EXHIBIT

142

Town's Eagle River Station decision slated March 27

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March 27 is do-or-die time for Eagle River Station.

Actually, more accurately, it is do or start all over time for the long-debated commercial/residential project planned south of Interstate 70 on the east end of town.

The Eagle Town Board anticipates issuing its ruling regarding ERS during its next regularly scheduled meeting on Tuesday, March 27. That's significant because that is also the last date the current town board will be in session. Eagle's municipal election is planned Tuesday, April 3, and three new town board members will be elected and there is a race for mayor between incumbent Ed Woodland and current town board member Yuri Kostick. If the board cannot come to agreement on an ERS decision or if the developer cannot provide all the documentation the town has required as part of the approval process, the ERS hearings will have to start again from scratch.

Not that there's much chance of that happening.

"Just so you know, if it doesn't work out (a vote on March 27) you get to start all over with a new board. It's zero hour for you," said Eagle Mayor Ed Woodland.

Eagle River Station is a commercial/residential project proposed by Trinity RED Development on the eastern end of town, south of Interstate 70 and north of U.S. Highway 6. The 88-acre property would include 582,000 square feet of commercial space and 250 rental units in the first phase. The second phase calls for up to 150,000 square feet of commercial space and another 300 rental units. The development has been the focus of Eagle Town Board hearings since October.

In preparation for the hearing, the town board instructed staff to prepare findings for a vote approving or rejecting the ERS plan. And, significantly, the board instructed Town Attorney Ed Sands to prepare a resolution calling for a May 22 public referendum on ERS.

"I do not support sending any action by this board to a public referendum," said town board member Yuri Kostick. He cast the sole dissenting vote against the plan.

Woodland noted that whatever the board decides March 27, the threshold for bringing the issue to a vote of Eagle citizens is collecting 190 signatures on a petition. Woodland said the reasoning behind having the town call the referendum is that the board would then control the timing and ballot language for the vote.

Town board member Scott Turnipseed agreed that regardless of how the board votes, citizens would bring the matter to referendum.

"It rips the town apart every time it comes through and I would like to get this done," said Turnipseed.

The board voted 5-1 to develop the referendum resolution with Kostick dissenting. Town board member Kraige Kinney was absent.

DETAILS, DETAILS

Detailed discussion regarding both the 53-page development agreement and the 37-page ERS reimbursement agreement highlighted Tuesday night's meeting.

The development agreement spells out many conditions RED Development must meet both during construction of ERS in the long-term operation of the project. It requires that new infrastructure such as an Interstate 70 interchange and improvements to U.S. Highway 6 be completed prior to opening the ERS development.

The reimbursement agreement details the financial deal between the town of Eagle and RED Development for ERS revenues. There are two main components of the ERS revenue deal — Tax Increment Financing (TIFF) and revenue sharing.

The tax increment financing is tied to property taxes at the site. TIF gives the ERS developers a break on the amount of property taxes they will pay for the next 20 years.

Under the details of the proposed deal, several taxing entities, including Eagle County and the town of Eagle, will continue to receive only the property tax increment that they currently see from the ERS land under its agricultural designation. If the land is developed as a commercial/residential center, the property value will increase significantly.

The argument for tax increment financing is that the commercial revenues derived from sales tax will compensate any property tax losses the town or the county would experience.

Several special districts have been excluded from the tax increment deal including, Western Eagle County Metropolitan Recreation District, Western Eagle County Ambulance District and the Greater Eagle Fire Protection District. These govern-

SEE ERS DECISION LOOMS, 7

ERS decision looms

From page 3

ments will be allowed to collect the property taxes generated by the commercial land designation for ERS rather than the agricultural designation.

The revenue sharing issue calls for the town to rebate some of the sales taxes that would be collected from stores at the new commercial center, along with the addition of a Public Improvements Fee (PIF) assessed on ERS sales.

Under the terms of the new agreement, Eagle would receive 1.45 percent of the 4 percent municipal sales tax generated at ERS businesses. Additionally, the town would receive .15 percent of the 1 percent county sales tax collected on ERS transactions for total sales tax receipts of 1.6 percent from ERS businesses. Projections are that the 1.6 percent sales tax would generate $2.3 million in new revenue for the town. The remaining 2.55 percent of the 4 percent town sales tax and a 4 percent PIF would go to the developer to pay off the estimated $67 million worth of public improvements at the ERS site.

PUBLIC COMMENT DONE

Six area residents took advantage of the final opportunity to offer public comment on the ERS plan.

Annie Colby, owner of The Nearly Everything Store, urged the board to consider the existing businesses in town as it contemplates an ERS decision.

Resident Brandi Resa said she thought the ERS approval process was flawed. "I don't know all the proper things to do, but it seems like not all the proper procedures have been followed," said Resa. "I have grave concerns as a citizen if a procedure lawsuit is successfully filed, the developer may be able to sue for damages."

Neither the town attorney or RED's legal representative responded to Resa's process allegation.

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