA is awaiting confirmation that the National Park Service (NPS) Easement has been recorded and, in the meantime, is operating as if it has been. The survey for the expansion of the NPS property has been delivered to the NPS and is seeking public comment on the expansion.

Director Oder reported that the Army transfer has been distilled down to environmental issues. The FMA is working closely with the Department of Environmental Quality to expedite these items.

Director Oder stated that the Virginia Symphony Orchestra will perform at Fort Monroe at the Paradise Ocean Club (Paradise Ocean Club) on Wednesday, August 31. This performance will be held on the beach at the POC and a large crowd is anticipated.

The 2019 Commission will hold its launch event at Fort Monroe on Saturday, August 20, 2016. The event will include a ceremony presented by Project 1619, Inc., a visit by Governor Terry McAuliffe, walking tours, and a cannon salute from the *Godspeed*.

Old Business

There is no new business.

New Business

Director Oder reported that Director of Heritage Assets and Historic Preservation Josh Gillespie left the FMA for other professional opportunities. The 2016 meeting of the Stakeholders to the Programmatic Agreement was cancelled due to Josh's departure. This meeting will be rescheduled after a new Director is brought on board.

Director Oder also stated that the FMA is ready to engage an architect for the design of the Visitor Center. Director Oder stated he believes that the FMA Board of Trustees needs to authorize him to sign a design contract. Director Oder also stated that his Board contacts regarding this project are Colin Campbell and Destry Jarvis, although they have not been formally identified by the Board as an advisory team on this project.

Chairman Joseph suggested providing a briefing to the Board that would include the project concept and overall budget, but that the Board does not need to be involved in the details of reviewing and awarding individual contracts. Mr. Wilder agreed.

General Public Comment

A. Mark Perreault, Citizens for a Fort Monroe National Park – there is less public engagement on the Visitor Center than there was in the Master Plan and the public needs to be involved, including during the selection of the architect. Also wants the NPS to have a larger involvement in the Visitor Center.

Adjourn

9. The next Committee meeting is Thursday, October 13, 2016 at 1:00pm.

Chairman Joseph adjourned the meeting at approximately 2:30pm.

Respectfully submitted,

Jesica Turner, Assistant Secretary

APPENDIX

APPENDIX I – Financial Report