

October 27, 2015

Seward Economic Development Program - LB 840 Application Review Board
October 27, 2015 - 5:30 p.m.
Municipal Building - Council Chambers, 142 North 7th Street, Seward, Nebraska

The meeting was called to order at 5:30 p.m., with the following members present: Patricia Johnson, Ellen Beck, Jessica Kolterman, Barbara Pike; Absent: John Owens, Ann Underwood, Patricia Coldiron. Also in attendance were: City Administrator Bruce Smith, Seward County Economic Development Director Jonathan Jank, Suzanne and Darko Gligorevic and Deputy Clerk/Finance Director/Assistant Treasurer Marilyn D. Varner recording minutes.

1. MINUTES - SEPTEMBER 15, 2015

Moved by Pike, seconded by Johnson, that the September 15, 2015 minutes be approved.

Aye: Johnson, Beck, Kolterman, Pike
Nay: None
Absent: Coldiron, Underwood, Owens. Motion carried.

2. FINANCIAL REPORT

Moved by Kolterman, seconded by Pike, to approve the financial reports from September 30, 2015.

Aye: Pike, Johnson, Beck, Kolterman
Nay: None
Absent: Coldiron, Underwood, Owens. Motion carried.

3. APPLICATION FOR FUNDING

The application for funding received from Suzanne and Darko Gligorevic (Zen Spin), 444 Seward Street, in the amount of a loan for \$13,000.00 was reviewed.

Suzanne Gligorevic reviewed her family's history, including employment information. Both she and her husband are employed full-time. She stated that she was a former "Curves" member. Beth Peterson, the current owner of Curves is retiring, so Suzanne is pursuing purchasing this business, with plans to move it to the 444 Seward Street location. She has compiled a business plan for the proposed "Zen Spin" business. She feels the proposed business will be viable for an under-served market in Seward. A core group of individuals are loyal to Curves, and if this business is gone, no outlet will exist for them.

The proposed business will try to meet other needs such as wellness, yoga, spin cycling, ballet bar, and other types of dance, etc. The spin cycling seems to be a big draw for the millennial group. She feels that her instincts are good, in that people want variety, with plenty of space to grow and will try to offer incentives to get people to participate. She feels she can utilize the empty building at 444 Seward Street, which is within walking distance for people working downtown. Health and wellness have become important issues to a wide range of people. In the first year of operation, she plans to hire one part-time employee (possible fitness instructor), with additional Concordia University students to fill in. In the second year, plans include a full-time position. She plans to keep her current full-time job for the first year, with her attention focused on trends in exercise, adding classes as necessary. She hopes to draw business from surrounding areas, possibly working with chiropractors, hospital, etc. Ms. Gligorevic's plan is to begin pre-booking now for a January 1, 2016 opening.

Johnson stated that she has a conflict of interest in that she runs a fitness center, and stated she would not participate in discussion. For voting purposes, Johnson will be included, since without her vote, a quorum would not exist.

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Kolterman inquired about the current Curves participation, to which Ms. Gligorevic explained that Beth Peterson has approximately 90 members currently. Ms. Gligorevic feels that approximately 60 members will follow the business move.

Some discussion was held concerning the interior condition of the building at 444 Seward St. Ms. Gligorevic explained that a walk-through was conducted, and overall, the building is not in bad shape. Some repair to the tile floor is needed, with some painting and patching to be completed. The building has new bathrooms and electrical wiring. Gligorevics will be renting the building from the owner.

Kolterman inquired about the spin cycles, i.e., will they be plugged into internet portals. Ms. Gligorevic explained that the cycles will be purchased, but internet portals will not be used in the beginning. She hopes within two to three years, this program can evolve, since technology can be expensive at startup.

Discussion was held concerning hours for the business. Ms. Gligorevic has explored keyless entry possibilities for the Curves circuit only (not for bikes and yoga). Depending on customers' needs, the building could be open as early as 4 a.m. and stay open as late as 10 to 11 p.m. Open hours have yet to be established, depending on needs. Some concern was expressed about liability regarding keyless entry.

Administrator Smith inquired about bikes. Ms. Gligorevic explained that she will have 13 total bikes. She attended cycle training in Des Moines, Iowa and has a community person selected to assist with training for the cycles, with other individuals assisting with yoga, etc.

Beck inquired regarding financing for the Curves business. Ms. Gligorevic explained that a down payment of \$5,000 was made, with negotiations of \$20-\$25,000 to purchase the business through a loan with the owner.

Parking for the business was mentioned, in that during the day, parking could be a problem.

Beck inquired about operating expenses. Ms. Gligorevic felt that her business plan had explored the cash flow and is confident that the Curves income will help with cash flow to keep the business operating in the beginning.

The outside of the building at 444 Seward Street was briefly discussed. At present, an awning from the prior business exists. Ms. Gligorevic would like to update the awning, but the \$9,000.00 to replace it is cost-prohibitive. She will probably remove the awning, to be replaced with a flat sign.

Jonathan Jank expressed that he was impressed with the business plan. The existing building will be maintained by filling a downtown storefront. He shared that housing opportunities are also being explored for some of the second story locations in the downtown area.

Members reviewed the proposed economic development loan, requesting guidelines that were discussed by the Board (but not formally adopted) approximately a year ago. This information will be distributed to all Board members for their review.

Moved by Pike, seconded by Kolterman, that a loan in the amount of \$13,000.00 for a term of five years (sixty months) at an annual rate of 2.50 percent be granted to Suzanne and Darko Gligorevic for their proposed business "Zen Spin" at 444 Seward Street.

Aye: Johnson, Beck, Kolterman, Pike

Nay: None

Absent: Coldiron, Underwood, Owens. Motion carried.

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5. MOTION TO ADJOURN

The meeting was adjourned at 6:27 p.m. in a motion by Pike, seconded by Johnson. All members present voted aye.