

Board of Directors Quarterly Meeting Minutes
Virginia National Defense Industrial Authority
Lockheed Martin's Center for Innovation
Suffolk, VA
October 15, 2008

The Hon. Joe R. Reeder, Chairman, called the meeting to order at 10 a.m. and welcomed the authority board members, staff, and guests in attendance.

Authority board members present:

Mr. G. William Beale	Dr. Eddie N. Moore, Jr.
Rear Adm. Robert R. Fountain, Jr. USN (Ret.)	Maj. Gen. Robert B. Newman, Jr.
Mr. Jeff B. Franzen	The Hon. Joe R. Reeder
Gen. Richard E. Hawley, USAF (Ret.)	Mr. Cord A. Sterling
Rear Adm. John G. Hekman, USN (Ret.)	Mr. Kurt H. Tripp
The Hon. John W. Knapp, Sr.	Capt. Leonard P. Wales, USN (Ret.)
Vice Adm. James D. McArthur, Jr. USN (Ret.)	Mr. William L. Welch

Authority board members absent:

Gen. John N. Abrams, USA (Ret.)
Mr. John B. Adams

Chairman Reeder introduced the Hon. Patrick O. Gottschalk, Secretary of Commerce & Trade for the Commonwealth of Virginia. Sec. Gottschalk is Gov. Kaine's lead cabinet member for BRAC-related issues, and legislation will be introduced in the 2009 General Assembly to make the secretary's position a full member on the VNDIA board.

Chairman Reeder also introduced two new board members. Dr. Eddie Moore is the President of Virginia State University, and a former treasurer of the Commonwealth. He is filling the remaining two years of the higher education seat left vacant by Dr. Rosanne Runte's departure. Mr. Jeff Franzen is Executive Vice President, Mid-Atlantic, of Lincoln Property Company. He is filling the remaining three years of the commercial real estate seat left vacant by Mr. Mark Betts' departure. With their consent, Chairman Reeder appointed Dr. Moore and Mr. Franzen to the Grant Review & Oversight and Local Coordination, Support & Communication committees, respectively.

Chairman Reeder recognized Vice Adm. McArthur, Vice President of Lockheed Martin and the meeting's host. Vice Adm. McArthur welcomed the board and offered to provide a tour of the Center for Innovation following the meeting's adjournment.

Chairman Reeder presented the July 16, 2008 VNDIA meeting minutes for approval. Gen. Hawley moved that the minutes be approved as presented, Mr. Welch seconded the motion, and the minutes were approved by unanimous vote of authority members present.

Mr. David Dickson, VNDIA Executive Director, presented the proposed meeting dates for calendar year 2009. The third Wednesday of January, April, July and October were chosen again as they seem to provide for the maximum participation by board members. The board was asked to check the dates against their individual calendars and provide any feedback.

The first presentation was given by Ms. Rebecca D. Kubin, Deputy City Attorney for Virginia Beach. Ms. Kubin provided an overview of the city's efforts to stem encroachment around NAS Oceana through a land use plan, property acquisition and changes to zoning. The city is spending \$15 million annually on these programs, including \$7.5 million of state grant funds administered by VNDIA. In the subsequent discussion, Ms. Kubin explained that any revenue realized through the program would be divided between the city and the Commonwealth (up to the total amount of the grant funds provided), and would ideally be used to continue the program. The board asked if any analysis has been done on how long the purchasing program would have to continue, and if the city has considered altering or increasing the program to take advantage of low property values in the current economy. Ms. Kubin said that an analysis has not been done, and the program has not changed based on the economy, but that she would take both of these points back to the city for consideration.

Rear Adm. David O. Anderson, Vice Commander, U.S. Fleet Forces Command, presented on the Navy's search for a suitable outlying landing field site to support aircraft at NAS Oceana and MCAS Cherry Point. Changes in aircraft carrier deployments have led to increased use of NAF Fentress, and now both Fentress and Oceana are operating over capacity about 60% of the time. Through a long and often difficult process, the Navy and the states of Virginia and North Carolina have identified five potential sites for a new OLF. The Navy is studying each site, and a final decision will be reached by July 2010. The Navy is fully committed to maintaining Oceana as its East Coast Master Jet Base, and Rear Adm. Anderson cited the quality of life in Virginia Beach and Hampton Roads as a key asset.

In the discussion that followed, Rear Adm. Anderson said that there is no preferred alternative at this point, and, pending the ongoing impact studies, any of the five potential sites will serve the Navy's needs. The Navy has looked at all federal land along the mid-Atlantic, and none is suitable for the OLF. Rear Adm. Anderson mentioned Wallops Island, Fort A.P. Hill and Fort Pickett specifically, and noted that they are in excess of 70 miles from Oceana, a distance that would require additional flying time, expensive refueling and related personnel and infrastructure upgrades.

The board offered its assistance to Rear Adm. Anderson, who said that at this time the authority can be most helpful by assisting in the dissemination of factual information to the public and to local and other elected officials. Sec. Gottschalk said that it is the clear position of Gov. Kaine to support the Navy, NAS Oceana and Fleet Forces Command, and that the governor considers the Navy to be an important partner in this effort.

The final presentation was made by Mr. Jerry Giles, Science & Research Team Leader with the Virginia Economic Development Partnership. Mr. Giles presented a comprehensive SRI International study commissioned by VEDP and subsequent recommendations for catalyzing innovation in the Commonwealth. Defense and defense-related employment in Virginia is far above the national average, led by the IT services, research and engineering, and aero, defense and national security sectors. Board members have been given access to the entire study for review.

Rear Adm. Fountain reported for the Local Coordination, Support & Communications Committee. The committee visited the National Ground Intelligence Center in September, and Rear Adm. Fountain and Rear Adm. Hekman joined Sec. Gottschalk on a visit to Fort Lee in

October. Staff made seven additional visits during the quarter, and met with representatives from the Navy, Marine Corps and Air Force as provided for in VNDIA's Strategic Plan.

Mr. Dickson reported on behalf of Gen. Abrams for the Strategic Planning Committee. Staff and committees have begun to implement the VNDIA Strategic Plan adopted at the July 2008 meeting. A "scorecard" has been developed to help track progress on the five critical issues and their corresponding goals and strategies. Sec. Gottschalk, Maj. Gen. Newman and the Mr. Dickson have all participated in the National Governors Association Mission Growth Committee. An Inter-Agency Task Force has been established to assist Sec. Gottschalk on military-related issues. Staff is working with the Virginia Chapter of the American Planning Association, the Virginia Municipal League and the Virginia Association of Counties on encroachment education efforts.

Mr. Welch reported for the Grants Review & Oversight Committee. Three grants projects were completed this past quarter. Virginia Beach completed its Round One grant on Oceana encroachment. The City of Chesapeake completed its purchase of conservation easements in the area between Oceana and Fentress. Prince William and Stafford Counties completed a two-phase project to improve transit near Fort Belvoir and Marine Corps Base Quantico. To date, four of the 20 grant projects have been completed, and 32.6% of grant funds have been reimbursed.

Chairman Reeder announced that a Virginia unit, the 3rd Battalion, 116th Infantry Brigade Combat Team, has been presented with the Walter T. Kerwin Readiness Award for the Army's Most Outstanding National Guard Unit. This summer, 807 soldiers from the unit returned home from operations in Iraq and Kuwait. The unit is headquartered in Winchester with armories around the northern part of the state.

Seeing no additional items of business, Rear Adm. Hekman moved to adjourn, Rear Adm. Fountain seconded, and, with unanimous vote of authority members present, Chairman Reeder adjourned the meeting at 1:05 p.m., reminding all that Vice Adm. McArthur would be leading an optional tour of the Lockheed Martin Center for Innovation following the meeting.