



Colorado Springs Downtown Development Authority
Board of Directors Meeting
8:15 a.m. March 12, 2024
111 S Tejon St Ste 703, Colorado Springs, CO

Meeting minutes

Board members present: Chris Lieber, Carrie Bartow, Patrick Stephens, Troy Coats, Dave Lux (remote), Michelle Talarico (remote), Jeremy Shirley (remote), Jordan Empey (remote)

Board members absent: Jeff Finn, Laura Neumann, Amber Brannigan

Staff members present: Susan Edmondson, Carrie Simison, Austin Wilson-Bradley, Chelsea Gondeck, Jessica Vasquez

Guests: Ryan Tefertiller (City Planning), Erika DiMaggio (Soiree Bridal Boutique), Kevin Megyeri (Skirted Heifer), Pete Turner (Illegal Pete's)

Call to order and welcome

8:16 a.m. Chris Lieber called the meeting to order.

Minutes

The board reviewed minutes from the Feb. 13, 2024, board meeting. On a motion by Carrie, seconded by Patrick, the minutes were unanimously approved.

Financials

The board reviewed financials dated Feb. 29, 2024. Susan stated that it was a straightforward month with ordinary expenses. The board had no additional questions.

Audit

Susan announced that the 2023 audit has been completed. The Executive Committee comprised of Chris, Jeff, and Carrie reviewed and approved the audit. She credited Ana for a very smooth process.

Governance

Susan directed the board to the memo in their packet outlining the open board position with the departure of term-limited Dave Lux this summer. She asked board members to connect her or Chris Lieber with strong candidates; this opening is prioritized for a retail or restaurant representative.

Grants

Retail Incentive Grant: Soiree Bridal Boutique

Austin introduced Erika DiMaggio, owner of Soiree Bridal, who is poised to occupy 123 E Bijou St when tenant improvements are complete. Soiree opened in 2019 near World Arena, and despite the disruption that the pandemic had on large, in-person events (i.e. weddings), has been able to grow and show substantial profit.

The board reviewed the application which included P&L statements, building renderings, and eligible costs. Ms. DiMaggio shared her excitement for relocating Downtown and added that keeping more inventory on hand is a direct result of anticipated walk-ins as her previous location did not have built-in foot traffic and was therefore open by appointment only.

Citing a high-end product/service that does not currently exist and one that helps to bolster the presence of soft-goods retail in a downtown increasingly filled with bars and restaurants, staff

recommends a \$5,000 Retail Incentive Grant to assist with costs associated to relocating the business to Downtown.

Patrick moved to award Soiree Bridal Boutique a \$5,000 Retail Incentive Grant. Carrie seconded and the motion passed unanimously.

Energy Efficiency Grant: Illegal Pete's

Austin introduced Pete Turner, owner of Illegal Pete's, whose highly anticipated opening is slated to take place in April 2024, more than two years since the business was announced. The board will recall that DDA received funding from Colorado Springs Utilities in 2022 to create the Energy Efficiency Grant to provide incentives for business owners to upgrade kitchens, lighting, HVAC, etc. to systems that are demonstrably more energy efficient than what simply meets code.

Jordan temporarily departed the meeting at 8:30 a.m.

Mr. Turner shared that an antiquated industry, his commitment to sustainability and conservation, and the challenges of the pandemic shifted his focus to how to operate cleaner, safer, and better. In the Colorado Springs location at 32 S Tejon St., they will install ultra-high efficiency cooking appliances, new LED lighting, and water-saving fixtures. Though the initial investment in the equipment is considerable, Mr. Turner expects the 10-year energy savings to help offset the cost.

The board thanked Mr. Turner for his thoughtful approach to energy efficiency and for leading the industry in innovation.

Dave moved to award Illegal Pete's a \$12,000 Energy Efficiency Grant. Patrick seconded and the motion passed unanimously.

Building Enhancement Grant: Skirted Heifer

Austin introduced Kevin Megyeri, owner of Skirted Heifer, whose building façade was severely damaged when struck by an out-of-control vehicle traveling at high speed.

Rather than just return the façade to a similar condition, Megyeri aims to upgrade the façade to include new masonry from ground to about 8' high, 10'x4' roll-up garage door window, new charcoal-colored stucco, new signage, new patio railing, and a new patio seating concept, creating a new 'concrete bar top' seating option on the north side of the patio and maintaining traditional patio seating on the south side of the patio. An insurance claim has been filed and remains pending. Mr. Megyeri comes before the board requesting a Building Enhancement Grant to assist with eligible costs.

The applicant provided a thorough application with detailed budget, images of the proposed changes, and narrative of helping turn a tragic situation into a fresh façade for his business, which celebrates ten years this year. Mr. Megyeri shared his enthusiasm for a modernized storefront that will be more consistent with neighboring properties and thanked the board for their consideration. Austin noted that the grant recommendation in this request is modeled differently than previous requests that have come before the board due to the pending insurance claim.

Carrie moved to award a Building Enhancement Grant in the amount of up to 20 of the final project costs, less the insurance payout, not to exceed the maximums per the Building Enhancement Grant structure to Skirted Heifer. Patrick seconded and the motion passed unanimously.

Erika, Kevin, and Pete thanked the board and departed at 9:09 a.m.

Emergency Relief Grant Program

The DDA board has occasionally approved financial assistance to business owners when unique situations arise, utilizing a Special Project Grant. Staff sees the need to outline specific criteria for emergency relief in such circumstances and presented a draft application of the Emergency Relief Grant Program for board approval.

The program is meant to provide meaningful relief (grants range from \$5,000 to \$50,000) for street-level retail, restaurant, and service businesses within DDA boundaries after a major, unforeseen incident causing a prolonged diminishment of business. Ordinary construction, street work, and event-related challenges will not be eligible.

Patrick moved to approve creation of the Emergency Relief Grant Program as outlined in the application presented. Carrie seconded and the motion passed unanimously.

Emergency Relief Grant: Mediterranean Café

The board will recall that Ronald and Brittany Hunter, owners of Mediterranean Café, contacted staff for assistance because they suffered significant disruption due to the underground utility fire in September 2023. Colorado Springs Utilities had originally publicized that affected businesses should submit claims of lost product and revenue from the incident, but it was much later determined that the cause of the fire was due to a third party, so no reimbursement was made available.

Staff has reviewed financial statements from Med Café and believes that if not for the forced closure of the restaurant, it would have turned a profit in 2023.

Patrick moved to award Mediterranean Café a \$5,000 Emergency Relief Grant. Carrie seconded, and the motion passed unanimously.

Ms. DiMaggio, Mr. Megyeri, and Mr. Turner departed at 9:09 a.m.

Old Business

Loan Program for Tenant Ownership

As discussed at the February board meeting, Austin presented an overview and draft application of the Loan Program for Tenant Ownership, and thanking Patrick Stephens, Jordan Empey, Matthew Hanson, and Bobby Mikulas for their input.

The program intends to provide loans of up to \$250,000 at a low interest rate for a term of up to 15 years. The funds may be used for initial acquisition of the property and/or the initial construction and outfitting needed to operate the primary eligible business. On advice of counsel, the debt would be secured by a Deed of Trust on the property, typically in a second or third position to the primary lender(s) used by the business (the program requires at least one primary lender to ensure thorough underwriting procedures).

Michelle left at 9:20 a.m.

Patrick suggested that the loan application state that applicants must obtain at least 60% of the proposed purchase price from privately funded sources, usually a primary mortgage lender. Further, he added that the loans follow a normal, fully-amortized schedule.

Patrick moved to approve the Loan Program for Tenant Ownership, subject to minor language changes and clarification on floor interest rate. Troy seconded the motion and it passed unanimously.

The board discussed funding of the program and determined it best to grow the Board Designated Fund rather than allocate a set amount annually. This will ensure flexibility, especially important because it is difficult to anticipate the number of applications the board will receive.

State of Downtown

Susan encouraged board members to attend the State of Downtown report release on Thursday, March 21.

Tejon Street Reconfiguration

Chelsea provided a brief update on the Tejon reconfiguration project; delays have occurred related to funding but she is hopeful that the project can now move forward with appropriate phasing and that construction can begin in October.

The board meeting was adjourned at 9:43 a.m.