

**ECONOMIC DEVELOPMENT ADVISORY BOARD MEETING**  
**Wednesday, October 21, 2015 - MINUTES**

**1. Call to Order**

Mr. Kilian, Chair called the meeting to order at 8:30 A.M.

**2. Roll Call**

Present: Larry McDermott; Carol Kilian; Bishop Derek Triplett; Colleen Calnan; James Zeisler;  
Excused: Thomas Blawn;  
Ex-officio: Rob Erhardt, Economic Development Director, Volusia County  
Keith Norden, President/CEO, Team Volusia Economic Development Corporation  
Nancy Keefer, President/CEO, Daytona Regional Chamber of Commerce  
City Commission: Ruth Trager, Commissioner, City of Daytona Beach  
Staff: Emory Counts, Economic/Community Development Director, City of Daytona Beach

**3. Approval of Minutes –Wednesday, September 23, 2015**

*A motion to approve the Minutes of Wednesday, September 23, 2015 was made by Mr. McDermott, seconded by Bishop Derek Triplett, and approved unanimously.*

**4. Development Update – Mark E. Patten, Senior Vice President & Chief Financial Officer Consolidated-Tomoka Land Company**

Mr. Patten distributed the “*Consolidated Tomoka 2<sup>nd</sup> Quarter 2015 Investor Presentation*” publication to each Board member which he would use for reference during the presentation. He went on to explain that the company has been publicly traded on the NY Stock Exchange since 1969, and fully public since 1990. The business’ roots actually go back to around 1902, when six (6) gentlemen came down to Florida from Chicago, IL and consolidated about 8-9 businesses and called themselves “*Naval Store Companies*”. At that time their chief operation was selling of turpentine and turpentine related products to the Navy. Naval Store Companies was initially was located in Jacksonville, FL, but then moved to Sebring, FL, and ultimately located in Daytona Beach. The company owned about 40,000 acres in Daytona Beach and an additional 1.8 million acres throughout the state of Florida and much of it contained pine trees where they harvest ingredients to make turpentine. At some time during the 1920s, Baker-Fentress, (also out of Chicago) bought the company and later spun off the “*Consolidated Tomoka Land Development Company*” to be a publically traded company. Now Consolidated Tomoka is down to just about 10,500 acres of land all located within the city limits of Daytona Beach. In the last 10 years Consolidated Tomoka has reduced its number of employees down to fourteen (14) employees today. It is right-sized and “lean and mean” which is something investors like to see.

Mr. Patten referred to several respective pages in the “*Investor Presentation*” distributed earlier, i.e. page 42 shows the land owned by the company and the land under contract; page 4 provides a snapshot of company assets broken out by *Land & Subsurface Rights (490,000 acres), Income Properties, Loan Investments, Golf, and Agriculture*; and page 7 compares Consolidated to other similarly sized development companies and shows that Consolidated is performing better. The companies compared to Consolidated included *St. Joe, Forestar, Tejon Ranch, Agree Realty Corporation, Gramercy Property Trust, and RMZ*; page 8, shows Consolidated’s *Stock Performance* increasing from 2011-June of 2015; page 9, shows “*Positive Trends*” in terms of *Total Revenues, Operating Income, Basic Earnings Per Share and Book Value Per Share*; page 11, shows “*Sources of Net Operating Cash Flows*” or in other words where their revenue is coming from; page 16 lists some of their tenants. Mr. Patten reviewed several other pages which support its current worth and great prospective future for the company.

One of the questions being asked of Consolidated is whether the company should convert to a *real estate investment trust (REIT)*. As a member of the company you want to help investors see a healthy return on investment (see the “*Strategy Focused on Shareholder Returns*” section on p. 6 of the “Investor Presentation”). When you are a real estate company and produce a lot of money it makes sense to consider converting to REIT status to get positioned into a more tax efficient structure. The conversion would basically take the company from a double taxation C Corporation status--- where the company gets taxed and the shareholders get taxed --- to a position where the shareholders only get taxed on their dividends. Less taxes can equal a better return.

Another interesting move to “well-position” the company includes that although Consolidated Tomoka sold a lot their land they still retained many of the *subsurface rights*. This allows them to monetize that subsurface land per a tax deferred vehicle called the *1031 Lifetime Exchange*. Using this vehicle, the IRS lets the company sell the land and use the proceeds to buy other assets, for example, a Walgreen’s, Hilton or other. Further, when the company has owned the land since 1902 the basis is very small and this tax deferred business strategy results in a huge advantage to save company expense. Consolidated is able to seek out investment opportunities wherever they may be identified and not just in the Florida-Georgia region. Mr. Patten mentioned several fairly recent investments in major markets made under this strategy, i.e. southern California, Seattle, Phoenix, and Chicago. One thing to remember is that when the company uses the tax deferred 1031 strategy it is prohibited from developing on that land until it is held for a minimum 2-years before it could be “1031-ed” again. This prohibition is fine with Mr. Patten since in his opinion, the company’s best strategy to ensure the best return-on-investment for its shareholders is to sell the land to the company that wants to develop it which is exactly what happened with Trader Joe’s.

Mr. Patten thanked Mr. Counts and Mr. Ehrhardt for being intimately involved with the negotiations that brought Trader Joe’s here. He observed that “by far” that particular sale and use put Daytona Beach on the map of other investors. Additionally, what business wouldn’t want to “live” near such an economic development epicenter? The *Minto Housing Development* (3,300 new homes) is going to create about 1,000 jobs a year for over 10 years and those workers are going to need places to stay/homes. He commented about a number of other positive things happening for Daytona Beach area including the widening of I-95, transportation improvements at LPGA/I-95, \$100M Outlet Mall with 800 jobs, new Sam’s Club with hundreds of jobs, North American Development Group under contract to develop the rest of what they are calling “Tomoka Town Center” that should include restaurants, lodging and other, creating 100s if not thousands of jobs. These projects will raise the level and wages for the entire area, create more rooftops and spur another wave of economic development.

Consolidated Tomoka along with some City investment owns the “*LPGA Golf Course*” which has not been a good performer but has been moving in a better direction in recent years. In 2011, it lost about \$1.5M but currently is losing only about a \$400,000 per year. That’s still not good but it’s better and the reality is that there are not enough “rooftops” around the golf course to get the memberships needed to make it more profitable. But with the Mintos project and others in the works, the area will soon become more alive. Mr. Patten mentioned that *Tanger Outlets* has also committed to coming to this area and there will surely be additional development announcements in the future. Tanger will be another “game-changer” for the Daytona Beach area and he again thanked Mr. Counts and Mr. Ehrhardt, as well as, Jim Chisholm, City Manager, and Jim Dineen, County Manager for the assistance provided helping to bring in that development.

Bishop Triplett, who is an EDAB Board member and also the current Chair of CareerSource Flagler/Volusia Board of Directors, asked, “...how to link the companies coming here” to the activities, programs and information offered by CareerSource? If we know a company is coming

here, perhaps there could be opportunities for residents to train at one of the company's current locations and be able to get some of their higher paying jobs once they locate here. Mr. Patten responded that he would be happy to help make the connection between the company and CareerSource and set the stage where those kinds of conversations could take place.

Mr. Counts thanked Consolidated-Tomoka Land Company for their donation of land for housing developments at both *Cardinal Estates* and *Flomich Woods*. He commented that he had attended a "Groundbreaking" at Flomich Woods on Monday where a veteran and his son are soon to become new homeowners. He anticipates that the final home would be built and occupied there by April 2016 and stated that Consolidated would receive an invitation to participate and receive a hearty "thank you" from homeowners.

Mr. Zeisler also thanked Consolidated for its donation of the 17 acres of land which now form the site of the *US Tennis Association*. He is a long-time supporter of the USTA and is #8 on the initial Membership List. However, Bob Allen, a past-president of Consolidated Tomoka is #1.

Mr. Patten announced a benefit event to be held at the Peabody Auditorium to raise funds to buy supplies for area elementary schools. He noted that events such as this not only highlight the beachside but also elevate Daytona Beach. Finally, Mr. Patten reported that Consolidated is working on creating a music festival to be hosted on the beachside near the Pier. If you think about it, the Pier, Boardwalk, Peabody Auditorium, and Main Street are all within ¼ mile of each other and a music festival featuring several stages with various music types might be a good way to connect these venues and the several genres of people who like music, and give them another reason to visit, think about, and stay in Daytona Beach.

**5. Eggs& Issues Daytona Beach Area Economic Development Trends Program**

Ms. Kilian reported that she and Ms. Keefer will keep working on this program and suggested that it be scheduled sometime in March 2016.

**6. Reports**

A. Volusia County Economic Development – Rob Erhardt

Mr. Erhardt reported that the Governor was in Daytona Beach on October 1<sup>st</sup>, as part of the *Total Quality Logistics Ribbon-cutting* event. It was a great event attended by Commissioner Ruth Trager who made special comments. In reaction to Bishop Triplett's earlier comments about connecting businesses and residents upfront in order to help them get some of the higher-paying jobs, Mr. Erhardt noted that he had already introduced Ms. Robin King, Executive Director of CareerSource to the President/CEO of Total Quality Logistics who happened to be down here from Cincinnati, OH for the Ribbon-cutting event. This company is looking to hire 100 persons and as of the Ribbon-cutting had hired only 12, so there are 88 more job opportunities. Mr. Erhardt announced the unemployment statistic for Daytona Beach in advance of the *Quarterly Review Report* information he will give on November 6, 2015. Daytona Beach's unemployment rate was at 6.2% for the month of September 2015 but one-year ago it was at 7.5%. That is over a 1% drop which is really significant! Finally, Mr. Erhardt reported that the *Tri-Regional CareerSource Summit* is coming up where three Central Florida's CareerSource offices in, Volusia/Flagler, Brevard, and Seminole counties will host a meeting to discuss the latest information and nuances in the field.

B. Team Volusia Economic Development Corporation (TVEDC) – Keith Norden - Tabled

C. Daytona Regional Chamber of Commerce (DRCC) – Nancy Keefer

Ms. Keefer commented she agrees with Mr. Patten report that things are happening in this area. She stated that last week Secretary Boxil visited here and took a *tour of several areas* including the beachside and LPGA. Among the topics they talked about was the *transportation improvements needed* in the LPGA/I-95/Williamson area given the tremendous growth anticipated. The Secretary seemed overwhelmed with the array of resources and economic development potential and specifically commented about the *high level of collaboration* he sensed among the public and private sectors. Next Ms. Keefer talked briefly about the “*We Noticed Award*” which showcases improvements made to businesses in the community. The award recognizes improvements made to the exterior and interior of businesses. She noted that The *Daytona Regional Chamber Annual Luncheon* would be held November 4, 2015, and would recognize winners in two categories of small business, those with 1-10 and 11-50 employees. Interest in these awards has been growing as shown by the number of applications received. Last year there were only 6 applications but this year there were over 30. The *YPG Award* and *Marvin Samuels Award* will also be given out at this Luncheon. Ms. Keefer went on report that Mr. Counts, Mr. Ehrhardt, the Regional Chamber and the company are working together on a “*TopBuild Groundbreaking*” event planned for December 1, 2015. Also, the deadline for applications to be considered for Central Florida *BrightHouse Business Awards* is today and over \$1M is available for winners in the various categories. The Chamber is participating as a judge.

D. Volusia Volunteers in Medicine (VVIM) – Carol Kilian

Ms. Kilian reported that a *fundraiser for the VVIM Clinic* would be sponsored at from 5:30-7:00 pm Intercostal Bank on October 28, thanks to Mr. McDermott. Ms. Kilian inquired of Ms. Keefer if the VVIM should become a member of the Regional Chamber and Ms. Keefer responded that there are a number of non-profit members and there are definite advantages to being a Chamber member.

7. Old Business

There was no old business brought before the Board.

8. New Business

-Mr. Zeisler reported that the Hilton Hotel has been sold and site will soon be renovated. The *Clock Tower* sits right in the middle of this renaissance and itself is also being renovated. He hopes the next time he has to reset the Clock’s timekeeping mechanism will be the last time since all the internal workings would be updated, weather resistant, and can be reset while standing on the ground.

-Bishop Triplett reported that the “*Tri-Regional Business Summit*” including Volusia/Flagler, Brevard, and Seminole County CareerSource offices would take place at the Florida Hotel in Orlando, FL. The executive boards of each organization will meet and strategize on issues and information. Additionally, Chris Hart the Chair of CareerSource Florida is scheduled to visit here next week and the CareerSource Flagler/Volusia Executive Board will meet with him about items germane to this area. The *Workforce and Innovations Act* is changing, and therefore, each CareerSource office is reviewing the information to make sure they understand how the changes might impact their operations. He commented that a year from now the CareerSource system will not look anything like it does today and he would keep the Board updated about the changes. He reported further that he is serving on the *2015 County Charter Review Commission*, and has participated in several listening sessions but the participation from Daytona Beach has been very sparse which he finds strange. He would encourage residents to weigh in on the parts of the Charter that might impact them or at least come to a session to hear what is being considered and might be recommended. The next meeting is in November. Ms. Keefer commented the Chamber is monitoring those meetings and would be taking a position on some of the topics since several have economic development

implications, i.e. height limits. Bishop Triplett also noted there is a meeting of the *Volusia Growth Management Commission* on October 28, 2015 at 5:30 pm.

-The Root Corporation, Sans Lassiter Transportation Group, FDOT were added to the listing of entities to invite to a future meeting.

**9. Citizens' Comments**

There were no Citizens comments brought before the Board.

**10. Schedule next meeting – November 18, 2015**

**2015 Schedule** (Additional meetings may be scheduled to accommodate business needs see meeting change in purple below)

January 7;	April Eggs & Issues;	July 15;	October 21;
February 18;	May 20;	August 19;	November 18;
March 4;	June (no meeting);	September 23;	December 16;

**2016 Schedule** – (Additional meetings may be scheduled to accommodate business needs see meeting change in purple below)

January 6 (no meeting);	March (Eggs & Issues)	July 20 (no meeting);	October 19;
February 17;	May 18;	August 17;	November 16;
March 16;	June (no meeting);	September 21;	December 21;

**11. Adjourn**

The meeting adjourned at 9:27 A.M.

*Emory M. Counts*

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Emory M. Counts, Economic/Community Development Director