

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

LOCATION:
Grass Dale Center
Delaware City, DE 19706
September 12, 2018
8:30 a.m.

Meeting Minutes

Board Members:

Susan Frank, Bert Scoglietti, Shawn Garvin, Courtney Stewart, Dale Slotter, Laura Lee, Carol Houck, Art Jenkins (on behalf of Michael Morton)

Advisory Council Members:

Hughlett Kirby, Paul Parets

Staff:

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

Members of the Public:

Michael Hitch, Gail Carlucci, Heather Bolton, Bob Malinowski, Beth Konkus, Billie Travalini

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.

Ms. Frank welcomed Mr. Jenkins who is attending this month's meeting on behalf of Mr. Morton.

II. Minutes

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

III. Treasurer's Report

Mr. Scoglietti reported as follows:

Profit and Loss statements by Class and Budget versus Actual were presented (Attachments A & B). The new reporting formats reflect the financial health of the corporation and detail of projects and costs in greater detail. The reports have been created in coordination with our bookkeeping firm and is how the reports will be presented each month. The Budget shown is for FY 2019. Ms. Frank asked if there are any comments or questions about the reports and none were raised.

Ms. Houck asked about the status of the Living Shoreline and Mr. Randol stated a first draft feasibility study from Cardno has been received, a University of Delaware landscape architect intern is currently working with us on the engineering report, which is expected to be completed this year.

IV. Legal

Mr. Walton reported as follows:

A. State Agency Leases - We have been back and forth on the drafts of the State agency leases, and Jeff and Christina have brought the DHSS and OMB leases to virtual completion. Jeff provided the Board with some final comments on the last draft of the lease we reviewed. As our comments are not substantial, I would assume they will be accepted.

The basics of the lease are as follows:

- The prior MOUs are superseded.
- The leases are for ten years – with two five- year options.
- The agency has the right to turn buildings over to the Corporation by providing 270 days' notice.
- The agency will pay a base rent for to cover costs associated with insuring the buildings.
- The agency will also pay a shared service fee.
- The leased premises are as is.
- The lessee is required to maintain its leased premises.
- The parties have a duty of cooperation.
- There is no assignment or subletting permitted without the Corporation's consent, which cannot be unreasonably withheld.
- Basic adherence with Complex rules is required unless it interferes with the ongoing business of the lease.
- There are provisions for default – and defaults may be cured.
- The parties are required to mediate before they litigate.
- The buildings leased are identified in exhibit A.

The Board is being asked for authorization to execute the lease when changes are completed in substantially the form presented. Further negotiation will be needed for the DNREC lease, and we will provide that lease at a later date.

Ms. Frank asked which buildings are included in the lease agreements. Mr. Randol stated the hospital, the hospital's administrative office and support buildings, the food warehouse and the Government Support Services office are covered by the lease

agreements. OMB Surplus is vacating by May, therefore no lease for Surplus buildings was prepared.

Mr. Scoglietti noted page 16, item 31 (handout), referring to accessibility, and asked if the Corporation is responsible for accessibility on all buildings within the complex. Mr. Walton clarified that the Corporation is only responsible for accessibility on buildings it controls, while DHSS remains responsible for accessibility on the buildings it operates.

Mr. Walton confirmed that page 26 is missing from the handout, however, Ms. Thompson was able read from her copy of page 26, which listed the lease percentages and cost breakdown for base rent and CAM. Mr. Scoglietti commented that this was consistent with methodology previously presented by Mr. Randol, and Mr. Episcopo stated DHSS agreed to the numbers presented.

Mr. Slotter asked who is responsible for trash and recycling and Mr. Walton stated trash removal is by Delaware City code and is the responsibility of the tenant.

Mr. Scoglietti made a motion to approve authorization of leases with the inclusion of the last page (page 26) along with adding specific language regarding trash and recycling. Motion was seconded by Mr. Garvin. Motion carried.

B. Black Dog – Unfortunately, Black Dog has backed out of their agreement and will not be moving forward. The reason for terminating the agreement was due to unforeseen costs associated with the renovations. Structural condition of the buildings was a contributing factor.

C. NCC Sewer Agreement – The Corporation entered into a sewer agreement for Officer’s Row and the Canal District and is negotiating with the County for a form of blanket easement for the remaining sewer infrastructure. That negotiation has taken longer than expected. The agreement is basically done, except for two sticking points. The County’s payment of CAM for roads and the County’s adherence to design guidelines for any new construction it undertakes. Mr. Randol made some progress with the County on these issues at a recent meeting and we are hoping to be in a position to present that easement for Board approval at the next meeting.

D. HOA Rules and Regulations - Ms. Thompson stated that the deed restrictions were necessary because of the unique mixed-use nature of the complex and the Corporation maintaining control as to how things will look and control over maintenance, both of which are different from a traditional HOA. The rules and regulations tell you what you can and can’t do with your property and what the process is should a property owner want to seek approval. The declaration codifies what the Corporation will be responsible for, who pays, how they pay, how much is paid, and what recourse exists for the Corporation and homeowners. An Architectural Review Committee (ARC) will be formed as a sub-committee of the Board, though the number and make-up of the committee members is undetermined. Mr. Walton requested that any board member comments for the Deed Restriction Declaration memo be sent directly to Mr. Randol by October 1st because the rules and regulations need to be finalized prior to settlement on sold lots, which takes place at the end of October. Ms. Frank stated this is a matter that should be discussed by the Governance Committee in its upcoming meeting. Mr. Parets asked if there is potential conflict

between the town's standards versus Fort DuPont's standards. Mr. Walton indicated there will not be a conflict because the Fort's standards meet and exceed town standards.

V. Executive Director's Report

Mr. Randol commented as follows:

A. Festival and VIP Event – Fortify Festival and VIP reception are coming together. The VIP reception is on Friday, September 28th from 5:30 to 8:30 p.m. Guest speakers will be Senator Poore and Secretary Garvin. Mr. Randol will make a presentation on the project and highlights of what's been happening. Sponsors have covered the cost of the reception. Sponsorships have provided \$50,000 for the festival and reception. The festival gates open at noon, music starts at 1:00 p.m.

B. Tech Campus – We have a non-binding MOU with a technology group that seeks to bring their affiliate businesses to the fort to create a tech campus in a lifestyle community. Part of that campus would include creating an innovation center in the Paynter building. The group is also interested in developing most of the Marina Village hotel, offices and apartments, however, they are not looking to develop the Marina. We have completed our market study; they are conducting their market study now and working with their own architect. The Marina Village plan has been submitted for permitting which should take about a year. Discussions with New Castle County are ongoing about possible relocation of the wastewater facility, which is a condition of the tech group's proposal.

C. Agri Complex – We have an MOU with a group interested in developing an aquaponic farm and agri-complex. Mr. Randol explained that aquaponic farming is a hydroponic greenhouse fueled by discharged nutrients from a fish hatchery. One of the partners is a solar company which will help the operation be more sustainable. The group wants to start with approximately 10,000 square feet. They are also interested in establishing a u-pick farm and are working with the University of Delaware's Ag Extension on soils, plants and overall layout for the project.

Mr. Slotter asked for an update on the duplexes at the fort and stated he had received complaints from residents of the duplexes. Mr. Walton stated this was outside of the agenda and that Mr. Slotter and Mr. Randol should connect outside of the Board meeting to discuss those issues.

VI. Committee Reports

A. Economic Development - No updates to report

B. Project Funding – Ms. Kirby and Mr. Randol presented a term sheet (handout) from Parke Bank in the amount of \$1,200,000. Ms. Kirby provided a short background on Parke Bank. In general, the loan is a construction line of credit for the seventy-one lots in the Canal District, with conservative terms and fees that are in line and considered typical for this type of loan. Ms. Kirby noted the loan was carefully reviewed and selected for its flexible terms relative to the Corporation's financing needs. Ms. Kirby recommended considering the application for approval. The loan covers Phase IB and a portion of 1C and would be repaid over two years with the sale

of 25 lots. It was agreed that item number three on the term sheet needs clarification specific to the sale of 25 lots as being the target to repay loan. Motion to approve terms with clarification on the loan being paid off through the sale of the first 25 lots and no further encumbrances was made by Mr. Garvin, seconded by Mr. Scoglietti. Motion carried.

C. Historic Preservation – Mr. Randol and Ms. Thomas gave a slide presentation on the wayside signs the group has been designing. The HPC also reviewed renderings for the Canal District.

D. Personnel – Ms. Frank stated the committee has completed goals for Mr. Randol and stated she will bring those to the next Board meeting. The committee also had discussion about other staff, a review process, etc. and that she would like to make that report at next meeting.

E. Governance Committee – No updates to report.

VII. New Business

FY20 Capital Budget Request – Mr. Randol stated that he and Mr. Scoglietti will submit a budget request to the Bond Bill Committee next month. The FY20 budget request would include \$300,000 for administrative expenses; \$2,250,000 for property management, restoration and site development; \$500,000 for the Round-A-bout; and \$3,000,000 spread over 2-3 years for the engineering and construction of a levy.

VIII. Public Comment

Mr. Walton explained to members of the public that, after hearing public comments, the Board will go into Executive session and then return to public session, at which time the public is welcome to rejoin the meeting.

Ms. Gail Carlucci, a Fort DuPont resident, expressed concern that there was some confusion or lack of clarity of what was outlined in her lease and what her expectations were. She also suggested more clarity in what is to be expected as far as snow removal. She also requested more communication from the town and FDRPC so that residents would feel more included as part of the town community at large. She also requested more attention be given to the rental areas and residents at the fort in addition to the other improvements being made. Ms. Frank thanked Ms. Carlucci for her comments.

Ms. Billie Travalini – Ms. Travalini shared her positive experience with her own current homeowner's association and finds that body to be very effective. Ms. Travalini also expressed very strong concern about the lack of attention in comment and action afforded the Governor Bacon Health Center's history and the children who lived at the center.

IX. Adjourn to Executive Session

A motion was made to enter Executive Session by Ms. Stewart, seconded by Mr. Garvin. Motion carried.

X. Public Session

A motion was made to accept the Executive Director's recommendations on the offer to purchase lots #11, and #13 on Officers Row by Mr. Episcopo, seconded by Mr. Scoglietti. Motion carried.

A motion was made to accept the Executive Director's recommendations on the offer to purchase the six duplexes on Old Battery Lane by Mr. Episcopo, seconded by Mr. Scoglietti. Motion carried.

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