

From: Mike Brown [<mailto:MikeBrown@alpinebank.com>]
Sent: Tuesday, January 10, 2017 8:28 AM
To: Virginia Egger; Scott Wright; Scott Prince; Megan Burch; Andrea Davis (andrea.davis@sagepeakllc.com); Sarah Smith Hymes
Cc: Jill Klosterman; 'Craig Ferraro'; Jack Gardner; 'Gerry Flynn'
Subject: EagleBend Refinancing

Dear Ladies & Gentlemen:

First, I would like to thank you for inviting me to be part of the ad hoc committee discussing refinancing options for the EagleBend apartments. It has been my privilege to serve alongside a very professional and knowledgeable group of individuals. As you know I was invited to serve as a member of the community, and I am not an employee or director of either the Town of Avon or the EagleBend Housing Authority. Additionally, my employer, Alpine Bank, is not financially involved with the EagleBend apartment complex.


After our recent discussions, it is my considered opinion that the EagleBend Housing Authority should proceed with refinancing its existing debt, with the addition of leverage sufficient to finance needed improvements, while also allowing sufficient annual surplus to address the property's future capital improvement needs. Conversely, I cannot at this time support a refinance of EagleBend debt that would substantially increase leverage and devote proceeds to unrelated and unspecified affordable housing projects. Please allow me to elaborate upon my reasons.

First, I am concerned with the timing and viability of a refinance using private activity bonds and low-income housing tax credits. It is my understanding that application, due diligence and government approvals may take a *minimum* of nine- to 12 months. Interest rates have already risen, and may continue to rise, in anticipation of improved economic growth under a new federal administration. Related to this, individual and corporate taxation rates may soon be lowered, adding further pressure to interest rates while potentially lowering market appetite for tax credits. No individual, including me, can predict the future. Nonetheless, it is my opinion – shared by several of my committee colleagues – that the interest rate and tax credit projections provided to the committee may be too optimistic. If this becomes a reality, EagleBend's cash flow and ability to service debt will be further strained.

However, even assuming that this method of refinancing could be achieved in short order, I must express additional concern for highly leveraging one asset and deploying funds for one or more unrelated affordable housing projects. Again, any additional leverage will place greater burden on EagleBend's ability to service debt. But beyond this, I am uncomfortable with creating millions of dollars in loan proceeds without fully understanding *how, when and where these funds will be utilized*. With all due respect to the Town of Avon, I am concerned as to the process of properly considering and administering the use of these funds.

Again, I appreciate the Town's desire to explore multiple refinancing options for the EagleBend apartment complex. However, I would recommend that EagleBend's governing authority proceed with refinancing at terms and at a loan level that will solely benefit and maintain this valuable community asset.

Thank you for your consideration, and you are welcome to share my thoughts with the other members of the council.

	<p>Michael S. Brown Alpine Bank Regional President NMLS ID#458802</p>
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January 6, 2017

Avon Town Council
Town of Avon
1 Lake Street / PO Box 975
Avon, CO 81620

Dear Avon Town Council members:

Vail Valley Partnership (VVP) is the regional chamber of commerce representing Eagle County, Colorado. Our organization has over 850 member organizations, representing over 80% of the local workforce within the valley.

As you are aware, workforce housing is among the priority needs in the Vail Valley. It has come to our attention that a current working group of citizens and business interests have been meeting to review a proposed restructuring of debt at Eaglebend. It is also our understanding that this committee is opposed to the proposed restructuring for a variety of reasons including:

1. Models showing a potential rent increase of up to 40% for up to 150 households, or more moderate disruption of increases up to 15%.
2. Dependency on Low Income Housing Tax Credits (LIHTC) which involves taking on a lot more debt in order to provide cash out, and which significantly limiting the availability of funding for capital replacements going forward.
3. Multiple hurdles associated with LIHTC over 9-12 months, any one of which could prove fatal to the project, and a belief that tax credits are better utilized for new projects.

The dire need for deed-restricted workforce housing certainly does entail creative thinking and new approaches to mitigate this problem; however, Eaglebend is working just fine the way it is and has been for 23 years. It has provided nearly \$1.9 M as seed money and assistance for other projects which could never have happened or survived without Eaglebend assistance. Eaglebend is a model of success that other projects should look toward, and the potential disruption to a successful model is not worth the risk associated with it.

This project checks numerous boxes in terms of meeting the needs of workforce housing in Eagle County and the Town of Avon, and does so with a thoughtful approach to rent and capital improvements. We respectfully urge the members of town council to consider the many public benefits of Eaglebend and to avoid using it as an ATM while putting 294 families at risk of increased rent or no housing at all, and to follow the advice of the citizens committee. Thank you for your commitment to affordable housing.

Best regards,

A handwritten signature in black ink, appearing to read "Chris Romer", written over a horizontal line.

Chris Romer
President & CEO
Vail Valley Partnership

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