

**NORTH BREVARD ECONOMIC DEVELOPMENT ZONE (NBEDZ) SPECIAL DISTRICT
GOVERNING BODY OF THE SPACEPORT COMMERCE PARK AUTHORITY**

COWORK SPACE COMMITTEE

June 26, 2015 @ 8:30 a.m.
Titusville Chamber of Commerce – Board Meeting Room
2000 S. Washington Avenue
Titusville, Florida 32780

Board Members:

In Attendance: Robert Jordan and Stan Retz

Absent: Paula Cardwell

Call to Order: Meeting was called to order at 8:36 a.m. by Robert Jordan.

Selection of Committee Chair: Robert Jordan, Chair

I. Discussion and Direction – Proposed Cowork Space Project:

Troy Post, CECD, NBEDZ Executive Director, stated Paula Cardwell is ill and is unable to attend today; and one of Ms. Cardwell's comments in the past was that she feels this is an inappropriate use of Zone funds. He stated the Committee's role is to advise the Zone board and recommend a course of action for the cowork space concept; there are three questions needing answered; one is does the Zone board want to pursue to cowork space project; two is whether the choice of the bank building is the best place to locate it he provided the Committee with rationale of it being needed for the area; and this is about providing additional space for entrepreneurs. He provided an analysis as to why the bank building was determination versus some other buildings and why locating it downtown in the City of Titusville; and if the bank building is chosen what kind of terms to talk about. He stated the determination on the use of public funds is in the analysis of benefits and costs of the potential economic impact of establishing a Cowork Space in Titusville; the original proposal voted on was a five-year lease term at \$2,500 per month; the tenant improvements were estimated at about \$75,000; and with a three-year program subsidy for operations. He stated he provided an option for a three-year lease term still having the same tenant improvements and subsidy, but at the end of three years the option is there to renew the lease, renew the program, or end the program; another option is to seek a one-year lease term still having the same tenant improvements, or could cut back the tenant improvement figure; and to do just a one-year commitment of the program. He stated Ms. Cardwell wants to be part of the conversation; and it may be convenient to meet again to ensure she does not have any additional issues.

Stan Retz opined Ms. Cardwell seemed to have the most concerns and it would be prudent to postpone any significant discussion until she is available; he thinks she was a little off on her calculations; she is really concerned about the rent per square foot; and he found in his search other properties available, but the lease term is not out of line.

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Mr. Post agreed that the lease term is not out of line; and he provided a sample of a lease having multiple options.

Chair Robert Jordan stated the Zone board supported the Cowork Space concept; and he thinks the first question of support for the Cowork Space concept can be dispelled.

Mr. Retz stated he agreed.

Chair Jordan stated the second question will have to wait until Ms. Cardwell is present.

Mr. Retz stated he will print out the other available properties to bring at the next meeting.

Chair Jordan stated a package can be put together to show what is available in the area of options of buildings and prices; it appears that the bank building is a reasonable place for the cowork space concept to work; he is concerned with the term of the lease; and he prefers three-year term lease. He added, the subsidy and the rent are paid by the Zone; and he inquired if that is inclusive of the rent.

Mr. Retz stated from a lease standpoint, the lessee only wants a short-term commitment; he would rather have a one-year lease with four one-year options; whereas, the lessor wants five-year lease.

Mr. Post responded the rent is in the subsidy; and the subsidy is beyond the rent of just \$50,000.

Mr. Retz inquired it out of the \$83,400, the expense of \$80,000 is coming from the Zone. Chair Jordan responded affirmatively. Mr. Retz went on to say that it seems like the revenue being generated from the people leasing the space is extremely low; he would look at what the Return on Investment (ROI) is; and he thought there would significantly be more revenue from the people leasing the spaces. He added, only projections of income can be added to what income is going to be in expenses and is it worth what the subsidy is; and is it the best use of the money for the return. He inquired how many members there could be in two years. Mr. Post responded his assumption is a conservatively low average of 15 members at \$25 a month for 12 months; he thinks it will be well above that; and the Meetup Group has about 70 attendees. Mr. Retz stated then it does not make sense to subsidize to the tune of \$50,000 versus \$80,000.

Chair Jordan stated \$25 is too low to use the space provided. Mr. Post pointed out there will be three levels of membership; the first level of membership is Basic Standing carrying a quarterly charge of \$75; the second level of membership is Intermediate Standing carrying a quarterly charge of \$225; and third level of membership is Partnership Standing carrying a quarterly charge of \$900 a quarter.

Mr. Retz suggested showing the Zone board more memberships with more low, medium, and high projections showing more ROI. Mr. Post advised he can do that; and by looking at other fee structure types for comparisons to the market-base membership fees.

Chair Jordan stated the focus of the Zone is results; this has no tangibles; he wants the Cowork Space Project to be successful, but there is no promise that it is going to be

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successful; going with the five years is not palatable to him; the three years is more palatable to him because there may be some success coming out of the cowork space to move towards an incubator; the people who come in really do not have the structure to become a real business; and hoping for the next level to become a real business. Mr. Post advised that is one aspect for some only needing a place to meet clients; and for some to have a professional address for receiving mail.

Chair Jordan suggested continuing to look at the fee structure and showing the Return on Invest after three years, quantifying what the expectations are, and showing a matrix of membership dues with different levels of pricing compared to what other cowork places charge for membership structure; and having a three-year lease versus a five-year lease, with some additional options for renewal.

Mr. Retz suggested having notations about the possibilities of individual entrepreneurs starting up his or her businesses with its employment base.

Heather Summy stated she works from home in a virtual environment and she has no tangible product other than her app; she opined it would not be fair to require being a member of the Titusville Chamber of Commerce; and she suggested having an informational type of desk at the cowork space.

Mr. Post advised the next Cowork Space Committee meeting will be July 8, 2015, at 8:30 a.m. at the Chamber of Commerce.

Upon consensus, the meeting adjourned at 9:37 a.m.



Robert Jordan, CM, Secretary/Treasurer

Approved on October 6, 2015

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