

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

LOCATION:
Grass Dale Center
Delaware City, DE 19706
September 11, 2019
8:30 a.m.

Meeting Minutes

Board Members:

Courtney Stewart, Bert Scoglietti, Dale Slotter, Connie Holland, Shawn Garvin, Tim Diliplane, Julie Fedele (for Michael Morton), Danny Esposito, Paul Parets, David Baylor

Staff:

Jeff Randol, Executive Director
Peggy Thomas, Site Manager
Christina Thompson, Connolly Gallagher

Members of the Public:

Mike Hitch, Chris Castagno, Tim Konkus, Bob Malinowski, Al Kocenko, Billie Travalini, Erica Lindsey, John Buckheit

I. Call to Order

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

II. Minutes

Ms. Stewart asked if there were any questions or comments regarding the August 2019 meeting minutes. No questions were presented, and a motion was made to approve the minutes of the June 2019 meeting by Mr. Scoglietti, seconded by Mr. Diliplane. Motion carried.

IV. Treasurer's Report

Mr. Scoglietti highlighted the following items on the Treasurer's Report:

Page 1, Line 4010, State Appropriation – The appropriation was received in July, a drawdown of \$825,000 has been requested with \$750,000 and \$75,000 being appropriated to Capital and Administration respectively. Line 4110, Special Event Revenue – Mr. Randol will cover this item in the Executive Director's report. Line 4200, Real Estate Sales - \$100,000 represents sale proceed from one lot in the Canal District which closed in July. Line 4500, HTC Credits – Historic tax credits for Building 45 have been received. Page 2, Line 4800, Bank Loans-Budgeted Proceed – The FY 2020 budget includes potential for the fit-out of Building 53 and if negotiations with DNREC come to fruition, loan proceeds would show on

this line. Line 6483, Fortify Festival Expenses – Mr. Randol will cover these in the Executive Director’s report. Expenditures, Page 3, Line 6707, Paynter Building – Some work on Building 53 has begun such as brick work and window restoration. Line 6716, Promenade - \$179,990.67 reflects work on the Promenade along the canal which was required for safety purposes. Line 6738, OBL Duplexes – The budget includes stabilization, exterior work and remediation of the duplexes with the plan to sell them. Page 4 Lin 7200 shows payoffs on Parke Bank and Applied Bank for loans on Officers Row and Canal District. Line 7700, Payroll Expenditures of \$87,219.49.

V. Legal

Ms. Thompson commented as follows:

A. Blue Water Development Agreement - The confidential memorandum circulated to the Board regarding Blue Water’s agreement is a summary of what has happened between last month’s Board meeting and today. Based on that summary, there is no update to report today; a report is expected at the October Board meeting. If there are questions regarding the memorandum, the Board will need to go into Executive Session to address specific details. The Corporation has a revised agreement, with comments, from Blue Water, which was received on Saturday, September 7. There is no final agreement to present today, however, Blue Water continues to move forward with site design, planning and approvals with the anticipation of closing an agreement with Fort DuPont. The plan calls for 419 sites.

B. Marina Village Proposal – The Corporation received a term sheet from the developer yesterday, September 10th which has not yet been reviewed.

Mr. Randol commented as follows: The developer has worked with lenders, conducted due diligence and submitted an appraisal to their lenders. The developer had difficulty obtaining comparable pricing for apartments/condos in the Delaware City area and difficulty determining the value of waterfront development, so their lenders asked them to add in more capital. The developer is proposing that FDRPC become a short-term equity partner. Fort DuPont would contribute three pads for the apartment buildings during the construction phase. Once construction is complete and the buildings are stabilized, the construction loan gets paid off with a permanent loan. The payoff is typically about thirty months from the start of construction and Fort DuPont would be paid with funds from the permanent loan. The proceeds from the permanent loan first pay the construction loan, then developer, then FDRPC. There is a risk the permanent loan may not cover the full cost of construction. In that case, FDRPC being third lien holder, would be repaid from with revenue from the apartments. Mr. Randol asked for guidance and feedback from the Board noting it’s a departure from what the Corporation has done in the past. The expected price for the pads is projected at \$20,00 - \$25,000 per apartment each. Conversations with another developer who is only interested in building the apartments, have been similar. There was discussion about condos versus apartments and Mr. Randol pointed out one of the buildings next to the planned hotel is expected to be condos, the other buildings are planned to be apartments, but could be converted later. Ms. Holland noted she recently attended a seminar on housing needs where studies show there is a need for market rate apartments in Delaware. At this point, Mr. Randol is only asking the Board if it is willing to consider being a short-term equity partner. Both the developer and FDRPC could take a leap of faith and push the marina village ahead or, try to find a developer willing to develop the entire Marina Village District. The Guidelines for the Marina Village will determine the materials, architectural standards, etc. They do not

address what market rate rents are or size of units. The Corporation would review all plans before anything is presented to the city. Mr. Randol will continue negotiations and report back to the Board.

Vi. Executive Director's Report

Mr. Randol commented as follows:

A. Canal District Update – See Financial Report above.

B. Branch Canal Update – There have been Follow-up meetings with the Army Corps of Engineers. The Corps is preparing to conduct an appraisal. Originally, FDRPC was to conduct the appraisal, but due to complexity of the Canal, the Corps has decided to obtain the appraisal.

C. Fortify Festival Update – Mr. Randol provided a financial review for the festival (handout). The review amounts are close to what is reported in the Treasurer's Report, but it accounts for more expenditures that have posted since the end of August. Revenue was \$83,414, expenses were approximately \$78, 833. Management and Insurance are highlighted on the review because there are bills still coming in for those services, which accounts for the variance between this review and the financial report. There were 1,200 tickets issued, with approximately 1,500 in attendance, roughly 500 to 600 more than attended Fortify 2018. There were no incidents, the weather was great, the event ran smoothly.

D. Restoration Update (Bakery, OBL Duplexes) – Mr. Randol provided a slideshow presentation showing before and after photos of the Bakery. Initially, work started with removing a tree that was growing into the Bakery and once that process started, a domino effect set in and more work was needed. The original roof is slate, ongoing repairs include matching roof slate and repairing bricks on chimneys and walls. The building is significant being that it is only one of two in the country known to exist.

E. Photos of duplexes 26 and 27 show the very poor conditions of the buildings, both interior and exterior. Remediation work is in progress and Mr. Randol will provide an update when the work is complete.

F. Project Forecast – The 4-Year Project Plan (handout) outlines what the Finance Committee and staff have looked at as we go through the analysis of buildings and determining funding sources. The last page lists funding sources and the dollar amounts are a result of the list of projects. Mr. Randol went through the projects on the outline offering brief details on each.

G. Traffic Impact Study Update – An updated study was done because the original Master Plan included a school and other uses on the site. That initial TIS is over two years old, so an updated study was conducted that takes into consideration changes on the current plan and takes into consideration the campground project. The updated TIS concludes traffic impact is less than previously projected, but a demand for the roundabout still exists.

VI. Committee Reports

A. Economic Development – No updates to report.

B. Finance Committee – No updates to report.

C. Historic Preservation – The HPC met the week of September 2nd and reviewed plans for a new Canal

District ranch model being offered by Rockwell that features first floor living with a two-story appearance. The committee also discussed realignment of the levee and its impact on Oak Lane along with the process for applicant homeowners to submit architectural changes under the Guidelines. The Guidelines were sent to SHPO for review.

- D. Governance & Personnel – The committee has not met since last month’s Board meeting however, the subcommittee will meet to bring forward director nominations at the next Board meeting.

VII. New Business – Ms. Holland congratulated Delaware City for being named a Downtown Development District and commented the presentation on August 19th in Delaware City went well and has drawn a lot of attention to the town. No other new business was presented.

VIII. Public Comment –

Mr. Buckheit stated he is much in favor of condos versus apartments; he questioned whether the Corporation would have the authority to require a minimum number of condo units in the proposed buildings. Ms. Holland stated that the property is not zoned Conditional Use and therefore those conditions or requirements cannot be made. Mr. Buckheit also asked if the apartments would be able to convert to condos. The group consensus was that it is common for apartments to be converted to condos.

Ms. Lindsey stated she is the author of a report addressing traffic and safety concerns, which she has circulated to various agencies and public officials. She asked where she could find FDRPC minutes and was informed they can be found on the State’s public calendar. She also asked if the Board meeting is the primary forum to notify the public of all development plans for Fort DuPont. Mr. Randol replied yes.

Ms. Thompson noted Board meetings are where matters coming before the Board are discussed. She pointed out with respect to the Grass Dale Center, there is a tandem process of also having to go through Delaware City for approvals. Ms. Thompson stated the campground also went through the PLUS process where it was reviewed by different governmental agencies and State Planning, and those meetings are posted on agency websites. Delaware City meetings are matters pertaining to Delaware City, may include Fort DuPont matters as necessary, and those meetings are posted on the town’s website.

Ms. Lindsey stated residents of Delaware City were told they would have their opinions heard about the entire development, not just Grass Dale. She said she believes that hasn’t happened and feels most residents in town have no idea of what is happening at Fort DuPont. Mr. Baylor stated every Mayor and Council meeting provides the public opportunity to hear what is being presented. He also stated other town mechanisms for information, such as the Planning Commission and Historic Preservation Committee, also posted notices. He recommended the public look at those meeting agendas to see what is upcoming for this (Fort DuPont) project or any project. He added the town will continue to push out the information to the public and will make sure the info is available as much as possible within the confines of the law. Ms. Lindsey commented residents who work cannot attend the FDRPC Board meeting during the day and requested another forum. Mr. Baylor stated Mayor and Council meeting agendas are posted, but not every meeting has business pertaining to Fort DuPont. The Fort DuPont website, state website, city website, town’s Board of Adjustment, Planning Commission and HPC are the entities that may have direct involvement with Fort DuPont. Mr. Baylor promised he would make sure those meeting agendas are posted as early as possible.

Ms. Lindsey asked if Grass Dale was part of original land grant (to the Corporation). Mr. Randol stated yes. Ms. Lindsey stated that in 2012 or 2013 residents were assured no state parklands would be developed and asked if there is a record of who authorized the development? Mr. Randol stated that took place prior to his hiring, therefore he couldn't answer the question.

Ms. Lindsey stated Blue Water has been saying since June it's going to build the campground, it will happen. She stated if the matter is up in the air or not a legitimate agreement, that's not the impression Blue water has, they are not aware of it.

Mr. Parets added that several months ago the FDRPC Board was increased and Delaware City now holds five seats on the Board. Those seats are occupied by people who live in Delaware City who are cognizant of the issues raised, some subject to ongoing discussions, some for several years, and they are not blind to the issues raised.

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