

**FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION
BOARD OF DIRECTORS MEETING**

LOCATION:
Grass Dale Center
Delaware City, DE 19706
April 11, 2018
8:30 a.m.

Meeting Minutes

Board Members:

Susan Frank, Bert Scoglietti, Courtney Stewart, Herbert Netsch, Danny Episcopo,
Connie Holland, Dale Slotter, Carol Houck

Staff:

Jeff Randol, Executive Director
Peggy Thomas, Site Manager
Jack Strong, Construction Manager
Max Walton, Connolly Gallagher
Christina Thompson, Connolly Gallagher

Members of the Public:

Tim Konkus, Jake Miller, Billie Travolini, Michael Hitch

I. Call to Order

Ms. Frank called the Fort DuPont Redevelopment and Preservation Corporation Board of Directors meeting to order at approximately 8:30 a.m.

II. Minutes

Ms. Frank asked if there were any questions or comments regarding the March 14, 2018 meeting minutes. No questions were presented, and a motion was made to approve the minutes of the March 14th meeting by Mr. Netsch, seconded by Ms. Stewart. Motion carried.

III. Treasurer's Report

Mr. Scoglietti reviewed the financial report, beginning with the Historic Tax Credits highlighted in red, Page 1 (Handout) for Buildings 25, 39 and 45. The Corporation has entered into an Agreement with Apple to purchase the tax credits and will receive \$774,475 from the sale.

Mr. Scoglietti explained a notable change on Page 2 - Open Projects, Phase I Line of Credit. The original budgeted amount was \$750,000. Historic Tax Credits will be used and recycled into Phase 1 restoration projects. The tax credits had previously been listed on the report individually, but not the corresponding expenditures. The Phase 1 Restoration Line of Credit, highlighted in red,

has been increased from \$750,000 to \$1,524,474. This amount more accurately reflects dollars going into those projects.

Restoration of Building #15, which was appropriated at \$300,000, is on hold until FY2019. Because the project is on hold, the unencumbered balance for that project was zeroed out. The amount of \$31,457.78 was used for remediation completed before project was put on hold. The total Unencumbered balance in the Capital account is \$1,156,865.05.

The unencumbered balance from State Appropriations is \$169,694.13 and a request has been made for \$169,000, which will show on the next Treasurer's Report. The unencumbered, uncommitted, unreserved balance is \$542,084.73. Mr. Scoglietti stated the current figure more accurately reflects Historic Tax Credits coming in and their related phase I restoration costs.

A motion to approve the Treasurer's Report was made by Ms. Stewart, seconded by Ms. Holland. Motion carried.

V. Legal

Mr. Walton commented as follows:

Historic Flood Plain Ordinance – Mr. Walton has been working diligently with Delaware City to get the ordinance approved. The ordinance has been tabled a couple of times by Delaware City Council for the Corporation to work through items with SHPO and FEMA. We are now working with FEMA to get approval for the revised ordinance in order to bring it before Delaware City Council.

Mr. Walton is waiting to receive a draft of the Rockwell Agreement from Rockwell.

Mr. Walton has drafted the agreement with Black Dog, but not yet forwarded to Mr. Randol for his review. The matter is complicated because of the many historic conditions in the agreement. As soon as an agreement is in place it will be brought before the board. Ms. Frank asked if the agreements were moving forward in a positive direction. Mr. Randol confirmed they are, stating he has been communicating with Black Dog regularly and they understand it will be some time before closing on the six lots due in large part to the subdivision process.

Mr. Walton received draft copies of State Agency leases on April 10th. All internal comments have been compiled and the draft will be sent back to the State for review. Mr. Walton hopes to have an update at the next board meeting.

The New Castle County Sewer agreement, for Canal District and Officers Row, was sent back to the County with minor changes and we are now waiting on County's response. The County gave FDRPC a sewer letter that states the County has sufficient sewer capacity to handle the development at Fort DuPont. The letter is essentially a promise, but not an agreement; Mr. Walton is seeking an agreement from the County for the entire site but is focused on the agreement for the smaller area for now.

VI. Executive Director's Report

Mr. Randol commented as follows:

A. Sale of Historic Tax Credits - On March 15th, FDRPC entered into an agreement of sale with Apple, Inc. for the balance of tax credits for Phase 1, Buildings 25, 39 and 45. Apple, Inc. agreed to pay \$.92/ \$1. Broker fees are \$.05/\$1 resulting in net funds to the Corporation of \$.87/\$1. The first payment of \$256,580 is expected today, April 11, representing tax credits for building #39. The total value of the agreement with Apple, Inc. is \$890,201 x .92 less broker fees of \$44,510. The Corporation has approval for the sale of tax credits for Buildings 53 and 15. When work begins on those projects the credits will be put up for sale. Although a previous offer for \$.90/\$1 was made, the sale to Apple allows credits to be paid out as each project is completed, allowing for more financial flexibility to the Corporation.

B. Master Plan - Marina District – Engineering work is underway and is approximately 85% complete. The engineering process is expected to be completed prior to the next board meeting. The next step in the permit application process is DNREC review.

C. Leasing Update

i. Bunker – Effort is now focused on leasing the Bunker. One brewer has made a verbal commitment to the project while talks and tours with other brewers and distillers continue on a regular basis. The goal is to get a couple of brewers or distillers committed to the project then work through the details of how a Bunker Brewery collaboration would operate and how each entity would work together. Ms. Frank asked Mr. Randol what a realistic timeframe is to bring the Bunker Brewery concept to fruition. Mr. Randol estimated it will be at least two years due to the review process, design, and financing. The only physical work to be done on the Bunker now is to stabilize the exterior concrete and clear the drains to prevent flooding. An engineer has been contracted to provide an estimate to repair concrete on the mortar pits. The Board will tour the Bunker after the May board meeting. Mr. Scoglietti asked if the Bunker presented an opportunity for a concessionaire to operate the Bunker Brewery versus the Corporation managing the breweries. Mr. Randol stated that is the goal. Ongoing discussions include what FDRPC can offer in the way of back-office support, which is typical of most incubator spaces.

ii. Paynter Building – Work on the new roof is expected to be completed today, April 11th. There have been tours of the building and interest from the medical field for an urgent care center. Discussions with that prospective tenant on floor plans and pricing are ongoing. Another group is interested in the 2nd floor as well, but emphasis is getting the first floor occupied to drive demand for the 2nd floor. Mr. Randol recently made a presentation to the Commercial and Industrial Realtors Council (CIRC) which resulted in multiple leads. Mr. Randol has been making presentations, promoting the site to generate interest, putting out proposals and responding to leads. Mr. Randol described progress as having moved past the master planning stage and into the promotional stage. Other leads include an international group that desires to set up operations in the U.S. and a company interested in establishing greenhouse/aquaponic operations here.

iii. Agribusiness – Mr. Randol has had a few meetings with University of Delaware to explore greenhouse operations, a farmers market and other production opportunities.

Talks with University of Delaware has led to someone interested in stabling goats at the fort. The small red building (former repair shop) located near the Mortar Bunker was, at some point, converted to stables. Because the building is in good condition it would only need minor renovations, fence repairs and a couple of sheds. The goats would help maintain vegetation growth on the property and provide a fun point of interest for visitors. The vision with agri-business is to create a destination that would take advantage of small buildings on the site, while creating sustainable businesses. Ms. Holland suggested Mr. Randol's agri-business contacts reach out to her office to learn how their efforts might tie in with Delaware's Healthy Communities program.

iv. Equestrian Facility - Mr. Randol stated we are also exploring options to repurpose Grass Dale Center into an equestrian center. The State Police mounted patrol is very interested in relocating to Grass Dale due to lack of space and logistical challenges they have at the Smyrna Correctional Center due to its high security designation. Half of the Grass Dale building could be utilized for equestrian purposes, while the other half would remain a conference center that could be rented. There would still be room available to add additional law enforcement operations such as Fish and Wildlife or Delaware City Police Department. Revenue from leasing Grass Dale would help fund a new DNREC facility adjacent to the POW building. The POW building could then be converted to a repository and museum space and consolidated park operations would be housed in new a building. This would place DNREC close to trails, recreational components and the levee.

D. Living Shoreline - Previously, the Board approved \$28,000 funding for Cardno to design plans to mitigate deterioration of the point and create a living shoreline. On April 10th we received notification that \$88,000 would be provided for the shoreline improvements through a Settlement Agreement, dated March 5th between the Delaware City Refining Company and Delaware Department of Natural Resources and Environmental Control. The funds will be applied toward the construction costs.

E. Special Events – Mr. Randol has been working with Gable Music to sponsor a fall event. Gable Music has developed concepts for an event called Fortify Music Festival. The corporation has secured the domain and brand for Fortify Music Festival. The event would be capped at 4,000 people to keep crowd size manageable. The tentative timeframe would be 2 p.m. to 9 p.m., with up to 12 bands. Tribute bands would be followed by local bands of the same genre. Mr. Randol distributed a handout showing potential brand concepts. The event would feature music and a beer garden with Delaware brewers and a limited release Fortify IPA from one of the potential bunker brewers. The main event would be held on a Saturday, with a VIP event the night before to thank supporters and sponsors of Fort Dupont. The tented event would include storyboards and displays of work underway at the Fort. Mr. Netsch asked when the event would take place and Mr. Randol stated the preferred date is September 15th. Mr. Slotter asked what the largest event held at Fort DuPont has been to date. Mr. Randol stated it is the ABC crab feast with an attendance of approximately 2,500-3,000 people. Mr. Slotter stated he believes Fort DuPont and downtown Delaware City should grow as one community and he would like to see downtown Delaware City tied into the Fortify event in some way. Ms. Houck also wanted to make sure that promotional material clearly Fort DuPont as being in Delaware City.

Mr. Randol reviewed a financial forecast (handout) with two attendance scenarios -3,000 and 2,150 people. Attendance of 3,000 is forecast to net approximately \$39,000; attendance of 2,150 is the breakeven attendance. The primary purpose of the festival is to generate exposure for the

site. Mr. Randol requested the Board's support to move forward with planning and securing entertainment for the event. Ms. Frank asked what the corporation's maximum potential financial risk would be if the corporation decides to not follow through with the event and Mr. Randol stated it would be \$50,000 to cover upfront costs/deposits. A motion was made to authorize Mr. Randol to spend up to \$50,000 for festival planning by Ms. Holland, seconded by Mr. Episcopo. Motion carried.

V. Committee Reports

Economic Development - The committee met briefly for an update; they are focusing on presentations to generate awareness and leads.

Project Funding – No updates to report.

Historic Preservation – No updates to report; meeting scheduled for Tuesday, April 17.

Personnel – Ms. Frank stated the committee will have a report at next month's meeting.

VI. New Business

No new business was presented.

VII. Public Comment

Ms. Travalini asked that consideration be given to Blues Festival parking on the Parade Ground since it may harm the condition of the field.

X. Adjourn

There being no additional business or comments, Mr. Scoglietti made a motion to adjourn the meeting, seconded by Mr. Episcopo. Motion carried.