

Board of Directors Quarterly Meeting Minutes
Virginia National Defense Industrial Authority
Virginia Economic Development Partnership
Jepson Alumni Executive Center, University of Mary Washington
Fredericksburg, Virginia
July 18, 2007

The Honorable Joe R. Reeder, Chairman, called the meeting to order at 10:01 a.m. and welcomed the Authority Board members, staff, and guests in attendance.

Other Authority Board members present:

| | |
|--|--|
| Gen. John N. Abrams, USA (Ret.) | Maj. Gen. John W. Knapp, Sr., USA (Ret.) |
| Mr. John B. Adams | Maj. Gen. Robert B. Newman, Jr., VaNG |
| Ms. Reta R. Busher | Dr. Roseann O'Reilly Runte |
| Rear Adm. Robert R. Fountain, Jr. USN (Ret.) | Mr. Cord A. Sterling |
| Rear Adm. John G. Hekman, USN (Ret.) | Mr. Kurt H. Tripp |
| Chief Alfred M. Jacocks, Jr. | Mr. William L. Welch |

Board Members Absent:

| | |
|----------------------|-------------------------------------|
| Mr. G. William Beale | Gen. Richard E. Hawley, USAF (Ret.) |
| Mr. Mark D. Betts | Adm. Donald L. Pilling, USN (Ret.) |

Chairman Reeder presented the April 25, 2007 VNDIA Board of Directors meeting minutes for approval. There being no changes or additions noted, Maj. Gen. John Knapp moved that the minutes be approved, Rear Adm. Robert Fountain seconded the motion, and the minutes were approved by unanimous vote. Chairman Reeder introduced retired Navy Rear Adm. John G. Hekman as a new board member. Rear Adm. Hekman provided information on his military and civilian experience, including Navy surface warfare and supply positions and post-military work in facilities planning, construction and logistics. Chairman Reeder introduced Maj. Gen. Robert B. Newman, Jr. as another new board member. Maj. Gen. Newman, an Air Force officer, serves as the Adjutant General of Virginia and is responsible for the combat readiness, administration and training of more than 8,200 Virginia National Guard personnel.

Chairman Reeder then noted that Rear Adm. Hekman is joining the Strategic Planning Committee, and Maj. Gen. Newman is joining the Local Coordination, Support & Communications Committee, with Rear Adm. Fountain returning to the Local Coordination, Support & Communication Committee. All three appointments were accepted. Chairman Reeder emphasized that any board member who is interested in serving on a particular committee or committees will be accommodated.

Patrick Tremblay was then introduced as the new Communications Manager for VNDIA. Mr. Tremblay's most recent position was with the Richmond office of Burson-Marsteller, a public relations firm, and he previously lived in the Fayetteville/Fort Bragg, N.C. area where he was with the Army, N.C. National Guard and a non-profit that supported an Army museum. VNDIA

Executive Director David Dickson noted that another new staff member, Stan Scott, a retired soldier with a strong academic and research background, would be joining the staff on July 26 as the Military Projects Manager.

The grant program was then discussed, and whether the authority should request additional funding to build the program in the new biennium budget. Vice-Chair Reta Busher summarized the grant program, saying that initial contact with applicants is done by the VNDIA staff and that all grant requests are reviewed by the Grant Review & Oversight Committee of the board. The board then provides recommendations to select members of the Governor's cabinet for final review, and final approval is made by the Governor.

Cord Sterling urged that third-party in-kind contributions (e.g., volunteers' time) should be given weight as matching funds. Rear Adm. Fountain asked if the grants that are being recommended are of a significantly higher quality than those not being recommended, or if they are all of high quality but must be prioritized based on need and the amount of money available. Ms. Busher said that the grant committee is recommending the grants that are of more urgency. Rear Adm. Fountain asked if we need more money for grants. Mr. Dickson said that staff will study this issue and make a recommendation to the board.

Chairman Reeder noted that we did not secure employee benefits legislation during the 2007 session of the Virginia General Assembly. Currently, access to benefits is in the Appropriations Act but needs to be included in the VNDIA enabling legislation in order to be protected. Rear Adm. Fountain moved the following:

Be it resolved that the Virginia National Defense Industrial Authority requests that the Governor's Office assist in amending the state statute establishing this Authority to allow Authority employees to be eligible for membership in the Virginia Retirement System and otherwise participate in all of the health and related insurance and other benefits, including premium conversion and flexible benefits, available to state employees as provided by law. This amendment would be prepared and introduced during the 2008 session of the Virginia General Assembly.

Mr. Sterling seconded the motion, which passed by unanimous vote.

Mr. Dickson raised the Freedom of Information Act (FOIA) and its implications to Authority meetings and documents. Of concern to board members is the lack of general protection of economic and military affairs development work. Based on the discussion, Mr. Sterling moved that the following:

Be it resolved that the Virginia National Defense Industrial Authority requests that the Executive Director explore the legal avenues for protecting sensitive military-related information regarding installation or mission associated vulnerabilities and opportunities as they are made known to the Authority. Protected information would include both strategic discussions and written plans addressing such vulnerabilities and opportunities.

Rear Adm. Fountain seconded the motion, which passed by unanimous vote.

The first guest speaker, Daniel D. O'Brien, Chief of Facility Planning, Directorate of Public Works, Fort Belvoir, reviewed transportation planning for Fort Belvoir and adjacent areas in preparation for BRAC-mandated changes. The net addition of 22 thousand people assigned to the post will bring an estimated \$4 billion in construction costs. Much of the net additional workforce will be located at a Fort Belvoir-owned site northwest of the main post, west of Interstate 95, Engineer Proving Grounds (EPG). The overall effects of the growth are mitigated by the fact that all but around 500 of the new employees will be relocating from leased-space offices in the Washington, D.C. capital region, and will not be moving homes necessarily, just office location. In addition, much of the work performed will be in three shifts, resulting in only one-third the addition to regular rush-hour traffic. Chairman Reeder thanked Mr. O'Brien for his presentation, welcomed any requests for information or assistance through the Authority needed, and assured a timely response and any support within the bounds of the Authority's mission. Mr. O'Brien's presentation is available through VNDIA staff. *NOTE: See Appendix A.*

The next presentation was on the Navy's search for an Outlying Landing Field (OLF) in the Mid-Atlantic to supplement Naval Air Station Oceana. Mr. Dickson reviewed the recent history leading up to the Navy's request that Virginia provide potential suitable locations for an OLF in the event that a proposed site in North Carolina is not approved. Mr. Dickson introduced Sara Shullaw, a Geographic Information System Program Manager with the Virginia Department of Forestry, who outlined the search she led for locations, describing the process used to identify sites based on Navy requirements. Ten Virginia sites were given by the state to Navy Rear Adm. David Anderson. The Navy will conduct further research into the suitability of each, and will present a short list of sites in Virginia and North Carolina to the Secretary of the Navy by this September 15. Ms. Shullaw's presentation is available through VNDIA staff.

The final presentation was given by Ted Hontz, former chairman of the Fredericksburg Area Chamber of Commerce's Military Affairs Council (MAC), on behalf of current chair Ty Schieber. Mr. Hontz reviewed MAC's role in the region, and said that the local military installations (Naval Surface Warfare Center Dahlgren, Fort A.P. Hill and Marine Corps Base Quantico) are about 30% of the Fredericksburg economy. During BRAC 2005, the area focused much of its attention on Dahlgren, as Fort A.P. Hill and Quantico were seen as relatively secure. While Dahlgren was spared, there has still been a slow draw-down in people and money there over recent years. Through MAC and other efforts, two significant programs have been added to Dahlgren - the AEGIS Ballistic Missile Program was relocated to Dahlgren, adding some 350 jobs; and the Dahlgren Education & Research Institute, initiated by MAC in mid-2006. The University of Mary Washington (UMW) now has the lead on this project,. Cost estimating is underway, with UMW to be the owner and operator of the facility. Mr. Hontz presentation is available through VNDIA staff.

Mr. Dickson presented the proposed Fiscal Year 2008 VNDIA Budget allocating the \$175,608 carry over from the FY 07 budget. The budget includes:

| | |
|-----------------------|----------------|
| Budget Revenue Source | |
| General Fund Reserve | \$510,000 |
| Carry Forward Funds | <u>175,608</u> |
| Total | \$685,608 |

| | |
|---------------------|-----------|
| Budget Expenditures | |
| Compensation | \$390,800 |

| | |
|----------------------|--------------|
| Web Site & Promotion | 3,000 |
| VNDIA Meetings | 7,5000 |
| Travel | 22,000 |
| Services | 218,608 |
| Supplies & Material | 3,000 |
| Fixed Asset Payments | 32,000 |
| Other Expenditures | <u>8,700</u> |

Total Budget \$685,608

Maj. Gen. Newman moved the following:

Be it resolved by the Virginia National Defense Industrial Authority that the above outlined operating budget totaling \$685,608 be adopted to provide basic guidance to the Executive Director in personnel and operating matters for the current fiscal year July 1, 2007 – June 30, 2008.

Ms. Busher seconded the motion, and the resolution was passed by unanimous vote.

Ms. Busher then reported on the Grant Review & Oversight Committee. The second round of state-related BRAC grant awards were announced by Governor Kaine on June 19. This brings to \$25 million the amount of grant dollars recommended by the Authority. A summary of grant awards was presented to the board. Moving forward, the Authority needs to address the future of the program by determining on-going community needs.

Next, Gen. John Abrams reported on the Strategic Planning Committee. Gen. Abrams met with Bill Harvey and John Murphy to discuss a proposal for further BRAC-related analysis work. The current data that the Authority is using is from 2005 and therefore dated. Two committee members have developed point papers, Adm. Pilling submitted a paper on Navy activities, while Gen. Richard Hawley submitted on Air Force activities.

Finally, Maj. Gen. Knapp reported on the Local Coordination, Communication & Support Committee. This past quarter the committee made three robust installation visits. First was Fort Eustis in Newport News, then Langley Air Force Base in Hampton, and finally Naval Weapons Station Yorktown. Summaries of the visits have been provided to the complete board. The next scheduled visit is to Fort Myer in Arlington County on August 16. Eight additional visits will be scheduled for the remainder of the year, completing the 24-visit goal of the board.

There being no further comments or items of business, the chairman announced that the next quarterly meeting will be held on October 17, 2007. A brief discussion followed on a location for the meeting.

Rear Adm. Hekman moved to adjourn, Gen. Abrams seconded, and, with unanimous voice vote, Chairman Reeder adjourned the meeting at 12:50 p.m.

Appendix A.

Chairman Reeder requests the board's permission in approving the minutes, to append and incorporate there in a July 27, 2007 Washington Post article and Fort Belvoir Public Affairs release addressing Fort Belvoir transportation issues (see below).

Army-Va. Deal Cuts Jobs Headed For Belvoir

New Plan Eases Worries About Traffic in Fairfax

By Amy Gardner

Washington Post Staff Writer

Friday, July 27, 2007; Page A12

The Army has agreed to dramatically scale back plans to move 22,000 jobs to Fort Belvoir in southeastern Fairfax County, averting a widely predicted traffic catastrophe and eliminating pressure on state and local officials to spend nearly \$500 million in road and transit improvements.

Under an agreement with state officials, the Army would cap at about 8,500 the number of jobs to be moved from the Pentagon, Crystal City and other locations in the Washington area to Belvoir's isolated Engineering Proving Ground. An additional 3,500 jobs are still scheduled to move to Fort Belvoir's main post.

The number of jobs headed for the proving ground was set at 18,500 in 2005, when the Army and Congress orchestrated base closures and realignments to cut spending and comply with tighter security guidelines established after the Sept. 11, 2001, terrorist attacks.

The jobs no longer bound for Belvoir would head instead to Springfield -- and a property within walking distance of Metro and Virginia Railway Express stations. The Army would tear down an empty General Services Administration warehouse near the Franconia-Springfield Station and build offices there, state and Army officials confirmed. Springfield, which is hoping for a revival, is closer to mass transit and major highways and could better absorb the increase than the area around Belvoir.

The news represents an enormous victory for Fairfax County and Virginia officials and for U.S. Reps. James P. Moran Jr. (D-Va.) and Thomas M. Davis III (R-Va.), all of whom pressured the Army to reconsider. Critics argued that many jobs were being shifted from Metro-accessible offices in Arlington County to an area ill-served by transit and that thousands of the positions are not of a sufficiently sensitive nature to justify the move to a more remote location.

"The Army deserves a lot of credit for trying to find creative solutions to a very challenging transportation and workforce problem," said Pierce R. Homer, Virginia's secretary of transportation. "The original proposal would have resulted in a four- to five-mile backup on I-95 every morning. They realized that they could not get their employees on and off the base in a timely fashion."

Few were optimistic that the Army would change course. Congress made few changes to the Pentagon's base closure and realignment recommendations in 2005. And this month, the Army

released a final environmental review statement affirming its plans to move most of the jobs to the proving ground by Sept. 15, 2011.

"It's unprecedented to alter a BRAC decision," Moran said.

He said Army officials worried that even small changes would open up the entire nationwide base-closing plan to revision. But Springfield is near Fort Belvoir, and going there accomplishes the same goals.

"We limited the language because we didn't want to unravel the rest of the BRAC decision-making process," Moran said.

Set well back from Route 1, Fort Belvoir is better protected against truck bombs than much of the leased office space in Crystal City, but the post is served primarily by that single, congested highway. The nearby proving ground is served by even smaller thoroughfares, Backlick and Rolling roads.

The Army predicted in March that the shift of jobs to Belvoir and the proving ground would require at least \$458 million in unfunded transportation improvements. That did not include completing the southern end of the Fairfax County Parkway or adding lanes to Interstate 95, for which Virginia already has allocated \$223 million. Without the improvements, the Army predicted rush-hour traffic would be worse at nine intersections near Fort Belvoir. Near the proving ground at an 807-acre tract about two miles northwest of the post, there would be "severe congestion lasting 3-4 hours if there is no mitigation," an Army report concluded.

Altogether, about 12,000 jobs are now scheduled to move to Fort Belvoir and its proving ground. But the 8,500 jobs going to the proving ground are with the National Geospatial-Intelligence Agency, a 24-hour operation with irregular shifts, which will reduce the impact on the road network, Homer said.

In addition to shifting jobs away from Belvoir, yesterday's agreement calls for the federal government to oversee completion of the southern segment of the Fairfax County Parkway, a critical road link that will traverse Belvoir property. Whether Virginia or the federal government would oversee that project -- and assume liability for any environmental cleanup required on post property -- had been a sticking point between state and federal officials. Most of the jobs headed to Belvoir would move after the completion of the parkway, Moran said.

"The county and the citizens need the Fairfax County [Parkway] to make some sense out of the traffic situation in Northern Virginia," said Assistant Army Secretary Keith E. Eastin, who negotiated the agreement with Virginia. "We ought to cooperate between the Army and the State of Virginia to get that done.

The new agreement also invigorates plans to revitalize Springfield, an aging crossroads known primarily for the Mixing Bowl, the massive junction of Interstates 95, 495 and 395.

With thousands of federal workers destined to work within walking distance of the Metro station and with Springfield Mall soon to be rehabilitated, county officials, smart-growth advocates and property owners are likely to push harder to achieve a walkable, transit-oriented downtown Springfield.

"The economic revitalization of Springfield and the spinoff economic advantages are hard to calculate, but they're real," said Gerald E. Connolly (D), chairman of the Fairfax County Board of Supervisors.

Eastin said the Army would have to study the GSA property to make sure it is feasible to move the jobs there. He said a final agreement between Virginia and the Army should emerge within a month.

The agreement does not specify whether the movement of jobs from Arlington would still be completed by September 2011.

One issue not affected by the agreement is the future of Crystal City, which Arlington officials fear could become a ghost town once thousands of military jobs leave.

Arlington stands to lose 17,000 jobs -- more than any other jurisdiction in the country -- as a result of the Base Realignment and Closure Commission's 2005 recommendations. Of those jobs, 13,000 are in Crystal City, along with 3 million square feet of affected office space.

Media Advisory



UNITED STATES ARMY FORT BELVOIR
Public Affairs Office ■ 9820 Flagler Road ■ Fort Belvoir VA 22060

July 29, 2007

FOR INFORMATION CALL

Don Carr, (703) 805-2583 (Office)
Or (703) 981-5185 (Cell)

EPG Agreement with VDOT clarified

FORT BELVOIR, Virginia – Regarding recent media accounts of the announcement late last week about the Army’s agreement with the Virginia Department of Transportation to complete the construction of the Fairfax County Parkway through Fort Belvoir’s Engineer Proving Ground:

- Army has agreed to build the connector using state funds, and to cap at 8,500 the number of employees to be placed at EPG. Current planning for Fort Belvoir’s realignment suggests placing 18,000 workers at the EPG. The concern many planners and others have with that is that the larger road network serving the EPG can’t handle traffic expected to be generated by 18,000 workers, even with the completed connector.
- VDOT’s current design for the connector, approved in 2004, can accommodate up to 8,500 workers. The connector would have to be redesigned for the larger traffic volume, a process that would delay the road. Fairfax County needs the connector now – certainly the incoming employees need it to be able to get to work, and to get home to their families after work.
- Putting the other 9,500 somewhere else at Fort Belvoir is part of the agreement. While last week’s announcement does say the Army would, “... locate some employees at the GSA Warehouse adjacent to the Springfield-Franconia Metro/VRE station,” that doesn’t completely reflect where the Army is in its agreement with VDOT to get the road built. Army is still studying the extent to which the GSA site in Springfield might work.
- The DOD organizations involved must agree the site meets their needs, of course, but, the most critical point is that BRAC law requires that wherever the total 22,000 people end up, it be on ground that is in fact part of Fort Belvoir. To that end, Congressmen Tom Davis and Jim Moran have put language in the appropriations bill now being debated that would make the GSA site part of Fort Belvoir.
- There has been no decision on how Fort Belvoir’s realignment will be executed. The Final Environmental Impact Study is the analysis of potential action. A Record of Decision expected in August will determine what will actually be done.

-- End --