

ECONOMIC DEVELOPMENT ADVISORY BOARD MEETING
Wednesday, December 16, 2015 - MINUTES

1. Call to Order

Mr. Kilian, Chair called the meeting to order at 8:38 A.M.

2. Roll Call

Present: Larry McDermott; Carol Kilian; Colleen Calnan; Bishop Derek Triplett;

Excused: Thomas Blawn; James Zeisler;

Ex-officio: Rob Erhardt, Economic Development Director, Volusia County

Nancy Keefer, President/CEO, Daytona Regional Chamber of Commerce

Excused: Keith Norden, President/CEO, Team Volusia Economic Development Corporation

City Commission: Ruth Trager, Zone 1, City of Daytona Beach

City Manager: James V. Chisholm, City of Daytona Beach

Staff: Emory Counts, Economic/Community Development Director, City of Daytona Beach

3. Approval of Minutes –Wednesday, November 18, 2015

A motion to approve the Minutes of Wednesday, November 18, 2015 was made by Mr. McDermott, seconded by Bishop Triplett, and approved unanimously.

4. Project B. Braun Medical, Inc. Economic Development Worksheet – Emory Counts

[This report was divided into Parts 1 and 2]

Part 1 – Mr. Counts briefly explained this project noting that it is projected to generate new capital investment of \$100,536,000.

[Break in this item taken here to allow for quorum to be seated]

Part 2 - Mr. Counts advised that a quorum had been reached. He continued review of the project noting that the \$100,536,000 capital investment would be in the form of construction and equipment purchases over the course of the proposed 7-year ad valorem tax exemption period. He noted the project is expected to create 175 new jobs at an average annual wage of \$41,963, and total cumulative payroll of \$37,766,025. The proposed tax exemption schedule is: 100% in years 1-2; 75% in years 3-5; and 50% in years 6-7, with a total value of \$1,384,326 as estimated by the Volusia County Property Appraiser's Office. If the company decides to expand in Daytona Beach it could be the first of three phases of intensive capital development and job creation.

Subsequently, Mr. Counts introduced Adam Dragolic, Director of Strategic Capital Projects for B. Braun Medical Inc. Mr. Drgolic reported that B. Braun Medical Inc. has business operations in about 60 countries and its U.S. corporate headquarters in Bethlehem, Pennsylvania. The company also has facilities in Allentown, Pennsylvania where he is located, and Irvine, California. The total number of B. Braun's employees world-wide is about 54,000, with about 4,700 in the U.S. The proposed expansion in Daytona Beach would increase both the variety and amount of products developed at this plant as compared to past operations. It would also be a key part of helping to address the significant shortage in medical IV product solutions in the U.S. and in world markets. The company has developed a number of strategies and sites at which to locate their production expansion. The Daytona

Beach site was purchased about a year ago with the intent to develop it in some form which could include warehousing, limited, or fully expanded production. Fully expanded production would offer the greatest economic impact to Daytona Beach/Volusia County. Currently, the previous owner *Baxter Pharmaceutical Solutions*, is a tenant in the Daytona Beach facility but is expected to vacate within the next few years. Baxter and Hospira/Phizer are B. Braun's major competition around the world. Mr. Dragolic and a small group of supporters are working internally to make the "business-case" for expanding the facility here which would mean a significant investment in new equipment and technology, as well as, the physical plant. Mr. McDermott asked Mr. Dragolic if he was familiar with "*Command Medical*" a local company that makes sterile bags but he was not. The organizations both produce sterile medical products and there might be an opportunity to do business together.

If the decision is made to locate here B. Braun would use the current footprint of the building as the "heart" of the operation but would expand the building to more easily address other important growth sectors. Ms. Kilian asked if they plan to bring in a lot of people or would they hire locally. Mr. Dragolic responded that they would bring in some key personnel but hoped to connect locally to hire as many City resident employees as possible. The first technicians and operators hired locally would be sent to other facilities to train on the equipment and then be further trained once the equipment is in place at this location. This group would then train other workers. Ms. Calnan asked, "What's average education level are you looking for?" Mr. Dragolic responded, "It's really a mix... a lot of the technicians and maintenance staff have no more than a basic high school education whereas others at the supervisory and management level have college degrees. He noted that because the equipment is so specialized most employees would not have worked on anything like it...and in any case, the core competencies needed normally comes from the necessary hands-on training and time on the line.

A motion to approve the recommended exemption of ad valorem tax schedule of 100% in years 1-2; 75% in years 3-5; and 50% in years 6-7, was made by Mr. McDermott, seconded by Bishop Triplett, and approved unanimously.

5. [Item #6 on Agenda taken here] **NAIA National Football Championship, Saturday 12-19-15**

Hardy Smith, Government Relations Administrator

Mr. Smith explained that the *National Association of Intercollegiate Athletics (NAIA)* is another college athletic sanctioning organization the same as the *National Collegiate Athletic Association (NCAA)*. The NAIA will hold its National Football Championship in Daytona Beach on this Saturday December 19th. The NAIA is a significant organization of 87 schools which included our own Embry-Riddle Aeronautical University (ERAU). ERAU competed in the NAIA for a number of years but is now moving on to the NCAA.

Mr. Smith went on to explain that the two teams competing in the championship this year also competed in the championship last year and there is a lot of excitement to see if who will have *bragging* rights! Additionally, last year this newly minted event had a significant economic development impact on the local economy when the game was held on a Friday afternoon generating about 1000 hotel room nights at a very slow event time of the year. This year the game will be held on a Saturday, and local hoteliers believe that will increase the number of room nights. The game will also create substantial positive exposure for our

Daytona Beach/Volusia County since it will be carried on ESPN3 available in 100 million households.

Another goal of the NAIA event organizers is to create a great “*championship experience*” through several scheduled player activities. Players were greeted by Track President, Joie Chitwood, toured the Speedway and rode around the Track. They will also attend the *Champions of Character Luncheon* where 26 local high school students will be recognized for their academic excellence. The players will make *Community Visits* at Atlantic and Seabreeze High Schools; Halifax Health Pediatric Unit, and Turie T. Small Elementary School. Mr. Smith summed up the activities/experience portion of his report by relating what a young Oregon football player interviewed about his experience here was quoted as saying, “*This week in Daytona Beach has been the best week of my life!*” and his quote went viral. Additionally, Southern Oregon’s Coach Howard was quoted during a telephone interview with ESPN, “*As a player and as a coach I’ve been to the Fiesta and Cotton Bowls, and what Daytona Beach does... is right up there with these major big-time Bowl game experiences*”.

Finally, Mr. Smith added that over his career he had been involved with a number of economic development and other high level events ...from participating in *advance trips* for the Whitehouse, Presidential Campaign trips, and activities surrounding the Daytona 500, and the level of detail involved for the NAIA is on par with those events. He stated that, “*The success of this... is all happening because of the level of collaboration achieved with all our local partners*” and local collaboration is of *key interest* to business prospects when they consider locating in a community”. Our NAIA partnerships include City government, County government, school system, Chamber of Commerce, the Race & Recreation District on which Bishop Triplett served and helped fund massive improvements at Municipal Stadium, and other projects. It’s a *major positive* to be able to work with all our neighbors! After the NAIA we will move quickly to the next event, the “*Offense-Defense Clinic*” which is expected to generate about 4,000 room nights. Our positive collaboration with our partners is already translating into tangible results.

6. [Item #5 on Agenda taken here] **Education Institution: EARU Update** –

Dr. John Wartret, President, Embry-Riddle Aeronautical University (ERAU)

President Wartret stated that he had been with ERAU for the past twenty-six years as a faculty member teaching mathematics and aerospace engineering on the Daytona Beach campus. He also served as Chancellor for the “World Wide Campus” headquartered in Daytona Beach and in June 2015, assumed the role of President of the University. ERAU is currently celebrating the *50 Year anniversary* of its move from Miami, FL via “*Operation Bootstrap*”. Thirty-one trucks went down to Miami and moved the then flight school to The City of Daytona Beach and helped it to set up operations. The school became *fully accredited in 1970*, but only offered three degree programs. Today it is still fully accredited but now offers about 80 degree programs and serves roughly 5,800 students in Daytona Beach, 2,300 students in Prescott, AZ, and 25,000 students through its *worldwide campus distributive* model.

President Wartret proceeded to show a video depicting current and planned campus expansions. ERAU’s immediate plans call for building a new Student Union, a *35,000 sq. ft. Advanced Research Lab*, and adding two new residence halls for a net increase of 950 beds

on campus. Construction on the Advanced Research Lab is scheduled to begin in February 2016, and mark the beginning of the Research Park which was earlier envisioned to be “*Silicon Valley-like*” as a center of engineering and technology development. It will have new laboratory space for students, 10,000 sq. ft. of flex lease space, and 5,000 sq. ft. of incubator space for faculty, students and private companies to work project development. ERAU is widely known as one of the best (if not the best) aeronautical universities in the world. An economic impact analysis concluded in 2012, concluded that the school had a *billion dollar economic impact for the state of Florida with about \$963 million of that impact in Daytona Beach.*

ERAU’s *Eagle Flight Research Center* has submitted 48 invention applications and 25 patent applications. One advance highlighted was the *hybrid gas/electric airplane* but the direction the research is going is to build a fully electric aircraft achieved by reducing battery size and weight, while increasing power. Other projects originating out of research related to the space program included the *NASA Extreme Environmental Mission Operations (NEEMO)* and *Mobile Extreme Environmental Research Station (MEERS)*. NEEMO research is currently being conducted in the Key West, FL area and focuses on essential activities including making repairs that would have to be conducted while in space. It operates underwater to take advantage of the buoyancy to mimic the weightlessness of space. The *MEERS Research Project* took one of the old Airstream campers and converted it to a close-quartered living environment to help students and others get acquainted with how persons would have to live in space or on other planets. The *ASSURE project* is looking at the world of unmanned aerial vehicles where many important policies and regulations have yet been developed. The application of this technology would be immense for agriculture applications such as targeted-spraying of orange groves and other crops, security at sensitive installations, and the list goes on and on. The *DAP Project* is developing a prototype light weight solar-powered aircraft to assist communications and data streaming. It can be towed up into the air about 50,000 feet and let go but could stay up almost indefinitely since it is solar powered. The aircraft could assist cell phone and other communications coverage after disasters where cell towers were rendered inoperative. The unmanned *Robotic Spacecraft and Asteroid Mining (RSAM)* “marsupial” is being developed to land on asteroids or planets and perform research activities.

7. Reports

- A. [Item #7C on Agenda taken here] **Daytona Regional Chamber of Commerce (DRCC)** –Nancy Keefer
Ms. Keefer reported on several events including the *Eggs & Issues Breakfast Meeting* that would be held this Friday, featuring David Hart of the Florida Chamber as the guest speaker. This Breakfast Meeting will provide a pre-legislative view of what’s going to be going on at the state capitol in Tallahassee, FL during “*Volusia Days*”, January 13-14, 2016. More specifically, Mr. Hart’s presentation will help shape the dialogue we will have with our elected officials during appointments on the first day. The second day will be “*education*” day where our legislators will talk to us about what’s going on in Tallahassee and where *they* might need our help. The *Regional Chamber Dinner* is scheduled for February 9, 2016, and should be a little different in that the “*The Capitol Steps*” will be featured to offer political satire. In other news, the *Chamber’s brand new state of the art website* will launch on December 17, 2015. In closing, Ms. Keefer commented about the *presentation made by Mr. Counts* at the Team Volusia Economic

Development Corporation (TVEDC) Board Meeting was “fantastic”, very professionally done and was presented extremely well by Mr. Counts. Several of the other cities were also very impressed.

- B. [Item #7C on Agenda taken here] **Volusia County Economic Development** – *Rob Erhardt*
Mr. Erhardt started his report by expounding on the comments made earlier by Ms. Keefer about *Mr. Counts’ presentation at the TVEDC Board meeting*. He commented, “Emory not only hit a home run but it was grand slam! The video itself was very informative and Mr. Counts’ ability to deliver it...the way that he did was very compelling”.

Next Mr. Erhardt highlighted several projects/activities including the *B. Braun Medical, Inc.* project. He thanked the Board for its recommendation to approve the proposed ad valorem tax exemption schedule considered earlier in the meeting. This company’s building/facility has been operational in Daytona Beach for some time under different owners. It was first owned by Gambro which was purchased by Baxter, and recently was sold to B. Braun Medical. The recommendation by the EDAB to the Commission for approval will help document an inducement to the B. Braun’s Board of Directors in Germany to invest a significant amount of capital in its Daytona Beach/Volusia County facility. There are plenty of other B. Braun projects and site locations competing for these same investment dollars and the tax exemption helps make the “*business case*” for the company to invest more heavily here. Moreover, although *business recruitment* is an important part of economic development it is no more important than *business retention*, and these actions may well keep an important employer in our community.

He also noted other activities including the *VMA Awards* recognition of David Perryman as a key manufacturer in this community, and that the *JetBlue Welcoming ceremony* would occur around 11:55 at the Airport on January 7, 2016. On Sunday, February 7, 2016, the County is partnering with the Speedway to host the *Half-Marathon*. Participants can run the entire half-marathon from the Speedway to the beach and back; run half of that distance in a relay format i.e. run to the beach--or from the beach back to the Speedway; or run a 5-K (3.1 miles) within the Speedway.

- C. [Item #7B on Agenda taken here] **Team Volusia Economic Development Corporation (TVEDC)**-*Keith Norden*
Mr. Norden reported that since the last report TVEDC representatives had been on *Six Outreach Activities*: two were business-to-business missions one to southern California, and another to Montreal, Canada based aviation and aerospace. TVEDC also participated in *ITSEC, a Modeling and Simulation* tradeshow in Orlando, FL where RayDon, a local company was a key exhibitor. *NBAA* in Las Vegas which was also aviation and aerospace related where Mathew Chesnut was joined by J. Cassins, Director of Sales with the Daytona International Airport, and together participated in *ten company meetings*. Mr. Norden just recently returned from participating in the *Aviation Forum* in Hamburg, Germany where the *ERAU World Wide Campus* exhibited, and the *Aerospace Alliance* (of which ERAU is a member) made a presentation. The Alliance is made up of organizations from the four southeastern states that coalesced to bring their *Aerospace Summit* to ERAU last year. As part of the effort to improve focus on important elements to recruit and/or grow in our area the *Site Selection Group* made a presentation to the

TVEDC Board regarding *refinement of its targeted industry sectors*. More about these industry sectors will be forthcoming. Finally, Mr. Norden announced that after a national search, TVEDC had hired *Chris Whimsadt as its new V.P. of Business Recruitment*. Chris previously headed the Fairborn Development Commission and was the Economic Development Director of the Dayton, Ohio Chamber of Commerce. Finally, he reported there were about 1018 jobs in the pipeline. Ms. Kilian asked if TVEDC was still targeting the medical industry and Mr. Norden responded affirmatively.

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

Ms. Kilian reported that the *VVIM Clinic is still going strong* but would be *closed for the next few weeks due to the holidays*. The Clinic is located on the Bethune-Cookman University campus and the school will be closed. There are *about 77 patients* in the works and they are still getting *more doctors and nurses wishing to volunteer hours* to the project.

8. Eggs & Issues Daytona Beach Area Economic Development Trends Program

Ms. Kilian reported the Eggs & Issues event would be held Thursday, February 11, 2016. The program agenda and participants are still being worked out. We expect the video would part of the program and could be on the website.

9. Old Business

There was no old business brought before the Board.

10. New Business

11. Citizens' Comments

There were no Citizens comments brought before the Board.

12. Schedule next meeting – **March 16, 2016**

2016 Schedule – (Additional meetings may be scheduled to accommodate business needs. See meeting changes below in purple)

January 6;	April 6;	July (no meeting);	October 19;
February 11 (Eggs & Issues);	May 18;	August 17;	November 16;
March 16;	June (no meeting);	September 21;	December 21;

13. Adjourn

The meeting adjourned at 9:40 A.M.

Emory M. Counts

Emory M. Counts, Economic/Community Development Director