

# Minutes from 16 March 2023

## HRMFFA Board of Directors Meeting

1. HRMFFA's quarterly Board of Directors meeting was held at the Regional Building on 16 March 2023. Public Board members present were Mayors Alexander, Cutchins, Duman, Dyer, Glover, Jones, Pons, Tuck and West; Supervisors Cornwell, Elliott, Hipple, Rosie, and Shepperd. Councilman Southall represented Poquoson. Private Board members present were: Buckless, Faulkner, Garcia, Honecker, McKenna, Monaco, and Stephens. Bill Brown represented ECPI, Karl Johnson represented BAE, and Mike Klett represented Klett Consulting. Executive Director Dwyer, Deputy Executive Director Nichols were present. Treasurer Wilson was represented by Jaquil Tatum. A quorum was achieved.
2. Board Chair Pons called the meeting to order at 10:30 a.m. and welcomed new Board members Newport News Mayor Philip Jones and Franklin Mayor Bobby Cutchins, and Military Liaison, Office of the Secretary of Veterans & Defense Affairs Commonwealth of Virginia Mr. Tom Crabbs. There were no public comments.
3. Reinvent Hampton Roads update: Mayor Pons introduced Ms. Nancy L. Grden, President & CEO for Reinvent Hampton Roads (RHR). Ms. Grden presented the organization's background, focus on higher paying jobs and regional economic growth, managing the GO Virginia program for Region 5, and a look ahead at the future of RHR.
  - Ms. Grden referenced numerous studies and analyses of the region's economic development citing Regions across the country as competitors, with Hampton Roads ranking #53 of 53 metropolitan in areas of 1 million+ population for various indicators (Brookings).
  - Hampton Roads has many unique assets to include one of the world's deepest natural harbors, the Atlantic Ocean, the world's largest Naval base and highest concentration of Navy vessels, and the largest concentration of shipbuilding/repair/trade activity in the country. Additionally, the Virginia Port Authority is a top port and logistics node on the US east coast.
  - The region's future looks toward an interwoven cluster of technology-related industries including cybersecurity, alternative energy, IT, supplemented by health, recreation, and tourism. Attractive technological advancements include an emerging "digital port" — including trans-Atlantic data pipelines and "Global Internet Hub", a developing offshore wind industry, and

Unmanned autonomous systems (UxS). These industries are complemented by public partner assets – JLab supercomputing, NASA, Wallops Flight Facility, with significant new Federal infrastructure and innovation funding opportunities.

- Ms. Grden described a call to action to realign the region’s economic development organizations by combining RHR and Hampton Roads Business Roundtable (HRBRT) into one organization, the Hampton Roads Executive Roundtable. The Hampton Roads Executive Roundtable builds on the established RHR and HRBRT Boards of Directors to include executives from major companies, higher education, regional growth companies, and foundations. Its mission is to improve the region’s trajectory of economic growth and competitiveness via thought leadership, establishing economic development and innovation strategy in an equitable manner, and fostering collaboration among business, government, and education. It will also include a Regional Organizations Presidents Council, of which HRMFFA is a member, to serve as an advisory group to the Roundtable.
- The Roundtable’s roles include incorporating intentional leadership engagement and succession in economic development; monitoring regional economic development indicators for progress and adjust plans to advance efforts; establish the region’s economic development strategy and initiatives; strategically deploy GO VA Region 5 funds to leverage the region’s economic growth; and advocate for regional policies, grants, and opportunities with local, state, and federal entities.

In response, the Board viewed the efforts as better aligning several regional organizations working in a looser structure to a more unified and focused effort. Mayor Tuck expressed concerns the Roundtable is missing attracting young people and lacks a marketing effort that compels younger talent to remain and/or relocate to Hampton Roads. Supervisor Shepperd stressed the region’s quality of life concerns negatively weighing against young people locating here and expressed lifestyle options need to be included in the development of initiatives. Dr. Garcia said he thought focusing on creating high quality jobs will attract more young people to the region.

4. End of February 2023 Financial Statements: Mr. Dwyer reviewed end-of-February financial statements, noting HRMFFA was running slightly under budget for this time of year. Recent expenses included those for the annual audit, preparing tax returns and associated legal fees.
5. Budget & Finance Committee: Chair Pons invited Mayor Duman to present the Budget and Finance (B&F) Committee Report. Mayor Duman presented the minutes from the 2 March 2023 virtual meeting, with modest inflationary expense



increases applied for operations to the proposed FY 2024 budget.

- Mayor Duman noted that the B&F Committee decided to leave a placeholder in the draft budget for inflationary increase of 3% for labor/payroll. Mayor Duman explained that Mr. Bob Crum of HRPDC was collecting pay raise information among regional Chief Administrative Officers to inform the HRMFFA staff raise. The committee will wait for the CAO inputs and present a recommendation to the Board at the annual meeting in June along with the rest of the proposed FY2024 budget.
  - Mayor Duman reviewed the HRMFFA investment policy and reserve account requirements. He also noted the committee was exploring a Certificate of Deposit and Money Market laddering investment strategy to achieve better returns on investment.
6. Draft FY2024 Federal Legislative Priorities: Mr. Dwyer reviewed the draft fiscal year 2024 Federal legislative priorities noting the initial draft was presented at the December Board meeting. He stated the current draft was largely the same with additional inputs based on interactions with local installation leaders and in consultation with The Roosevelt Group. Due to late release of the President's FY24 budget request and Armed Services Committees deadlines, the priorities were presented in draft version to the Congressional Delegation during the week of 6-10 March. Mr. Dwyer explained the CODEL were receptive and supportive of the proposed priorities. Supervisor Shepperd remarked he perceived a disconnect between Coast Guard items absent from their budget proposal and HRMFFA still advocating for these priorities, questioning if such advocacy is diluting the Alliance's effectiveness. Mr. Dwyer assured the Board advocacy of such items does not affect Alliance credibility, and instead remains an effective communication channel raising attention and priority to known issues of importance to local installation leaders.

Mr. Bryan Stephens noted the importance of the listed quality of life priorities, citing the United Way of South Hampton Roads contracted Syracuse University to conduct a study of Hampton Roads veterans and military personnel. Mr. Stephens referenced spousal and veteran employment, mental health, and childcare as the top three issues.

- Mayor Dyer presented a motion to approve the Federal Legislative priorities, with Supervisor Shepperd seconding the motion. There was unanimous approval by the Board.
7. General Assembly update: Mr. Dwyer presented 2023 session legislative highlights, including:



- The \$43M in support of a new supercomputing facility at Jefferson Lab is currently in both the House and Senate versions of the budget.
  - Removing the age restriction (55) on the military retiree pension state tax exemption passed the House but died in committee in the Senate.
  - Passage of Universal Licensure Recognition will benefit military spouses.
  - Virginia joined the interstate licensure compacts, benefitting military spouses who are Audiologists/Speech Pathologist's, and Licensed Professional Counselors.
  - Expanded the Virginia Values Veterans Employment Tax Credit to \$2,500 per veteran hired up to a total of \$25,000.
8. Mr. Matt Herrmann of The Roosevelt Group (TRG) provided a Washington Update. Highlights included:
- Representative Jennifer McClellan won the Virginia 4<sup>th</sup> District special election and was seated on the House Armed Services Committee and Science, Space and Technology Committee, ideal for advocating DoD, NASA, and Jefferson Lab priorities.
  - Mr. Herrmann conveyed House Republican leadership is concerned about finding a viable solution to reaching a vote that would raise the Debt Limit, with increasing material risk of debt default for the first time in history.
  - Additionally, Mr. Herrmann expressed concern among legislators and military leadership in the growing likelihood of operating the entire fiscal year under a continuing resolution as a backdoor way to limit increases to spending.
  - FY24 Defense Budget highlights include:
    - \$842B topline; \$26.0B increase (+3.2%) over FY 2023 enacted level of \$816.0B, with Navy and Air Force budgets seeing the largest increases
    - 5.2% pay raise for military and civilians; largest since 2002
    - \$9.1B for Pacific Deterrence Initiative (PDI) – first time money requested.
    - \$647M to support the submarine industrial base and AUKUS
    - AF Requests to retire 32 older model F-22s
    - Addresses 2022 NDS implementation urgency and inflationary impacts
    - Nine Hampton Roads area Military Construction projects (\$798m)
    - Funding for the following:
      - 83 - F-35s (AF, Navy, and USMC)
      - 24 - F-15EX (AF)
      - 1 - Columbia Class Submarine
      - 2 - Virginia Class Submarines
      - 2 - DDG-51s and FFG-62s
      - 1 - TA(O) and Future Submarine tender

- NASA Budget was a \$26.2B total request, a 7.1% increase over FY23. This included \$8.1B for Artemis to return US to the moon, and over \$895M for Langley Research Center.
  - Other Federal Budgets highlights:
    - Coast Guard: \$13.45B total request, slight decrease from FY23
    - Department of Energy: \$52B total request, with \$8M to support conceptual HPDF design & site selection (current estimate = \$304.93M)
    - Veterans Administration - \$325.1B total request (discretionary & mandatory spending), a 5.4% increase over FY23
    - Park Service - \$3.8B total request, a 7.6% increase over FY23
  - AUKUS—The US plans to sell three VA class subs to Australia with options for two additional subs. The Administration provided \$751M in FY23 to address industrial base needs to support Columbia class and AUKUS workforce and shipyard infrastructure work with \$1.6B in FY24-FY27 to boost shipyard production. Potential benefits for Hampton Roads industry.
  - Supervisor Shepperd expressed concerns over the national munitions production shortfalls in support of Ukrainian aid, and asked if TRG would provide follow-on updates at the next quarterly board on mitigation efforts. Mr. Herrmann mentioned there were ongoing DoD efforts to boost production and could provide an update at the June meeting.
9. Association of Defense Communities (ADC) National Summit/CODEL meetings: Mr. Dwyer reviewed discussions held with Air Force, Army, and Navy senior installations leaders. The meeting with Mr. Bob Thompson, Deputy Assistant Secretary of the Navy for Installations, Energy and Facilities discussed SIOF, which is being treated as an acquisition program, with Stage 5 approval expected in summer 2023 and budget and project programming expected in the FY25 budget. Additionally, NAS Oceana Future Base Design, installation electrical infrastructure and resiliency, and privatized barracks were discussed. Discussions with Mr. Ed Oshiba, Acting Assistant Secretary of the Air Force, Energy, Installations & Environment included the F-22 beddown, and dormitory funding. Mr. Nichols elaborated the ADC National Summit themes were focused on military quality of life issues--affordable housing, childcare, spousal employment, access to healthcare and mental health. Mr. Dwyer thanked The Roosevelt Group team for arranging the meetings with Air Force and Navy leaders as well as the Congressional delegation.
10. Mr. Dwyer reminded the Board that our annual meeting will take place on June 15<sup>th</sup> at 10:30 in the Regional Building. Mayor Pons adjourned the meeting at 11:53 am.