



Executive Steering Group Meeting Minutes

Date: Tuesday, February 7, 2017

Location: Department of Military and Veterans Affairs building, Conference Room
413 N. Salisbury Street; Raleigh, NC 27699

Time: 10:00 AM – 2:00 PM

Attendees

Bud Martin
John Droz
Jeff Sanborn
Robert Dickerson
Senator Harry Brown
Sally-Ann Gupta
Elise McDowell
James Stewart
Secretary Larry D. Hall
Assistant Secretary Joe Kelly
Jason Cain
Lacy Pate
Diane Cook
Jeremy Schmidt
Neely Mahoney
Sebastian Montagne
Sal Nodjomian
Charles Edwards
Tracey Creech

10:00 AM Welcome/Introductory Remarks

The meeting was called to order by Chairman Bud Martin. He said that it was a pleasure to be with everyone, and today is his 66th birthday.

10:04 AM Pledge of Allegiance

The Pledge was led by Chairman Bud Martin.

10:00 AM Introductions

Bud Martin asked for everyone to introduce themselves.

10:15 AM Approve the Minutes from the last meeting

At 10:05 AM there was a vote to approve the minutes from the November meeting. Minutes were approved by the participants.

10:20 AM Secretary Hall Opening Comments

At 10:07 AM, Secretary Hall thanked everyone for their participation. He mentioned base realignment and asked for everyone to be on board to drive the issues that people care about.

10:30 AM NCMAC Brief

Beginning at 10:08 AM, Chairman Bud Martin gave a brief on the NCMAC. He said that the goal is for North Carolina to be the friendliest military state in the country. There are a lot of states competing and some doing similar things, and some doing more than we are. The competition is tough, but we want to strengthen our military presence by working with cities, counties, states, and on the federal level.

He has a goal to have a department that is truly focused on Military members and Veterans. The statute changed and the NCMAC's purpose is to protect the existing military infrastructure in NC, promote new military missions, improve quality of life, and support economic opportunities for the state.

The four goals are outlined below:

1. Protect the existing military infrastructure in NC. In the next 2 years there will be a BRAC coming out of DC. There are independent things happening outside of BRAC and there is not economic redevelopment. Frank said he tries to not talk about BRAC all the time. Bud suggested not using the word BRAC, because we are trying to sustain. The event is coming, and it will be a great opportunity for North Carolina to grow.
2. Promote new military missions.
3. Improve quality of life.
4. Support economic opportunities for the state.
- 5.

We have been providing support for the NCPNC and NC Military Business Center. Bud discussed that the NC defense economy quietly impacts businesses across the state.

We are the third highest military presence, we have moved up from #4, Texas, Virginia, and then North Carolina. There are 6 major installations (5 DoD/1DHS), 120 NC National Guard facilities, 40 Army Reserve facilities statewide, bond money to support active guard reserve personnel. Ft. Bragg – 50% of all of our special forces are there.

Ft. Bragg installation – A workforce of over 80,000, largest army base by population. There is a lot of space to take on extra headquarter missions to bring in high rank and high pay to have an impact on the income tax. Opportunity to consolidate.

Camp Lejeune and New River MCAS – Workforce over 59,000, the number of Marines in this state is equivalent to the number of Army reserves. \$4.4 billion impact.

MCAS Cherry Point – Workforce over 14,000, FRC East is the largest civilian employer east of 95, this is a big deal to continue focusing on the F-35 base, it will be the largest F-35 base in the world. \$2.1 billion impact.

Seymour Johnson AFB – Workforce over 7,200, KC-135R, fighter wing, F-15E Strike Eagle, the largest number of people there than any of the other Air Force bases, great comments from the community and the mayor who is on the Commission. A big deal for Goldsboro. \$530 million impact.

US Coast Guard – Workforce over 3,000, most maintenance is on C-130's, they have boarder control under them, there is potential to save money by combining operations. They paint aircrafts at other locations and send them back, perhaps that community could partner with a paint company and paint them in Elizabeth City. \$805 million impact. When the group went to see our Congressional Delegation, there was an opportunity to visit the Coast Guard installation. They met more operational Colonel levels, there is a lot of work to do to educate the Coast Guard at the right level. That's a poor county too. Some in the Coast Guard actually live in Virginia, it would be great to build up the economy and schools in Elizabeth City.

Reserve Components – NC National Guard Reserve, Navy Reserve, Army Reserve, Marine Corps Reserve, Coast Guard Reserve, Air Force reserve. It is a big selling point for people to want to stay in North Carolina. Reserve units are an important entity for defense in our nation. The Army and Air Guard will grow, he said that they would need to talk to General Lusk, there is a new order to send down to the National Guard. Cyber is growing because of the banking industry. In discussion the communication plan, it is important to discuss the reserves. Lusk has been working with the state, we have looked at purchasing property where Dupont used to be in the western part of the state, the Guard wants to use it for special forces training opportunities in the mountains such as swift water rescue. Anything we can do to educate the people in the west is beneficial, so it's good to do some outreach and have some visible presence in those areas. It's great to discuss how the military impacts the western part of the state too, and it would be great to have relationships built in case we ever needed bond money or a need such as that arises. Older armories are in the western part of the state, DOT is involved in order to use the facilities. Rep. Whitmire was in the western part of the state and had started a discussion about the areas in the western part of the state. Guard folks feel lost a little bit in Asheville because there is a feeling that if you aren't east of I-77 or Chapel Hill, you are forgotten, except for the Air Guard in Charlotte.

NCMAC Structure - There were originally 21 voting members, under Bev Purdue there was a Commission started and there was more strength because it was bipartisan, there were 21 voting members but then it was changed to 23 members, they wanted to make sure there was a Guard reserve presence there. There are 2 Representatives from the GA (Rep. Cleveland and Sen. Brown,) 13 Installation Representatives, 6 at-large Representatives, 2 representing the Reserve and National Guard. Bud is now the "Guard representative" but was originally the "At-Large Representative." Rep. Bell and Sen. Meredith also participate, Sen. Rabon has been involved, the Lt. Governor has attended about half of the meetings. 29 ex-officio members come from the Cabinet positions and the community college and college system. Bud said that they want to get everyone's input. There are 4 standing subcommittees. Legislative Affairs, Base

Sustainability and Community Affairs, Quality of Life, and the ESG. The BRAC Committee is an *ad hoc* Committee. The subcommittees get together on a regular basis.

Functions of the Commission – Clearing House for military related issues, assisting the military installations by coordinating the commanders, communities, and state and federal agencies. Bud will be sitting in on the meeting to discuss Commanders and the issues that they feel. There are some issues that Commanders and military can't necessarily say publicly, but in these meetings with the General they are closed. There are some issues that they can speak up about that concern them, to help them solve issues or provide support with whatever is needed. They go to the ADC meetings, and the way the meetings are formatted with the Commanders Council and the Commission are beneficial. Many states look at NC to see how we have worked with the military. Other states have used us as a "best practice." We have to stop spending so much time on housekeeping issues, put the meat of the meeting at the front while they are still there. Another function is to support economic development issues.

Military Affairs Commission Process – Diagram to show how the process works. The MAC quarterly meetings report to the Sec. of DMVA and General Assembly, they work to identify issues and problem and opportunities. Bud is pleased that there is a way to now communicate with the General Assembly. Now there is an identified group to present to, and now that there is a Secretary's office there will be a way to better communicate. On the Commission there are people designated as community coordinators that can talk to the Commanders and County Commissioners to find out what is going on and then they provide feedback to the Committees and to the Commission.

Department Military Awareness Coordinators – When Gov. Perdue was in place the Commission was started, but then they came in as an improved Commission under the McCrory, the Secretary of each agency needs to designate a Military Awareness Coordinator. There was an executive order to implement this. There needs to be a representative within each Cabinet agency to serve as the go-between for the DMVA and other agencies. Some of the names will change with the transition but it's important to have a link between the agencies. There are some within the Council of State that are engaged as well, DPI and Agriculture have had a representative as well. NC Military Foundation was also established during the Perdue administration and there is some representation there as well.

2016 MAC State Strategic Plan – As Chairman, it is a demanding position and there is a lot of ask to go and speak at various meetings. Bud has used the plan in Cumberland County to discuss the plan that pertains to them. The Plan focuses on various ways to support quality of life and discuss legislation, etc.

Key areas within the Plan – Expand and protect military ranges, promote KC 46A Pegasus Tanker. Senator Burr and Senator Tillis encouraged the Commission to think outside the box and think about how the facility can happen, get the city involved in money, get the counties involved, get the state involved, get business entities involved. Ex. Duke Power will be involved in the facility, the state will be a portion of this but the city and county have to step up, in addition to the federal government, in terms of budget and having funds for this project. Another discussion is extending the runway at Ft. Bragg. The Commission didn't get involved in that too much, but Senator Tillis and others had brought it up. The Commission wanted to see how it plays out, and that project is still moving. The Commission did visit Ft. Bragg though. There is also a desire for increased involvement in emerging technologies.

Promote early deployment of F-35B at Cherry Point. Compatible use – there has been a new facility at Seymour Johnson for loading by truck, however there are some issues with the interstate, the rail cars haven't been updated so that's an issue that may come to a head. Multiple truck fuel unloading facility is expected, there is an issue that has been brought up regarding traffic and the fuel going down the road from Selma. At some point, DoD has to address this issue across the nation. There was a major move yesterday on that issue. There is a cost advantage to the nation if you can do it by rail. Border patrol was also discussed. Focus on the number on industry in the state, their Commission found a full time position to support a position at Agriculture. They want to continue to support that position and there is an item in the budget to support that.

Improve the quality of Life for uniformed Service members, Veterans and their Families – Military host community briefed the group in Raleigh, there are some things to do for the families and schools. Eliminate income tax on military retirement – An economic analysis is possibly needed for this. Bud brought this up at the last Commission meeting. Sen. Rabon and Rep. Cleveland didn't want to see another analysis, they said that they will sponsor bills. Florida, Alabama, Texas, they don't have a retirement tax, but they have a smaller community of Veterans. We need the numbers in our back pocket because someone will ask about the offset. Virginia has a massive Veterans population, 700,000 will be absolved for tax requirements, so it probably won't happen in Virginia. George was considering it, but there was a concern for how to pay for it. Secretary Hall said it's good to have conversations on the finance side, not just appropriations. Bud said that we need to have our ducks in a row before action is taken. The Commission is responsible for the money of the citizens in this state. Don't waste money just because you think it's a good idea. The model is different in this state because there is a current group. Jeremy brought up the reciprocity for professional licenses. Bud said it's good to look at professional licensing for wives and spouses who need to have licensing in another states when they move to North Carolina. The General Assembly is considering a tax break for homes for Veterans. Perhaps the state should reimburse those communities but that's probably not likely. There is always a question about who will pay for something.

Provide legislative and State Agency Coordination for Military-Related Issues – Strategic communications plan for different audiences for citizens, the General Assembly, the federal government, etc.

Top Priorities for NCMAC – Strategies to support the strategic plan. It's small, but the actual strategic plan is 300 pages that's votes on by the General Assembly that's not public. It was agreed that this plan would not be published until the President signs a BRAC order, we don't want the other states to know our game plan. It's good to move this forward with Matrix. Working Lands Group, economic development, construction of high structures like wind turbines. John Droz will provide an update later to educate the group. Red, yellow, green mapping was put together to use as a tool, from a military perspective you want to protect military missions but not impact economic things. It's important to weigh all issues. Lacy said that DMVA has been attending Sentinel Landscapes meetings, there was a commitment made by NCMAC to support that mission. Bud said in the past it's important to support from the state level.

Top Priorities – The state has done a great job with transportation, and Bud is proud of what we have done to support. Assist with integrating transitioning military. Sec. wrote a letter to look at ways for Dorothea Dix money to assist with mental health in rural areas.

BRAC Preparation – The money that we got in our budget was \$1.675 million in FY16-17 budget, regional mapping for Cherry Point, the Chairman and the Sec. have the final approval for all recommended spending. Sec. Hall said that the grant with Commerce needs to share results. Look at the funding that's going out, we need to know what we got for the first expenditure, and it's good to improve the results moving forward. Def Tech – Scott feels good that he has a model for how this money is being used. We have a budget, questions are asked by the GA when asking for money, you need to have measurable numbers. The Military Business Center in November provided some metrics, which should go in a part of the report. For Community grants, there are reporting requirements.

NCMAC Accomplishments – Developed and published detailed by-laws, created a cabinet position at DMVA, Matrix Design Group in association with the Roosevelt Group. The Commission came up with scenarios regarding a unit going away or being added, that data was incorporated into the Economic Impact for the Military of North Carolina. There was a joint effort between Commerce and Military Affairs Commission. This is integrated in the confidential version of the Strategic Plan.

NCMAC Accomplishments – Conducted a regional Land Use Study, they wanted to integrate the Cherry Point and Seymour Johnson and pull the two together to look at as a regional JLUS. There is red, yellow, and green GIS mapping. Cut in half Veterans unemployment rate. Hired 1100+ Veterans in the state, including NC state employees. The Guard got \$70 million in their Bond referendum. NC was ranked #2 nationally in “Most Improved Rate of Veterans Services.” There has been a lot of good feedback about the Governor’s Working Group. Progress is being made with community colleges awarding credit for military service.

NCMAC Accomplishments – 33 counties designated as a Sentinel Landscape, DEFECH a Technology Transition office at NCMBC. Working with NC State, a lot of money will come to the state. The timeline is now February. There will be a supply chain analysis in the state, get grant money for those who are impacted by BRAC or sequestration.

Budget Recommendations Table – NCMAC normal operating budget has been increased. Networking and educational opportunities for the DMVA staff have been available. Previous Governor wrote letters to support the vertical lift fan repair facility CP.

Recent list after talking with Matrix and community managers – Examples of projects that grant money could be used for. There are needs out there, and through the grant process and procedures, it wouldn't be hard to come up with \$10 million opportunities. Jacksonville Aquifer monitoring is an example.

Bud's presentation concluded at 11:20 AM.

11:20 AM NCDOT Strategic Plans

At 11:20AM, Sebastian Montagne began the presentation on the NC Freight Plan. How will NC respond to challenges in the future? There is a huge analysis that's going on and this is part of it. 50% mark, it was presented in front of the Board of Transportation. He introduced Charles Edwards as well.

NC Freight Plan – Military Cargo Profile

This is a snapshot of a study that started the middle of last year. It is mandated by the FAST Act which was signed by Obama. All states must do it in order to collect money. NC could garner an extra half a billion dollars. There are a few issues Charles wants to address that relate specifically to military operations.

Key NC Military Bases and Freight Assets – Map shows the primary bases and where they fit in our strategic corridor. Ft. Bragg and Seymour Johnson. We need to upgrade roads, rail, and water.

Employment Trends – 2005-2015 – Transportation warehousing is growing.

Transportation and Warehousing Jobs, 2015 – Map that shows support that is needed. Concentrations, including Fayetteville.

Manufacturing Jobs, 2015 – Map that shows Sanford, the Piedmont region, from Greensboro down to Birmingham, Alabama, there will be a large population concentration in the coming years.

For-Hire Trucking Concentrations – Demand for freight has already been in the Greensboro and northern area, 6th largest trucking company is based in NC, 4th largest UPS facility is in Greensboro – there is activity there.

U.S. Business Logistics costs - \$1 billion – US is stabilizing and is in a better state than other countries. We are taking advantage of the low fuel cost.

Interstate Truck Travel Time Reliability – PM Peak – The dark color on the map means that if the route normally takes 30 minutes, a driver and the company that is waiting on the shipment or paying the driver to move has to plan for an extra hour and a half. Peak hours are 4-8PM, the evening drive home. Now it is more expensive to add a land mile of road because the value of the surrounding land has gone up. We can't continue to build more roads, with some exceptions, because we don't have the money. We must optimize what we have. We can move onto the rail, or use water transportation.

Non-Interstate Truck Travel Time in 2016 – Reliability, PM Peak – We have one of the largest supply chain operations in the union, the group looked at all sectors. In 1980 in NC, there were 3 industries. Tobacco, textiles, and furniture. We are the largest maker of textiles in the world. We are one of the largest for tobacco and furniture in the world. We now have other industries such as pharmaceuticals. That has created this issue. There are 130 roads that are still closed. Put investment in shifting traffic from one mode to another mode.

Morehead City Travel Shed – Drivers are restricted by the number of hours they can be behind the wheel, so we have to know how far they can legally go. 10 hours is the maximum, so traveling out of Morehead City you must look to see how far out trucks can travel. We need to facilitate a truck move from NY to Jacksonville. Need to think about the facility in Rocky Mount, it will be the largest facility to provide 20,000 additional jobs, this is a great thing to think about for the military population. It's great to have that company close to the military bases.

2040 Volume to Capacity Ratio – 40/85 corridor – concentration of manufacturing. 898 freight nodes in 12 counties. In Charlotte, Raleigh, and Wilmington, there is a lot of freight study being

done. It's a liability issue, if there is an accident then who is liable? Cyber security issues need to be addressed as well. Electric powered tractor trailers are being developed this year.

NC's Railroad System – NC-RR spine is green and runs through the middle of the state. Class 1's, there are 6 in North America, there are other lines in lighter color called short line railroads. How do we support more activity on the short lines? Cost structure is lower. Class 1 – Not interested in serving local communities anymore. Camp Lejeune and better service into Morehead City. Marines may want to have a place to store equipment. Rail in the Fayetteville area should be considered as well. Rail is now down to 275 miles. Rocky Mount, CCX, there is a sales tool that other states don't have. Greensboro, 2 in Charlotte, 1 in Asheville.

NC Military Key Findings – Military operations generate over 40,000 truck trips and 14,000 rail moves annually. Our density in the Southeast is one of the densest rail networks in the southeast. The DOT 111 cars were involved in horrific crashes for crude oil. Tank cars weren't an old design but could have been better. A deal was done to put in updated tank cars. Move as much as possible onto the rail. Money has been designated to begin work to have an updated fuel transportation system. Ft. Bragg and Seymour Johnson have the best highway and rail, especially with the new bypass. That takes traffic away from Seymour Johnson. Sometimes major interstates get shut down, which causes less pathways for transportation of freight.

Future Needs and Trends – Work with Sebastian on joint use facilities.

Challenges and Bottlenecks – Camp Lejeune, Cherry Point, and Marine Air Station at New River are all isolated from major highway corridors, resulting in higher freight cost. Looking at rail, class 1's and short lines are derating bridges, some bridges are old so you can't move a full load across. Legislation is being written to end the nighttime curfew for large cargo and freight. That could address that particular challenge.

11:55AM Matrix Brief

Sal and John from the Matrix team have been providing consulting Services for NCMAC.

Recap of Efforts – Project Initiation, Information Collection, Detailed Analysis, Strategic Plan, Execution Phase, Advocacy and Engagement

They had a series of community meetings to build data that went into the 300 page report. Installations were visited such as Cherry Point, MCAS New River, Camp Lejeune, Elizabeth City Coats Guard Station, Seymour Johnson Air Force Base, Fort Bragg, and Military Ocean terminal Sunny Point.

Strategic Plan – Focus Areas – Maximizing value and use of existing facilities, ranges, and resources. Advancing research, testing and deployment of emerging technologies. Strengthening military and homeland security ties to the local community.

Focus Area 1 – Maximizing Assets – Focus areas 1-4 – These are the recommendations that came out. In less than 10 months, there has been some success in several areas listed on the slide. Recommendations were designed to be executed by the NCMAC or other committees. An example of a success is the Joint Land Use Study.

Focus Area 2 – Emerging Tech – Intensify efforts to pursue a cyber-force mission for the NC ANG.

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Focus Area 3 – Infrastructure – Infrastructure bond didn't pass so we had to look for other funding sources. Utilize Intergovernmental Support Agreements, Public-Public/Public-Private Partnerships, and Enhanced Use Lease Authorities. Set the stage for new Guard missions.

Focus Area 4 – Ties to Local Community – Commission a study focused on reducing income tax on military retirement pension. Some of these things listed on the slide have been done by others within the department. Engagement on legislative priorities. Communications committee – strategic communications. Formalize and continue engagement on legislative priorities.

Execution Phase – Year 1 – Develop a scope of work, provide updates on action plans, lobbying and advocacy support, and develop strategic communications product.

Execution Phase – Year 1 – Task 1 – NC will be in receiver status, work with communities and installations. Kevin Felix is working on a project in Ft. Bragg. Presented key members of DoD and Congress potential for enhancing ranges.

Execution Phase – Year 1 – Task 2 – Draft legislation. Regional Training Range Enhancement. Relationships are being built, main recipient of F-35B, this mimics China. Budget amendment will be made to address this in the next fiscal year. John spoke about people they have interacted with on the federal level in the Air Force. Captain Ferguson was mentioned.

Execution Phase – Year 1 – Task 3 – Worked with strategic communications subcommittee and helped develop a strategic communications model and plan, sample documents provided, ways to tell the story of NC. Summaries are shared monthly to discuss the final product of consultant activities.

Continuing Resolution – 90 million dollars for Seymour Johnson, C-17 in Charlotte funding, Defense appropriations are still sitting out there, full year CR, the new President needs a director of OMB so that will be a challenge. It will be developed to the Hill on May 1st. Maddox (sp?) was selected and made a thirty day readiness study for how to increase more defense. Sequestration is the law of the land, which would drop the defense budget. The OMB director Malvaney (sp?) – He doesn't want to spend more money, and he is the one in charge of the money. New Governor and new Secretary should provide insight in issues such as the lift fan facility.

FY 2017 MilCon for NC \$297.15M – A lot of money is allocated to various places and projects in the state, especially Ft. Bragg. It was all approved, so that's good.

FY 2017 Appropriations – Work with installations to identify priorities, the committee will include extra money, put the NC projects on the un-funded priorities list.

FY 2017 NDAA - \$619 billion for National Defense, \$5.8 billion supplemental for operations in Iraq, Afghanistan, and Europe. Lacy asked if there were plans to fund personnel increases. Strategic review, may increase Marines, vice Chiefs of Staff met in December and didn't want to waste the money on excess facilities, Congress is stepping in. BRAC legislation. Adam Smith's legislation was the base. Chairman Thornberry – BRAC authorization. The President must ask for it.

Strategic Landscape Diagram – Matrix understands what’s going on with the budget, there are no additional dollars, \$1 trillion has been cut, 100 drones are dropped out of F-15’s, DoD asks for a BRAC and asks to charge more for things, Iran activity, Ballistic Missile Fore.

Strategic Approach Diagram – Find areas to consolidate, shared services and gifts, know the leaders, support our delegation, tell our story. This will result in high military value and high level leadership support.

BRAC Authorization in FY18 NDAA? – PBR FY 17 requested authorization for fifth time, DoD requested single round in CY19. Current budget environment demands BRAC round focused on efficiencies/savings.

Bud asked a question about Ft. Bragg property – They have lost thousands of people who are high ranking officers, the problem is that a lot of people expanded through the rest of the facility, so they are trying to find ways to better use the buildings there. Bragg can grow, it’s supposed to serve as the hub.

Trump’s Administration’s First 100 Days – Budget issues like sequestration, FY18 request, debt limit, Immigration reform, Obamacare, Trade deals, Supreme Court, etc.

Trump Administration’s Defense Budget – Potential 20% increase - \$55 billion, increase size of Army, increase size of Marine Corps, Build a 350-ship, increase missile defense. 30-Day Pentagon readiness review. They will do a budget amendment. FYDP request, SECDEF.

Execution Phase Year 2 – Task 1 – Action Plan 1, AP2, AP3, 6 month contract, all projects continue. Special ops, this won’t necessarily change, it will be up to the Chair and the Secretary to modify action plans or continue as is.

Execution Phase Year 2 - Task 2 – Outreach, advocacy, continue to work with CODEL and Defense Sector. With the changes in leadership, all of these things will be important. We need to be engaged on the Hill. Since the budget is delayed to the end of April, it may be best to wait until the thirty day review is produced, then go to Washington and lay out the priorities. In June during the Summit, meet with individual services. Consider March or April dates to schedule engagement. Political folks may be nominated and confirmed at that time.

Execution Phase Year 2 – Task 3 – Develop strategic communications – This is an area of growth, North Carolina has a fabulous story to tell. Matrix was placed on a three-year contract for Virginia and they visit the communities to help them become more effective. They are non-partisan consultants that are there to serve as a liaison between the DMVA and NCMAC and the General Assembly. Matrix wants to continue to maintain a provision of research and insight for North Carolina. Intel about what the bases are doing would be helpful to the group.

12:40 PM Brief on Wind Energy

Brief on Wind Energy by John Droz – There was discussion to skip the presentation and postpone to a later event or date when press will not be present.

Secretary spoke to the group about the way to communicate to the stakeholders and to those who will support us so they realize how we are integrated into the economic. Realize how this

affects the growth of our state. Continue to think about ways to keep issues together. We need to be ready for BRAC, we may need to do a modification on budget requests. Secretary Hall left the meeting around 12:40 PM to attend another meeting.

Question: Future of the Committee and Commission – The full Commission needs to hear the intent and role of the Commission to know what goals they should have moving forward.

Sal said that the tax study should be conducted, the Secretary said that we need to look at the resources that we have and conduct a study. 100% property tax exemption. Look at where the money will come from, the Secretary thinks that it should be pursued in order to help the business and military community.

12:48 PM – Bud is to advise the Secretary and the General Assembly by general statute. He has respect of the Secretary position and he is an ex-officio member but he has no vote on the Commission to make statements. He believes that the Committee should spend money to conduct a study. Sal said they will put together a summary of the task. It's a prioritization of effort. They want to have a good number when submitting information to the General Assembly. As statute stands, as the Chairman he wants to submit information to the General Assembly and to the Commission and then it will go to the Governor and Secretary. It should not be a political decision. Frank says it is good to first make sure it is best to use 50% of the Commission's effort if the General Assembly is going to want to be involved. Sally-Ann says it's good to think about what is realistic for passage, and think about the committees and those who will support the study. It may be good to have more discussion with the full Commission and figure out the details of the study. Sally-Ann thinks it's good to see when the last Economic Impact study has been done. Bud said it's good to revisit with the full Commission. Sal said it would be good to see how long it would be to look at and he can come up with a plan of action. As a bi-partisan organization, it should still be put forth whether there is support or traction here in Raleigh. A letter from the Chairman to the General Assembly would be beneficial. Sally-Ann said that the bill drafting deadline is at the end of March. To make a case for it, a study must be done. You have to have something to back it up. Fiscally conservatives in the GA will want to know what it is going to cost. Assistant Secretary Joe Kelly said that the Secretary had said it would be good to look at all priorities and figure out if it's a budget item to consider. The money is through this agency. The final control of the money spending is through the Secretary. The GA has a right to not accept the recommendations. John said it is best to be attuned to the politics of what a study looks like. Sally-Ann said you don't want this to cause the legislators to have a bad taste in their mouth if there are no benefits.

Bud explained that he asked John Droz to come and speak about Wind Energy. The Commission has no stance one way or another. They did vote that the H 44 present bill needs to be strengthened. The Wind Energy bill needs to be looked at further. Last year the Senate approved one bill and it was restrictive. Bud wants to know what the discussions are that are going on behind the scenes. He has an educational and informational brief, and he has been speaking with legislators about this issue. No decisions will be made today, other than to decide if the Executive Steering Group will present this to the Full Commission.

1:03 PM This is a public entity and open to the public. For Press, if they want to come to the Commission meeting, they are able to, but they are not statutorily required to notify anyone.

1:05 PM A decision was made for John Droz to present the information to the full Commission on February 21st, and to put the information on the agenda. By that time there will be time for

comments. Lacy recommended having 2 people to present both sides of the argument. John Droz said he is strictly speaking as a scientist, and he is apolitical. There are 10 action items going on in the General Assembly that are affecting military. It's good to understand what those issues are and to have discussions on them. Joe Kelly brought up the question about wind turbines around installations. It's more important to think about the training routes. John Droz has been scheduled to meet with 25 legislators this afternoon to talk about wind energy that pertain to the military. Bud made a motion for John Droz to move forward with the presentation.

1:10PM John Droz Presentation on Wind Energy

Materials were included in the briefing packets.

NC is the most military-friendly state in the NC. Legislators are concerned about Wind Energy in our state. NC can enhance its position specifically by taking reasonable measures to make sure wind turbines do not jeopardize the military bases. Independent physicist. He is not an anti-wind person. He believes we should explore energy alternatives. We should fully support alternative sources of energy that have scientific proof that they are beneficial. There have been hundreds of studies that wind energy causes issues like being an economic liability. He has a non-military agenda. House Bill 3, 2011. Fully in sync with protecting the military. 15 actions legislators should take. 10 action items will be shared.

Action 1 – Legislators fill the void, the official objective is to promote all sensible energy sources.

Action 2 – Senate Bill 3, 2007. Wind Energy conflict with civilians and the military. HB 332 should be reintroduced, but remove the solar energy piece.

Action 3 – Public staff, including the military, should consider various matters like economics. Wind energy is an expensive energy source, the state statute needs to be revised and clarified to show who they really represent. Economics – net economic impact should be a major consideration. Wind energy is not reliable, which should be a major factor. Human health consequences, public staff has not provided information about health consequences. There is an impact on the NC military, the public staff should care about the interest of the military. HB 280 should be expanded. The military will be more protected.

Action 4 – Wind Energy Rules – HB 484, weak set of protections for the environment and the military. Minimum requirements need to be established. Will better protect the health of citizens and ecosystems. SB 843 was a good effort in this regard. The MAC should be asked for formally submit its thoughts on this bill.

Action 5 – Formally support federal laws – SB, HB 649. Prohibit wind project from being within 30 or 50 miles of military facilities. Walter Jones has signed on as a sponsor.

Action 6 – May have prevented Desert Wind conflict. SB 614, 2013, should be revisited. Amend the oversight of HB 433.

Action 7 – Revisit HB 763 – Could have a net loss, information needs to be communicated to legislators and the public. Link to military report is included in packet.

Action 8 – Wind Energy Clearinghouse Rules – Should not jeopardize the lives of service personnel. Industrial Wind Turbines. Copies of the letters were included in packet.

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Action 9 – ? Keep them apprised of issues.

Action 10 – State should offer additional subsidies for farmers.

Bud said the red, yellow, and green mapping study that was conducted opens up opportunities for showing the impact of wind energy and to show areas of development. The Commission wants to make sure our flight paths are not impacted by tall structures and wind energy. What impact does it have on military communities and the military dollar? Sal said to add more to it, he said one solution is to put a bubble over the state but that's not the best solution, which is why the map study was conducted. Push things to green where there are areas that are "safe" to place wind energy structures.

This week there is a legislative proposal for wind regulation for North Carolina, and he will be having a meeting to talk to the legislators this afternoon.

Bud said that we need to focus on commerce growth and safety for military here in North Carolina. He would like for him to come back and present to the full Commission in two weeks.

Lacy mentioned work that Will Best is doing with the Department of Commerce. Recently there was a conversation about joint land use studies and land development. It might be worth having Will in to talk about what he is doing, he is about to close out the Seymour Johnson study and he is about to move on to Fort Bragg. Bud thought it was a good idea to include him in the next discussion.

John Droz has yet to see anyone do a net economic assessment. They only look at tax benefits, but don't focus on liabilities such as crop reduction. Look at both sides of the equation.

John from Matrix brought up the Apex Wind Turbine group, if there is any impact this is a problem. They are going from 500 feet to 600 feet. They haven't called since then.

1:35PM Bud said he will come up with a draft agenda, and will ask Joe to update on the budget because a MOU is still being done for DEFTECH. Jeremy said DEFTECH is ready for the Secretary's signature, NC State needs to sign the MOU, on the 2 grants Jeremy has source documents for grant administration and he can plug in information. It will then go to the city of Jacksonville. Bud has asked staff update Commission members on budget and spending, and to also include John Droz and Matrix. Will Best can possibly be included. Scott Doherty can give an update on DEFTECH. Sebastian and DoD? Bud will send out a draft agenda to ask for edits. Full Commission meeting will be at the Caswell building. Bud said Lacy is working on a response to the General Assembly on what to work on for the long session. The House has a Military Caucus, that way there is a group to inform. That one should be considered when presenting to the General Assembly. Certification of licenses, that bill has already been filed. The Commission can say that it's a bill they support, Jeremy and Lacy can work to make sure nothing is missing. Lacy has a copy of the bill. She is going to the Association of County Commissioners.

1:45 PM Moving Forward/Secretary Guidance – Sec. Hall

The Secretary had already left to attend another meeting so Chairman Bud Martin provided closing remarks. Bud said in closing, it's important to have a health transition for the

Commission. Jim will be leaving at the end of February. Bud will also be resigning. Paul Dordal also resigned. Joe Marm has also resigned. Bud wants a good transition and wants to support the new Secretary. Jason said that new people will be appointed to the Commission in the coming weeks and months. There are many Commission members who want to stay on that have been appointed by the Governor. Four Star Dan, McKissock has a lot of influence, Gary will be continuing. Bud said the most important thing is the service members and the families. He will continue to stay engaged. He is also still with ESGR. He will make an announcement at the Commission meeting. He thanked everyone for all they have done and they have accomplished a lot. It's important to support the new Secretary in any way they can, it's all about our service members and Veterans and their families.

2:15 PM Adjourn

The meeting was adjourned at 1:45 PM by the Chairman.