



HRMFFA Quarterly Board of Directors Meeting Minutes from 12 December 2024

1. HRMFFA's Quarterly Board of Directors meeting was held at the Regional Building on 12 December 2024. Public Board members present were Mayors Alexander, Cutchins, Dyer, Jones, Glover, West; Supervisors Cornwell, Hipple, Rosie, Shepperd and Councilman Southall. Private Board members present were Conley, Faulkner, Garcia, Klett, McKenna, Monaco, Stephens, and Warren. Mr. Bill Brown represented ECPI University. Executive Director Dwyer and Deputy Executive Director Nichols were present, Treasurer Hansen was represented by Ms. Jaquil Tatum. A quorum was achieved.
2. Board Chair Shepperd called the meeting to order at 10:30 a.m. and made a call for public comments. Mr. Nichols reported none; however, Mr. Nichols highlighted HRMFFA staff attendance at the Bill Signing Ceremony for Military Centered Community Zones, patroned by Senator Rouse and Delegate Price.
3. Chairman Shepperd introduced keynote speaker Mr. Doug Smith, Hampton Roads Alliance President and CEO, who provided the Board with a presentation of the New Regional Economic Order and how it supports the National Defense Industrial Strategy (NDIS). In past decades, Mr. Smith depicted how Hampton Roads was viewed as an undervalued maritime industrial defense economy. Past initiatives endeavored to diversify away from this central economic driver, discounting the Defense sector and accompanying defense contracting. However, in January 2024, the Department of Defense released the NDIS, which aims to modernize and strengthen the defense industrial base. NDIS focuses on four strategic priorities: resilient supply chains; workforce readiness; flexible acquisition; and economic deterrence, which leverages economic measures to deter adversaries and support national security. The strategy emphasizes collaboration between the U.S. government, private industry, and international allies to achieve these goals. NDIS prompted the Hampton Roads Alliance to conduct a critical review of its regional economic initiatives which compelled development of a new regional economic order that aligns to the region's core strengths. With Virginia nationally recognized as the top state for business, having unparalleled access to federal and Pentagon decision makers, and benefitting from the expanding degree of annual federal spending converged on a defense-based market, Mr. Smith revealed a revised strategy, the Regional Investment Playbook.

Contextually, regions with a vast military presence will possess a durable competitive economic advantage. With its extensive federal and military asset density and approximately 15,000 exiting military personnel annually, Mr. Smith explained Hampton Roads has the requisite elements to fully capitalize upon NDIS, but improvement initiatives are needed. Presently, the region is positioned as component recipient and final product assembler of many complex technical projects. Spurring local innovation through research and design and production planning would drive strategic choices which will impact product availability, sustainability, production and logistics costs in earlier points of the supply chain, an area which is regionally lacking at present. Augmenting the upstream product chain presence will not only aid in eliminating vulnerabilities, but provide downstream processes resilience and robust growth opportunities, expanding defense-based product market share.



Mr. Smith underscored several core industries which could be better exploited. These included logistics, defense knowledge, cyber, unmanned systems, transportation, and energy-- specifically nuclear. With an international port and regional energy road map embracing energy diversification, advancements of critical technologies and energy solutions have recently attracted nearly triple the volume of visits from our allies. Continued advocacy for large complex infrastructure, technology and energy projects will have an enhanced multiplier effect, attracting further industry and economic developers. Mr. Smith cited recent examples of the High-Performance Data Facility award to Jefferson Lab, and cable manufacturer LS Greenlink's large investment in Chesapeake.

The New Economic Order was summarized through accelerated technology adoption which promotes Remilitarization, Decarbonization, and Reshoring. Regions which adopt these tenets will become Metro Winners, characterized by Military Metros, Tech Hubs, Climate First Movers and Trading Powerhouses. Mr. Smith outlined the trilateral security partnership between Australia, United Kingdom, and United States (AUKUS), intended to promote a free and open, secure and stable Indo-Pacific area. This partnership will be implemented in two pillars:

- Pillar 1 provides Australia with conventionally armed nuclear-powered submarines, with a \$3 billion Australian government investment into the US Supply Chain.
- Pillar 2 provides advanced joint military capabilities to promote security and stability including cyber, artificial intelligence, quantum technologies, undersea, hypersonic and electronic warfare.

Chairman Shepperd invited questions and comments from the Board. Mayor Dyer remarked the NDIS strategy presented the region a branding opportunity with dual economic benefits, while possibly leveraging our universities to evolve into a research triangle. Mr. Smith concurred, drawing comparisons to the DoD Center of Excellence in Sheffield, indicating the center would be better served if it resided in Newport News. Chairman Shepperd thanked Mr. Smith for his detailed presentation.

4. Mr. John Simmons of The Roosevelt Group provided a Washington Update. Highlights included:

- 2024 General Election results overview, including White House and Cabinet nominees, and the 119th Congress Senate and House of Representatives, with Virginia election results.
- Unfinished 2025 Spending Bills included FY 2025 stopgap funding bill, likely brought to the floor under a Continuing Resolution. Mr. Simmons provided an overview of the incremental impacts of Congress not passing all funding bills between 1 January to April 30th.
- 2025 National Defense Authorization Act: \$895B FRA cap set on defense spending
 - 4.5% pay raises for all military personnel; 14.5% for junior enlisted.
 - Authorizes a second Virginia-class attack submarine, third Arleigh Burke-class destroyer, cuts \$1.2B for Constellation-class frigate, leaving \$50m for the program.
 - 10 USC 2391 is amended: The Secretary of Defense may also make grants, conclude cooperative agreements, and supplement other Federal funds to assist a State or local government in enhancing its capacities –
 - *(New clause) "to support public infrastructure projects and services that enhance the capabilities and resilience of the defense industrial base and the defense*





industrial base workers, if the Secretary determines such support will improve operations of the Department of Defense.”

- 2024 NDAA MilCon: Authorizes ~\$300m for Hampton Roads area projects.
 - Debt Ceiling: Limit suspended until January 1, 2025, resets to current debt level.
 - Congress must raise or suspend debt ceiling to prevent defaulting on obligations.
 - If no action is taken, the US Treasury will use accounting tactics to fund obligations.
5. Futures Committee Update: Chairman Shepperd invited Executive Director Dwyer to provide the Futures Committee Update. Highlights included:
- Sea Level Rise and Persistent Flooding. Continued work to change the Army Corps of Engineers' authority to include federal installations when conducting Coastal Storm Risk Management Studies. These included Peninsula Coastal Storm Risk Management Feasibility Study Coordination Meetings; House WRDA Strategy call in support for Senate version legislative language for Peninsula Study; prepared talking points for Rep Scott and Rep Kiggans to engage with Transportation & Infrastructure committee Chair and Ranking member on WRDA provision; and the Commonwealth provide \$200 million/yr through the Commonwealth Flood Protection Program to assist localities with flood prevention efforts.
 - Energy. Attended Governor's Energy Summit and coordinated participation of Navy PDASN EI&E; participated in Dominion Energy's Reliability Workshop & IRP; VNG Chesapeake Compressor Station Site Tour; coordinated meeting with NWSY and VNG leadership to discuss future power plan; attended 2024 Nuclear 101 Workshop for Policymakers and Stakeholders; discussions with ASN EI&E on small modular reactors on military installations.
 - Encroachment. Wind Farm Permitting Deconfliction with DoD Operations: codifying requirement for wind farm developers to obtain coordination from DoD Military Aviation and Installation Assurance Siting Clearinghouse prior to locality issuing permits; attended Virginia Maritime Association Navigation Summit; discussions with NNSY, NAVSTA Norfolk on seaplane operations; discussions with NNSY and Chesapeake city staff on LS Greenlink tower concerns.
 - K-12 Education Quality. Ensure school districts provide military families with enrollment option flexibility; ensure timely establishment of comparable special education services upon Virginia school enrollment.
 - Childcare. Higher Ground Education opens new center in Virginia Beach near Naval Air Station Oceana; Met w/ OSD (MC&FP) and Navy Child/Youth Programs Directors to discuss Hampton Roads childcare initiatives; Toured JEBLCFS CDC and discussions with CNRMA, Minus 9 to 5, and HRWC on early childhood education providers workforce pipeline; met with General Assembly members for support of childcare legislative priorities; incentivizing providers to participate in DoD programs; new business grants to expand capacity; funding to support Childcare Aware of Virginia's increased efforts to support military families; Investment & Innovation in Early Childhood Care and Education in Ready Region Southeastern.
 - Spouse Licensure Reciprocity & Employment. Virginia Legislative Priorities include military spouses in (V3) Employment Grant program, offers private employers \$1,000 for every eligible veteran hired up to \$10,000; annually increase V3 grant funding to \$150,000; join





remaining interstate licensing compacts: Advanced Practice Registered Nurse, Dietitian, Massage Therapy, Teachers, and School Psychologists.

- Affordable Housing. HCFAC Meeting: Housing Counseling Focuses on Military Families; Scaling Local Innovations for Achieving Housing Affordability; VA Governor's Housing Conference: Veteran Homelessness & Military Housing Affordability panel member; Navy investment in Newport News Shipbuilding Sailor Housing; \$40m in VA budget; NAVFAC and DASN I&F discussions; CODEL support to incentivize developers to build attainable housing near military installations & create military-focused low-income housing tax credits.
- Healthcare/Mental Health Access/Capacity. Researching TRICARE reimbursement rates; collecting regional healthcare provider insurance data.
- Attracting/Retaining Talent. Legislative priorities to increase V3 funding and expand to military spouses; interstate licensure compacts; continued working with HR Alliance 2024 strategy/defense industry (SIB & AUKUS).
- Future Mission Opportunities. Legislative priority on DoD grants for Defense Industrial Base in final FY25 NDAA; F-22 FTU Dorm MILCON in FY25 NDAA/appropriations; discussions with Langley leaders on targeting center design/funding status.
- Community Partnerships. CODEL support for DHS letter on expanding USCG IGSA authorities; advocated for VMCIGP funding with grants awarded directly to defense communities instead of restricted to offsetting non-federal match of DoD grants; discussions with DASN (I&F) and VB on Oceana FBD and EULs; assisted HRSD on DCIP grant program and potential FY25 requests.

Mr. Dwyer invited comments and questions; the Board had none.

6. Chairman Shepperd invited Executive Director Dwyer to present the proposed Fiscal Year 2026 Federal Legislative Priorities. Mr. Dwyer stressed the draft legislative priorities had available time for further Board input before CODEL discussions. Defense Authorization and Appropriations support requests included:

- U.S. Army Corps of Engineers (USACE) authority to include Federal Lands in Holistic Coastal Resiliency Studies
- NAS Oceana and Langley AFB Future Capabilities
- Navy Sailor Housing Investment in the vicinity of Newport News Shipbuilding
- Continuing Navy Public Shipyard Revitalization (SIOP) funding without shore infrastructure account detriment
- Homeporting Manned/Unmanned Ships in Hampton Roads with Fleet Expansion
- Offshore Wind Energy and Offshore Drilling coordination with DoD
- Military Construction: Pending President's FY2026 budget request for Hampton Roads military installations; specifically requesting a \$12-15m planning & design funds earmark for Langley AFB Targeting ISR Critical Communications Data Center.
- Army Aviation Advanced Air Mobility Dual-use Technology Center at Newport News-Williamsburg Airport





- Army Watercraft Modernization
- Military Child Development Centers Funding Models
- Military and Dependents Mental Health Care
- Affordable Housing Incentives Near Military Bases (118th Congress, H.R. 9659)
- Expanding Military Spouse Hiring Federal Tax Incentives (118th Congress, H.R. 1277 / S. 596)
- Defense Community Infrastructure Program Funding: Request \$100m in FY2026 appropriations bill.
- Defense Community Support Program (DCSP) Creation: Support ADC's \$40m effort for quality-of-life programs in defense communities.

Other Federal Government Authorization and Appropriations support requests included:

- Jefferson Lab High Performance Data Facility and Operations Funding
- Jefferson Lab PFAS Technology Pilot
- Future Coast Guard Cutter Homeporting
- Expand DoD Partnership Authorities Across the Coast Guard
- Consolidated Coast Guard Sector Virginia Headquarters Facility
- Small Business Innovation Research (SBIR) Phase II Flexibility for NASA
- Authority for OTA Prototype Projects and Follow-on Production Contracts for NASA
- NASA Related Bills: Support NASA-related legislation introduced to include NASA Talent Exchange Program Act; COMETS Act; protections to sensitive export-controlled information by exempting it from FOIA requests.

Mr. Dwyer invited comments and questions; the Board had none.

7. Monthly Financial Statements: Mr. Dwyer presented the November 2024 financial reports noting expenses for audit/professional services, insurance, and professional memberships were recently paid, but in line with annual budget projections. Overall, expenses were on track with the budget. The Board had no questions or comments.
8. Budget & Finance Committee: Chairman Shepperd invited Mr. Faulkner to present the Budget and Finance (B&F) Committee Report. Mr. Faulkner briefed the Committee met virtually on December 2nd and reviewed the draft FY26 budget. Revenues were based on the 50 cents per capita rate for municipalities and \$5,000 for private sector members, with population figures based on 2023 Weldon Cooper Center data. Interest income projections reflected the FY25 4% interest rate. Labor expenses reflected a notional 3% increase from FY25 compensation, which would be refined later in the fiscal year after comparing HRPDC, HRTAC, and municipality staff COLAs.

Many non-labor expenses, including The Roosevelt Group lobbying expenses, remained at the





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same rate. Other expenses reflected nominal 3% inflationary adjustments from FY25 expenditures, with exception of the \$25,000 event sponsorship to co-host a Virginia Defense Forum with the Secretary of Veterans and Defense Affairs. Projections indicate a modest FY26 net positive cash flow, with greater potential cash flow if sponsorship funds are not expended. The Board had no comments or questions regarding the draft 2026 budget.

9. HRMFFA Board Trip to Washington DC: Mr. Dwyer recommended the Board postpone the Pentagon visit to late October 2025 due to the incoming administration turnover and changeout of political appointees. The Board had no comments.
10. Chairman Shepperd adjourned the meeting at 11:45 a.m.

