

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

The Fort Dupont Redevelopment and Preservation Corporation Board of Directors meeting was held on September 13, 2023 at the Delaware City Community Center, 250 5th Street, Delaware City, with Chair John McMahon presiding.

**CALL TO ORDER**

Chair McMahon called the Fort DuPont Redevelopment and Preservation Corporation (FDRPC) Board of Directors meeting to order at 6:03 p.m.

**BOARD MEMBERS PRESENT**

Secretary Shawn Garvin (Department of Natural Resources and Environmental Control (DNREC))  
Mr. David Edgell (Office of State Planning Coordination)  
Mr. Doug Eriksen (Delaware City Resident)  
Mr. Michael Graci (Fort DuPont Resident)  
Ms. Wendy Rogers (Fort DuPont Resident)  
Mr. Bert Scoglietti (designee of Controller General of the State of Delaware)  
Mr. Kevin Whittaker (Delaware City Resident)

**BOARD MEMBERS ABSENT**

Mr. Rony Baltazar-Lopez (Secretary of State)  
Mr. Kurt Foreman (Delaware Prosperity Partnership)  
Senator Spiros Mantzavinos (Chair, Bond Bill Committee)  
Representative Sean Matthews (Co-Chair, Bond Bill Committee)  
Dr. Courtney Stewart (Office of Management and Budget)

**STAFF MEMBERS PRESENT**

Mr. Tim Slavin, FDRPC Executive Director  
Ms. Janice Moturi, Deputy Director/Controller  
Ms. Pam Scott, Saul Ewing Arnstein and Lehr LLP.

**OTHERS PRESENT**

Mr. George Fournaris, CPA, CGFM – Belfint, Lyons & Shuman, P.A.  
Ms. Sheila Bravo, President and Chief Executive Officer – Delaware Alliance for Nonprofit Advancement (DANA)  
Mr. Earl Sissell, Vice President of Consulting – Delaware Alliance for Nonprofit Advancement (DANA)  
Mr. Tim Konkus  
Ms. Billie Travalini  
Mr. Tim Dilliplane

**APPROVAL OF MINUTES – FORT DUPONT REDEVELOPMENT AND PRESERVATION CORPORATION (FDRPC) BOARD MEETING OF AUGUST 9, 2023**

**Mr. Eriksen moved for approval of the FDRPC Board meeting minutes of August 9, 2023. The motion was seconded by Mr. Graci and unanimously carried.**

**AUDIT REPORT (GEORGE FOURNARIS)**

Mr. George Fournaris, CPA, CGFM with Belfint, Lyons & Shuman, P.A. reviewed the Fort DuPont audit report. He noted that the audit covered the financial statements for the year ending June 30, 2022, and followed both generally accepted auditing standards and government auditing standards. Fort DuPont operates as an enterprise fund, similar to a private business.

The audit resulted in a qualified opinion due to an issue related to the initial setup of the corporation. At its inception, the state of Delaware transferred land and buildings to Fort DuPont without conducting an appraisal, as required by accounting principles. Instead, the corporation used values based on insured amounts and county assessments, which deviated from standard practices. While the financial statements reflect these property values, they include a disclaimer about estimates, particularly in the allocation of overhead costs to newly constructed or renovated properties.

The financial statements are comparative, including data for FY21, and adhere to generally accepted accounting principles and the accrual basis. The capital assets constitute a significant portion of Fort DuPont's balance sheet, with a book value of approximately \$60 million.

Additionally, the auditors have provided the corporation with a list of correcting journal entries made during the audit, which has already been shared.

In summary, the audit resulted in a qualified opinion due to the non-standard handling of property valuation during the corporation's inception, but the financial statements are otherwise prepared in accordance with accounting principles for government entities.

During the 2022 audit of Fort DuPont, there were several significant audit matters:

1. **Staff Turnover and Document Location:** The audit faced challenges primarily due to staff turnover, making it difficult to locate some of the requested documents needed for the audit.
2. **No Disagreements with Management:** Despite the difficulties with staff turnover and document location, there were no disagreements between the auditing team and the management of Fort DuPont. Management provided all requested representations, and there were no consultations with other accountants on accounting matters, which would have required reporting as per auditing standards.
3. **Government Auditing Standards Report:** The auditors issued a separate report under government auditing standards, as mandated by the Comptroller General of the United States. This report focuses on standards compliance, internal control over financial reporting, and testing of compliance with relevant laws and regulations.
4. **Three Significant Deficiencies:** The government auditing standards report identified three significant deficiencies:
  - a. **Financial Reporting Close Process:** Due to staff turnover and unfilled key positions, there were issues with year-end closing journal entries that had to be posted during the audit, which would typically be completed internally before the audit.

- b. **Allocation of Costs:** Issues were found in the allocation of costs and the proper recording of the cost of property sold during the year, necessitating auditor adjustments.
- c. **Document Tracking:** Staff turnover also affected the tracking and retrieval of important documents required for the audit.

Mr. Fournaris stated that, despite these challenges, the audit was successfully completed, and the auditors are optimistic that the deficiencies will be addressed in the future, especially with the addition of Ms. Janice Moturi to the team.

Mr. Slavin expressed his gratitude to the audit team for their assistance, extra effort and diligence during the audit. He also mentioned that they are already under contract for the fiscal year 2023 audit.

**Mr. Eriksen moved for acceptance of the audit report, seconded by Mr. Edgell and unanimously carried.**

### **TREASURER'S REPORT**

Mr. Bert Scoglietti, Treasurer, reviewed the Fort DuPont Redevelopment and Preservation Corporation Budget vs. Actuals: FY2022-2023 - FY23 P&L for July 2022 - June 2023.

**Mr. Graci moved for acceptance of the Treasurer's Report, seconded by Mr. Edgell and unanimously carried.**

### **EXECUTIVE DIRECTOR'S REPORT**

Mr. Slavin reviewed the Executive Director's Monthly Report For the period August 1, 2023 to August 31, 2023 and noted the following project updates:

#### **Capital Projects**

- **Marina Village Project** - The Marina Village project is progressing, with ongoing due diligence, risk assessment, cost evaluation, and design refinement. Approval has been received from the State Fire Marshal's Office for the preliminary plan. Additional approvals are still required from the Delaware City Council, the Planning Commission, Board of Adjustment, DNREC, and the National Park Service.
- **Building 21 (Old Battery Lane duplex)** – This duplex has a brand-new roof on it and it is one of five buildings on the campus that has been targeted for historic preservation this year. They will be implementing mothballing procedures which help to slow the deterioration. The first measure of mothballing is to ensure that the exterior envelope of your building, roofs, siding, doors, and windows are tight so that they are weather proofed will not allow any moisture or water into the building. It was an impressive 2-day job. They found a good contractor, had a good bid and got that project done and will now move on to the roof on the PX building next.
- **Environmental Testing and Remediation of Chapel, Theater, Bakery** – Historic Preservation projects have begun at the chapel, the theater and the bakery. Environmental testing was done and a small amount of asbestos was found in each of the three buildings. The remediation is scheduled

for the following week. After the remediation, steps will be taken to slowly bring those buildings back without incurring the major construction costs that are not currently funded. The buildings will be broom swept clean so they will present a little nicer than they have. New electric service will be brought to the theater so there will be utilities and light inside the theater. Grant funding has been requested for the chapel and theater.

## **Operations**

- **Real Estate Update** – Subsequent to the issuance of the Executive Director’s Report, a residential tenant has advised that they were ending their lease. This leaves one opening for a rental property and one lot at 1311 Officers Row currently listed for sale by Emory Hill.
- **FOIA Requests** – No Freedom of Information Act (FOIA) requests were received during the month, and the organization is in compliance with previous requests.
- **Strategic Plan** – A draft of the Strategic Plan has been completed, with collaboration from the Delaware Alliance for Nonprofit Advancement (DANA).
- **Strategic Plan Public Presentation** – The draft Strategic Plan is complete and Sheila Bravo and Earl Sissel from the Delaware Alliance for Nonprofit Advancement (DANA) will present the plan later in the meeting. A meeting has also been scheduled for September 19, 2023 with representatives of DANA presenting the draft plan to the public.
- **Cultivation Tours** – Chair McMahon and Mr. Slavin are actively promoting the campus through cultivation tours to create some organic buzz about available opportunities and to attract interest from startup business, and businesses interested in relocating from both in state and out of state. Both Secretary of State Jeffrey Bullock and Major General Michael Berry, Delaware National Guard, have toured the campus and Mr. Slavin had a conversation with Ms. Jessica Ball from the Delaware Division of the Arts about using some of the spaces in the built environment and open public spaces to create art programming on the campus.

**Mr. Edgell moved for acceptance of the Executive Director’s Report, seconded by Mr. Eriksen and unanimously carried.**

## **COMMITTEE REPORTS**

### **FDRPC Executive Committee Meeting of July 31, 2023**

**Mt. Whittaker moved for acceptance of the FDRPC Committee Report of July 31, 2023. The motion was seconded by Ms. Rogers and unanimously carried.**

### **PRESENTATION - 2023-2028 STRATEGIC PLAN (DELAWARE ALLIANCE FOR NONPROFIT ADVANCEMENT AND STRATEGIC PLANNING COMMITTEE)**

Mr. Earl Sissell, Vice President of Consulting – Delaware Alliance for Nonprofit Advancement (DANA), advised that the Fort DuPont Redevelopment and Preservation Corporation (FDRPC) began working with DANA in February of 2023 on developing the 2023-2028 Strategic Plan. The project started with community input and 109 members of the community and the organization staff participated. 16

interviews were held with members of the board, Legislative representatives and residents of both Delaware City and the Fort DuPont property itself. Two focus groups were held, one was virtual and one was in person at the fire hall. A town hall was also held at the fire hall with about 25 attendees. Based on that information, a survey was made available to the community, from which 62 responses were received. The results of that environmental scan were instrumental in informing the committee's work and developing the plan being presented.

Mr. Sissell reviewed the strategic plan and noted the following:

The organization's mission, vision, and values were revisited and updated. These are the three core pieces for any organization in terms of guiding their work going forward because every decision that an organization makes needs to be founded in that mission, vision and those values. They are:

Vision Statement: Fort DuPont Redevelopment and Preservation Corporation contributes to making Delaware City a dynamic destination, captivating new businesses, residents, and historical and cultural tourists. With a vibrant community and historical heritage, our city thrives along Delaware's scenic byway, offering prosperity, inclusivity, and enriching experiences for all.

Mission Statement: Building a vibrant legacy: Fort DuPont Redevelopment and Preservation Corporation is dedicated to revitalizing the Fort DuPont Campus with a focus on preserving our shared history, healing the environment, developing residential and recreational spaces, and providing economic opportunities. Together, we aim to enhance our community's charm, prosperity, and quality of life.

Value Statement: At Fort DuPont Redevelopment and Preservation Corporation, our core values are the foundation of our vision and mission and guide every aspect of our work. With unwavering dedication, we embrace the values of honesty, stewardship, inclusion, partnership, and progress as we preserve and redevelop the unique environmental, historic, and cultural resource that is Fort DuPont.

Through the values of honesty, stewardship, inclusion, partnership, and progress, Fort DuPont Redevelopment and Preservation Corporation remains steadfast in its commitment to fostering a vibrant and sustainable campus and supporting our community. With our collective vision and shared principles, we forge a path that honors the past, embraces the present, and creates a legacy of local and regional prosperity for the future.

Ms. Sheila Bravo, President and Chief Executive Officer – Delaware Alliance for Nonprofit Advancement (DANA) noted that the questions they asked the community were a combination of “What's working well now?”, “What are things you wish you change?”, and “What do you hope for the future.” After listening and dissecting the information, the Committee spent time determining what success would look like over the next five years and established three main outcomes over the next three to five years: 1) Historic buildings and campus plans are updated, and progress has been made to restore and repurpose towards those plans, 2) There is access to Recreational/Cultural/Nature amenities (walkways/trails are safe and navigable), and 3) The Community supports the FDRPC plans and trusts its decisions.

Four strategies were identified to support these outcomes: 1) prioritizing projects, 2) establishing an affiliated 501C3 organization for fundraising, 3) strengthening stakeholder trust and engagement based on a shared mission, and 4) ensuring long-term financial sustainability. The plan includes specific activities to support each strategy, along with estimated timelines. Costs and partnerships were also acknowledged as vital components.

Conditions and enablers for success were identified, including securing zoning and permitting, meeting environmental regulations, addressing underground infrastructure, staff retention and succession planning, and potential changes to the Board structure to include additional task groups and committees. Through expertise, networks, and regular monitoring of progress, the Board can provide support for the Strategic Plan.

**Mr. Edgell moved for adoption of the 2023-2038 Strategic Plan, seconded by Mr. Scoglietti and unanimously carried.**

### **FY 2024 DRAFT OPERATING AND CAPITAL BUDGET FY 2024-26 DRAFT CAPITAL INVESTMENT PROGRAM**

Mr. Tim Slavin, FDRPC Executive Director, reviewed the FY2024 Draft Operating and Capital Budget, noting the following:

- Revenues exceed expenditures in the draft budget and will be corrected when the carry forward balance is inserted after the completion of the FY 2023 audit.
- The budget is cautious and conservative. The revenues are predictable but there is also a need to develop more revenue streams and more diverse revenue streams. Future revenue streams include contracts with Blue Water and Lennar, although these are not included in the Fiscal Year 2024 budget.
- Expenses should be monitored a bit closer. There is a better understanding of the operational, capital improvements, deferred maintenance, and infrastructure needs.
- There are significant deferred maintenance issues, including buildings, infrastructure, roadways, pathways, and other facilities.
- One-time revenue of \$1.2 million was received from the sale of 1303 Officers Row and most of the lots on Officers Row. This revenue is not expected to be repeated in the next fiscal year; however, other real estate assets can be monetized or converted to different uses to fund campus amenities and improvements. The Southfield area behind Old Battery Lane heading toward the National Guard Armory is being explored for new land use options, such as residential development.
- The amount of debt has been reduced with the sale of some of the properties on Officers Row. The underlying loans that made some of those improvements possible were refinanced, and a one-time curtailment payment on the existing loans was made, reducing that debt by \$273,000. The current debt load is \$612,000 for the campus. Acquiring additional debt may be necessary to adaptively reuse some of the larger properties, such as Governor Bacon, the Painter Building, and others.

Ms. Janice Moturi, FDRPC Deputy Director/Controller, highlighted key points of the budget as follows:

- The major revenue sources include the state appropriation (\$2.25 million), rental income and tenant reimbursements (approximately \$351,000), and real estate sales (1.26 million, factoring in the last sale on Officers Row which will be used for the curtailment payment for Applied Bank).

- The major expenses include capital improvement projects (budgeted at \$1.85 million, including all associated costs like contracting, design work, and accounting), operating expenses (including payroll, around \$580,000), and debt service (which was reduced by a one-time payment of \$273,000 and includes interest on two loans, totaling \$135,000).
- In an effort to streamline the budget process, every dollar will be allocated to specific expenses or projects.
- Over the past five years, state appropriations have remained relatively stable, with an exception in Fiscal Year 2022 when funding was received for the bike path and the Promenade project. Fiscal Year 2023 had a \$300,000 allocation for operating expenses, which is being carried forward to Fiscal Year 2024 to meet expenses.
- In Fiscal Years 2022 and 2023, there was a peak in real estate sales. With only one property currently up for sale, 1311 Officers Row, a decrease is expected in Fiscal Year 2024.

Referring to the Draft Capital Investment Plan, Mr. Slavin noted that the document is designed to be dynamic, much like a whiteboard or chalkboard, where information evolves over time. Its purpose is to serve as a living document that assists in shaping the future of the capital projects. If a specific capital project is not included in the plan, it's likely that they haven't had the opportunity to add it yet. He advised that staff is always open to receiving input.

Mr. Slavin advised that, despite their best efforts to plan optimally, they must contend with the age of the campus, unforeseen issues such as storms, erosion, wear and tear, equipment breakdowns, and winter weather and, as a result, they may need to shift priorities.

**Mr. Whittaker moved for approval of the Fiscal Year 2024 Draft Operating and Capital Budget and the Fiscal Year 2024-26 Draft Capital Investment Program. The motion was seconded by Secretary Garvin and unanimously carried.**

### **DELAWARE CITY UPDATES**

Due to the absence of Acting City Manager Michelle Graham, no updates were given.

### **PUBLIC COMMENT**

Mr. Tim Dilliplane announced that the Delaware City library would be host to the Harriet Tubman Underground Railroad Byway: A Photographic Journey Through Delaware exhibit through October 7, 2023.

Ms. Billie Travalini noted that she has been attending meetings for many years with a focus on inclusion and recognizing the history of individuals who lived at Governor Bacon. She relayed her personal experiences as a resident there and requested the creation of programs for children to foster creativity and compassion. Ms. Travalini emphasized the importance of not ignoring history and advocated for giving everyone a voice.

Mr. Tim Konkus noted that the Strategic Plan did not define "stakeholders" and suggested taking some time to find out who they are, in light of the comments made by Ms. Travalini. In response to Mr. Konkus' question about the Bluewater contract, Mr. Slavin advised that, due to a complaint filed in chancery court, he could not provide details of the contract.

**EXECUTIVE SESSION**

An executive session was not necessary.

**NEXT MEETING DATE**

The next meeting is scheduled for October 11, 2023 at a time to be determined.

**ADJOURNMENT**

**Mr. Edgell moved for adjournment, seconded by Mr. Whittaker and unanimously carried.**

Meeting Adjourned at 7:02 p.m.

APPROVED: October 11, 2023