

WINTERGREEN WINS OVER SHAREHOLDERS IN CONSOLIDATED-TOMOKA VOTE

BY ALICIA MCELHANEY

Activist firm Wintergreen Advisers, LLC has succeeded in swaying shareholders of Consolidated-Tomoka Land Co. to vote in its favor at the annual meeting, thus preventing the real estate company from issuing new shares of stock.

The annual meeting, held Wednesday, was expected to be contentious, with the two major proxy firms, Glass Lewis & Co. LLC and Institutional Shareholders Services Inc. (ISS) at odds on how shareholders should vote.

ISS sided in full with Wintergreen, advising shareholders to vote against the issuance of new shares and against increasing the salary of Consolidated-Tomoka's CEO. Meanwhile, Glass Lewis was against the issuance of new shares, but for the salary increase, which would allow CEO John Albright to receive \$5 million per year, rather than \$1 million.

In the end, shareholders sided with Wintergreen, voting against both proposals.

"This was the shareholders really sending a clear message to the board," said Liz Cohernour, chief operating officer of Wintergreen, in a phone interview.

According to Cohernour, there were many more people at the meeting than usual. She said there was likely three times the typical amount, adding that the meeting was much livelier than a typical shareholder meeting.

Each shareholder was given five minutes to speak. According to Cohernour, about 15 people chose to speak.

"One of the repeated themes from some of the shareholders was the suggestion that the company consider using cash to buy back shares," Cohernour said. "The company agreed that the share price was attractive for purchase and they did not rule out buying shares."

Cohernour asserted that Consolidated-Tomoka, which owns real estate in Daytona Beach, Fla., already has a small share buyback plan in place, but they only "nibble at" shares, rather than buying a lot at once

"They heard the shareholders loud and clear, when the stock price is down, it's a great time for the company to buy back shares," Cohernour said.

She used her five minutes to encourage the independent board members to hire outside counsel to appear at each board meeting or help with each decision.

"This is a big-time change at the company," Cohernour said. "The securities laws can be very tricky. It's good to have a lawyer on your side at the company meetings."

She added that Consolidated-Tomoka said it has counsel at some, but not all, of its meetings.

Consolidated-Tomoka is at a crossroads. The company engaged Deutsche Bank to review strategic alternatives in February after Wintergreen pushed it to consider a sale or liquidation process.

Since then, Consolidated-Tomoka has been slowly divesting its properties, most recently selling a 15,360-square foot single story office building in Daytona Beach, which was a part of Williams Business Park, for \$3 million, in a deal it announced April 26.

"I think that as a result of yesterday's meeting, there is going to be greater intensity among the board to encourage Deutsche Bank to go forward and see what they can do," Cohernour said.

The company currently owns a valuable parcel of land near the I-95 interchange in Daytona Beach in addition to income-producing properties it owns elsewhere.

In 2015, Consolidated-Tomoka's income, revenue and acre sales increased, according to its Feb. 9 earnings report.

The company had \$18.1 million in cash on hand as of Dec. 31. The company's total debt-to-total enterprise value, net of total cash, is 32.1% with \$75 million of borrowing commitment. Consolidated-Tomoka has approximately \$36.7 million of available borrowing capacity on its credit facility.