



Home of the Tualatin River National Wildlife Refuge

URBAN RENEWAL AGENCY MEETING PACKET

FOR

Tuesday, January 18, 2011

**Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon**

**URA Board of Directors Meeting
(Following the City Council Meeting)**

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING AGENDA**

Tuesday, January 18, 2011
Following the City Council Meeting

City of Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon

REGULAR URA MEETING

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT

- A. Approval of November 16, 2010 URA Board of Directors Meeting Minutes**
- B. Approval of December 7, 2010 URA Board of Directors Meeting Minutes**
- C. URA Resolution 2011-001 Accepting the Urban Renewal Agency Annual Financial Report for the year ending June 30, 2010**

4. NEW BUSINESS

- A. URA Resolution 2011-002 Authorizing personal services contract with Tashman Johnson, LLC for the purpose of conducting financial services for the Sherwood Urban Renewal District (Tom Nelson Economic Development Manager & Craig Gibbons Finance Director)**

5. STAFF REPORTS

6. ADJOURN

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
November 16, 2010
22560 SW Pine Street, Sherwood Oregon 97140**

REGULAR URA BOARD MEETING

1. **CALL TO ORDER:** Chair Keith Mays called the URA Board meeting to order at 9:27pm.
2. **URA BOARD PRESENT:** Chair Keith Mays, Dave Heironimus, Linda Henderson, Lee Weislogel and Robyn Folsom. Dave Grant present via conference call.
3. **STAFF PRESENT:** Community Development Director Tom Pessemier, Police Chief Jeff Groth, Finance Director Craig Gibons, Community Services Director Kristen Switzer, Economic Development Manager Tom Nelson and District Recorder Sylvia Murphy.

Chair Mays asked for a motion to adopt the Consent Agenda.

4. **CONSENT AGENDA:**

- A. **Approval of October 5, 2010 Board Meeting Minutes**
- B. **Approval of November 2, 2010 Board Meeting Minutes**

MOTION: FROM MR. HEIRONIMUS TO APPROVE THE CONSENT AGENDA, SECONDED BY MS. HENDERSON. ALL PRESENT BOARD MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item.

5. **NEW BUSINESS:**

- A. **URA Resolution 2010-012 of the Urban Renewal Agency of the City of Sherwood accepting the recommendation of the Cultural Arts Community Center Steering Committee**

Kristen Switzer Community Services Director came forward and recapped the staff report and explained the resolution.

Ms. Henderson asked why the plan is being referenced as 70/30 when it's not actually 70/30. Kristen replied it has always been labeled 70/30 and did not change it as it could possibly cause confusion. Ms. Henderson stated it's actually 78/22 and said she was concerned with losing 8%. She said she was ok with 70/30 as long as it's understood that it's a rough number. Kristen replied we are trying to stay as close to the 70/30 plan as possible, recognizing that the feedback received from the business plan and construction costs could adjust this number.

Mr. Heironimus asked in regards to information on page 9, Sources and Uses Summary and said Telecom Co-locations has zero on all three options and asked if we are still going to do

this room and if it's such a great deal why wouldn't the private market do it. Tom Nelson replied the space is designated as retail or rental space and we could rent the space. Discussion occurred regarding co-locations and not previously building them into other City facilities. Tom stated the City has received a request for co-location space.

Mayor Mays stated if the business plan doesn't support it, there will be changes.

Ms. Folsom asked regarding opportunities for grants with capital funding and if this would qualify. Kristen replied she didn't know and would expect the operating-business plan to identify those opportunities.

Chair Mays pointed out Ms. Folsom was looking at the next agenda item and asked for other Board question.

Mr. Grant stated he was comfortable with the resolution.

With no other questions, Chair Mays asked for a motion.

MOTION: FROM MS. HENDERSON TO APPROVE URA RESOLUTION 2010-012, SECONDED BY MR. HEIRONIMUS. ALL PRESENT BOARD MEMBERS VOTED IN FAVOR.

Prior to receiving the vote Chair Mays stated he believes this is a good balance and believes it's a good plan and appreciates all the work done by the steering committee and supports the next resolution for the business plan and looks forward to the information in the plan.

Chair Mays addressed the next agenda item.

B. URA Resolution 2010-013 of the Urban Renewal Agency of the City of Sherwood authorizing funds to develop a Business Plan for the Cultural Arts Community Center

Kristen Switzer Community Services Director came forward and recapped the staff report and explained the resolution and said the estimate is on the high side.

Chair Mays asked when does staff expects to get the information back. Kristen replied an RFP process will have to occur and said in a previous estimate she received it appeared to be a 3-4 month process once the City issues the notice to proceed, so it could be spring at the earliest.

Ms. Folsom asked if this involves public and stakeholders meetings. Kristen replied yes and said she would like to discuss this with the steering committee at their meeting tomorrow night, if the resolution is approved, to look at the proposed scope and make recommendations.

Mr. Grant stated he was comfortable with the resolution.

Ms. Henderson asked Tom Nelson where the funding was coming from and if it's been budgeted or allocated. Mr. Nelson replied, it's not budgeted and could come from fund balance.

Ms. Henderson asked what is the contingency of the URA. Mr. Nelson replied about \$1 million and said we will be using some of this for other construction depending on how other construction projects come in.

Ms. Henderson commented in regards to the quality of public meetings and said she hopes the plan has the consultant going out to groups such as the school district and or the booster club to see what their needs are for public meeting space.

With no other questions from the Board, Chair Mays asked for a motion.

MOTION: FROM MR. WEISLOGEL TO APPROVE URA RESOLUTION 2010-013, SECONDED BY MS. HENDERSON. ALL PRESENT BOARD MEMBERS VOTED IN FAVOR.

6. STAFF REPORTS: None.

With no other business to address Chair Mays adjourned the URA Board meeting.

7. ADJOURNED: Chair Mays adjourned at 9:40pm.

Submitted by:

Approved:

Sylvia Murphy, CMC, District Recorder

Keith S. Mays, Chairman

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
December 7, 2010
22560 SW Pine Street, Sherwood Oregon 97140**

REGULAR URA BOARD MEETING

1. **CALL TO ORDER:** Chair Keith Mays called the URA Board meeting to order at 8:40pm.
2. **URA BOARD PRESENT:** Chair Keith Mays, Dave Heironimus, Dave Grant, Linda Henderson, Lee Weislogel and Robyn Folsom. URA Board members elect, Bill Butterfield and Matt Langer.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Jim Patterson, Police Chief Jeff Groth, Finance Director Craig Gibbons, Economic Development Manager Tom Nelson and District Recorder Sylvia Murphy. City Attorney Paul Elsner.

Chair Mays addressed New Business and asked staff to come forward.

4. **NEW BUSINESS:**

- A. **URA Resolution 2010-015 Authorizing the Urban Renewal Agency Administrator to allocate \$45,000 to (Business of Old Town) BOOTS for two years of coordination services**

Economic Development Manager Tom Nelson came forward and recapped the staff report and explained the resolution.

Chair Mays stated we are not just writing a check and asked if approved will there be oversight by the District as far as the hiring process, management of the funds, updating or whatever is necessary for the business plan for the next two years. Tom replied with the Boards direction, yes. Chair Mays confirmed the point of contact at City Hall would be Tom Nelson, Mr. Nelson confirmed.

Mr. Heironimus asked in regards to the list of accomplishments attached to the staff report (see record, Exhibit A) and asked why wouldn't it be a better use of money to contract with the Chamber and provide the funds to the Chamber to support their operations.

Mr. Nelson replied the Main Street Program is focused on down town and the Chamber is focused throughout town and while he believes there could be a partnership the models that he has seen around the nation generally call for a Chamber of Commerce that focuses on promotion and stated the two are focused on different things.

Mr. Heironimus referenced the list of accomplishments and stated a lot of the tasks are done by the Chamber or could be done by them and said this is a lot of money to focus on Main Street and said our downtown isn't that big and said he believes this would be a better fit under the Chamber.

Mr. Weislogel stated he is strongly in support of the proposal and he has been the liaison to BOOTS and has been involved in the Downtown Business Association. Mr. Weislogel explained the URA is spending capital dollars to the extent of \$35 million in the Old Town area and the Cannery and said it's very important that we support the businesses in Old Town so that we have a healthy way to utilize and perpetuate the benefit of the capital investments we have made. Mr. Weislogel stated one concern is that we have a nice integration of the Cannery project into Old Town. Mr. Weislogel stated a Chamber Board member is also currently a SURPAC member and said this has been discussed extensively and said the Chamber and BOOTS have a very good relationship and each organization is a member of the other.

Mr. Weislogel continued to state the Main Street Program is a state and national program and referenced the City of McMinnville and their successful program.

Ms. Henderson stated she was a bit confused on who this person would work for and asked for an explanation. Tom Nelson replied it's being recommended that the funds be given to the BOOTS Board and BOOTS would be managing this person. Ms. Henderson asked if they are set up to do payroll and Tom replied this is the administrative support we would be seeking from the Chamber and they (BOOTS) would contract with the Chamber for that service. Tom confirmed the person's office would be at the Chamber and the person would be supervised by the BOOTS Board.

Ms. Henderson asked in regards to the original recommendation from SURPAC to employ for one year and the resolution this evening was for two years. Tom replied further discussion between BOOTS and the Chamber streamlined the timeframe to be two years. Ms. Henderson asked in regards to funding the position and Tom confirmed the funds were coming from the URA, Professional Services.

Ms. Henderson expressed concern with having a part time person over two years verses a fulltime person over one year. Discussion followed and Tom stated the hope would be to have a fulltime person after the two year period.

Ms. Henderson asked in regards to the Main Street Program position being self-sustaining, Tom explained nationally the program shows the municipality supporting the Main Street Program and explained the position gaining support through other methods.

Ms. Henderson asked Mr. Weislogel if BOOTS has a work plan outlined for the employee during the first and second year of employment and expressed concern with a volunteer Board supervising a part time employee in an organization that is fairly young. Mr. Weislogel stated in the Main Street Program handbook there is a job description and said he meets with this board on a regular basis and they are working to provide structure and they have expanded the Board to include more people and are looking to have representation from business owners and property owners and not just retailers and said a Capstone representative was also on the Board and the Board will have people skilled to do what Councilor Henderson expressed concern about.

Tom Nelson stated there is a Marketing Plan put together that anyone can use.

Ms. Henderson asked for an update at 12 months and asked that the Chamber weigh in on the progress.

Mr. Heironimus asked what type of person can be employed for this salary, Tom replied there is a network of Main Street professionals in the state and we hope to draw on this pool of people.

With no other questions, Chair Mays made the following motion.

MOTION: FROM CHAIR MAYS TO APPROVE URA RESOLUTION 2010-015, SECONDED BY MR. GRANT. MOTION PASSED 5:1 (MAYS, GRANT, WEISLOGEL, HENDERSON AND FOLSOM IN FAVOR; HEIRONIMUS OPPOSED).

Chair Mays addressed the next agenda item and started the City Council heard similar business on their agenda this evening and said he did not believe it was necessary to receive a staff report on Resolution 2010-014.

B. URA Resolution 2010-014 Accepting the Urban Renewal Agency Annual Financial Report for year ending June 30, 2010

MOTION: FROM MS. FOLSOM TO TABLE URA RESOLUTION 2010-014 UNTIL JANUARY AND INSTRUCT STAFF TO SUBMIT THE AUDIT AS OF DECEMBER 31, 2010, SECONDED BY MR. HEIRONIMUS, ALL BOARD MEMBERS VOTED IN FAVOR.

Chair Mays addressed the next agenda item.

5. STAFF REPORTS: None.

With no other URA business to address Chair Mays adjourned the URA Board meeting and reconvened to a City Council Executive Session.

6. ADJOURNED: Chair Mays adjourned the URA Board meeting at 9:00pm.

Submitted by:

Approved:

Sylvia Murphy, CMC, District Recorder

Keith S. Mays, Chairman



URA RESOLUTION 2011-001

A RESOLUTION ACCEPTING THE URBAN RENEWAL AGENCY ANNUAL FINANCIAL REPORT FOR THE YEAR ENDING JUNE 30, 2010

WHEREAS, the State of Oregon requires all local governments to have their annual financial reports audited and submitted to the Secretary of State's Office by December 31 annually; and

WHEREAS, the City of Sherwood Urban Renewal Agency has completed its annual financial report for the year ending June 30, 2010; and

WHEREAS, the firm of Mueller, Grove and Swank has completed the required audit of the Urban Renewal's annual financial report; and

WHEREAS, the Annual Financial Report for the year ending June 30, 2010 is attached to this Resolution as Exhibit A.

NOW, THEREFORE, THE URBAN RENEWAL AGENCY BOARD RESOLVES AS FOLLOWS:

Section 1: To accept the City of Sherwood Urban Renewal Agency Annual Financial Report for the year ending June 30, 2010.

Section 2: This Resolution is effective upon its approval and adoption.

Duly passed by the City Council this 18th day of January 2011.

Keith S. Mays, Board Chair

Attest:

Sylvia Murphy, CMC, Agency Recorder

***CITY OF SHERWOOD
URBAN RENEWAL AGENCY
(A component unit of the
City of Sherwood, Oregon)
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2010***

CITY OF SHERWOOD URBAN RENEWAL AGENCY
(A Component Unit of the City of Sherwood, Oregon)
AGENCY OFFICIALS
JUNE 30, 2010

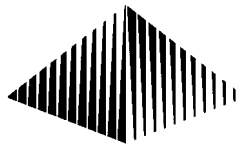
<u>Name</u>	BOARD CHAIR	<u>Term</u>
Keith Mays 23237 SW Pine Sherwood, Oregon 97140		January 2011

BOARD MEMBERS

Lee Weislogel 14879 SE Lowell Lane Sherwood, Oregon 97140		January 2011
Dave Grant 14845 SW Brooke Court Sherwood, Oregon 97140		January 2011
Dave Heironimus 21989 SW Aldridge Terrace Sherwood, Oregon 97140		January 2011
Linda Henderson 14715 SW Brooke Court Sherwood, Oregon 97140		January 2013
Del Clark 23854 SW Aldersgrove Avenue Sherwood, Oregon 97140		January 2013
Robyn Folsom 15587 SW Oriole Court Sherwood, Oregon 97140		January 2013

CITY OF SHERWOOD URBAN RENEWAL AGENCY
(A Component Unit of the City of Sherwood, Oregon)
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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Sherwood Urban Renewal Agency
22560 SW Pine Street
Sherwood, Oregon 97140

We have audited the accompanying financial statements of the governmental activities and each major fund of the Urban Renewal Agency of the City of Sherwood, Oregon (a component unit of the City of Sherwood, Oregon) as of and for the year ended June 30, 2010, which collectively comprise the Agency's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Urban Renewal Agency of the City of Sherwood, Oregon as of June 30, 2010 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements as a whole. The individual fund financial statements and other financial schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The other financial schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Charles A. Swank, A Shareholder
November 19, 2010

City of Sherwood, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2010

As management of the City of Sherwood Urban Renewal Agency (URA), we offer readers this narrative overview and analysis of the financial activities of the URA for the fiscal year ended June 30, 2010.

Financial Highlights

- Improvements are being made to improve the Old Town area.
- Planning is underway for downtown projects.
- Property tax increment revenue was \$3,017,019 for the current year.

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements and required supplementary information. The Agency's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. These statements include all assets of the Agency (including infrastructure such as streets, traffic signals, street lights, buildings, bridges, etc.) as well as all liabilities (including general obligation long-term debt).

The *Statement of Net Assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows or outflows in a future fiscal period.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them.

**Government-Wide Financial Analysis
Statements of Net Assets**

	June 30,	
	2010	2009
<i>Assets</i>		
Other assets	\$ 2,116,542	\$ 2,907,072
Capital assets	6,072,803	5,463,685
	8,189,345	8,370,757
<i>Liabilities</i>		
Current liabilities	174,036	-
Long-term liabilities	7,481,000	6,511,000
	7,655,036	6,511,000
<i>Net Assets</i>		
Invested in capital assets, net of debt	667,623	58,505
Unrestricted	(133,314)	1,801,252
	\$ 534,309	\$ 1,859,757

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$534,309 at the close of fiscal 2010.

A portion of the Agency's net assets reflects its investment of \$667,623 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure, net of accumulated depreciation), less any related outstanding debt used to acquire those assets. The Agency uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

The remaining balance is unrestricted net assets totaling \$(133,314).

Statements of Activities

	Year Ended June 30,	
	2010	2009
Revenues		
Property taxes	\$ 3,034,190	\$ 2,700,890
Miscellaneous	90,248	365,000
<i>Total Revenues</i>	3,124,438	3,065,890
Expenses		
Public works	3,683,084	1,690,139
Interest on long-term debt	723,198	817,636
Depreciation	43,604	11,000
<i>Total Expenses</i>	4,449,886	2,518,775
Change in Net Assets	(1,325,448)	547,115
Beginning Net Assets	1,859,757	1,312,642
Ending Net Assets	\$ 534,309	\$ 1,859,757

The Agency's overall net assets decreased by \$(1,325,448) during the fiscal year ended June 30, 2010. The key factor for the decrease was an increased spending for projects.

Capital Assets

At June 30, 2010, the Agency had \$6,072,803 invested in capital assets as compared to \$5,463,685 at June 30, 2009.

	2010	2009
Land	\$ 3,329,000	\$ 3,329,000
Buildings	2,832,902	2,180,180
Machinery and equipment	2,071	2,071
	6,163,973	5,511,251
Accumulated depreciation	(91,170)	(47,566)
<i>Capital assets, net of depreciation</i>	\$ 6,072,803	\$ 5,463,685

Debt Administration

At the end of the current fiscal year, the Agency had \$7,481,000 of outstanding long-term debt. Additional information on the Agency's debt can be found on page 16 of the annual financial report.

Current Year Budgetary Highlights

The Agency made no budget amendments during the year ended June 30, 2010.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the URA.

The Agency's adopted budget for the year ending June 30, 2011 reflects total estimated resources of \$14,699,703 which exceeds total estimated expenditures by \$2,912,532.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to the Finance Director at 22560 SW Pine Street, Sherwood, Oregon 97140.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

Cash and investments	\$ 1,983,160
Accounts receivable	1,789
Property taxes receivable	131,593
Non-depreciable capital assets	3,329,000
Capital assets, net of depreciation	<u>2,743,803</u>

Total Assets 8,189,345

LIABILITIES

Accounts payable	174,036
Noncurrent liabilities	
Due within one year:	
Loans payable	7,097,000
Due in more than one year:	
Loans payable	<u>384,000</u>

Total Liabilities 7,655,036

NET ASSETS

Investment in capital assets, net of related debt	667,623
Unrestricted	<u>(133,314)</u>

Total Net Assets \$ 534,309

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

EXPENSES

Public works	\$ 3,683,084
Depreciation	43,604
Interest on long-term debt	723,198
	<hr/>
<i>Total Expenses</i>	4,449,886

REVENUES

Property taxes	3,034,190
Miscellaneous	90,248
	<hr/>
<i>Total Revenues</i>	3,124,438

CHANGE IN NET ASSETS (1,325,448)

NET ASSETS, July 1, 2009

1,859,757

NET ASSETS, June 30, 2010

\$ 534,309

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
BALANCE SHEET
JUNE 30, 2010

ASSETS

Cash and investments	\$ 1,983,160
Accounts receivable	1,789
Property taxes receivable	131,593

Total Assets \$ 2,116,542

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 174,036
Deferred revenue	131,593

Total Liabilities 305,629

Fund Balance

Unreserved	<u>1,810,913</u>
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Total Liabilities and Fund Balance \$ 2,116,542

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
RECONCILIATION TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

<i>Fund Balance</i>	\$ 1,810,913
The Statement of Net Assets reports receivables at their net realizable value.	
However, receivables not available to pay for current period expenditures are deferred in governmental funds.	131,593
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	
Cost	6,163,973
Accumulated depreciation	(91,170)
All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	
	<u>(7,481,000)</u>
<i>Net Assets</i>	<u><u>\$ 534,309</u></u>

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2010

REVENUES

Property taxes	\$ 3,017,019
Miscellaneous	90,248
	<hr/>
<i>Total Revenues</i>	<i>3,107,267</i>
	<hr/>

EXPENDITURES

Personal services	162,580
Materials and services	2,389,488
Capital outlay	652,722
Debt service	
Principal	911,016
Interest	723,198
	<hr/>
<i>Total Expenditures</i>	<i>4,839,004</i>
	<hr/>

REVENUES OVER (UNDER)

EXPENDITURES	(1,731,737)
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OTHER FINANCING SOURCES (USES)

Transfers to City	(250,000)
Proceeds from issuance of debt	1,000,000
	<hr/>
<i>Total Other Financing Sources (Uses)</i>	<i>750,000</i>
	<hr/>

NET CHANGE IN FUND BALANCE

(981,737)

FUND BALANCE, Beginning of year

2,792,650

FUND BALANCE, End of year

\$ 1,810,913

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON

(A Component Unit of the City of Sherwood, Oregon)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balance \$ (981,737)

Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received. 17,171

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated lives as depreciation expense.

Capitalized expenditures 652,722
Depreciation (43,604)

Proceeds for the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Assets.

Proceeds from issuance of debt (1,000,000)
Debt principal paid 30,000

Change in Net Assets \$ (1,325,448)

The accompanying notes are an integral part of the financial statements.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Urban Renewal Agency (Agency) of the City of Sherwood, Oregon (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the Agency's accounting policies are described below.

Reporting Entity

The City of Sherwood Urban Renewal Agency was created on July 1, 2001 to promote the economic welfare and prosperity of the City's inhabitants. The Agency is governed by a seven-member board of directors that include the City's mayor and council members and is included as a component unit in the City's financial statements as a special revenue fund.

Government-wide and Fund Financial Statements

Government-wide financial statements display information about the Agency as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the Agency has one governmental (general) fund. The fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenses.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

The Agency maintains its cash balance as a part of the pooled cash of the City of Sherwood. Expenditures by the City for the Agency are reimbursed by the Agency. State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper and the state treasurer's investment pool, among others. Information on the City's cash and disclosures related to cash can be found in the annual financial report of the City.

Receivables and Deferred Revenues

Property taxes receivable for the governmental fund types, which have been collected within thirty days subsequent to year end, are considered measurable and available and are recognized as revenues. All other property taxes are offset by deferred property tax revenues and, accordingly, have not been recorded as revenue. Real and personal property taxes are levied upon all taxable property within the Agency and become liens against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable by the Agency represent the Agency's allocated share of delinquent property taxes and other amounts to be collected from property owners.

Capital Assets

Capital assets (items lasting more than one year and costing in excess of \$5,000) are stated at historical cost. Capital assets are charged to expenditures in the governmental fund types as purchased. Depreciation is computed in the government-wide financial statements on assets in service, using the straight-line method over their estimated useful life of 5 years for equipment and 50 years for buildings and infrastructure.

Normal maintenance and repairs are charged to operations as incurred. Major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of capital assets are included in operations.

During the current year the URA purchased property from the City for \$250,000. For purposes of the statement of revenues, expenditures, and changes in fund balance the transaction is reported as a transfer to the City. For purposes of the budgetary comparison schedule, the transaction is included in capital outlay, which is how it was budgeted.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability. Bond premiums, discounts, deferred charges and issuance costs are deferred and amortized over the life of the bonds on the straight-line method. Bonds payable are reported net of the applicable premium or discount. Deferred charges and issuance costs are reported as deferred charges and amortized over the term of the related debt.

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt (Continued)

In the fund financial statements, governmental funds recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

The URA makes payments on debt that is the liability of the City. Such payments are reported as debt principal and interest. However, for purposes of the reconciliation of the statement of revenues, expenditures, and changes in fund balances to the statement of activities, only debt principal paid on debt owed by the URA is treated as a reconciling item.

Budget and Budgetary Accounting

A budget is prepared in accordance with the modified accrual basis of accounting. Appropriations are made at the program/function level for all funds. Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each fiscal year. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the governing board. After budget approval, the governing board may approve supplemental appropriations if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. Management may not amend the budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the governing board if it exceeds 10% of a fund's expenditures.

Use of Restricted Assets

When disbursements are paid for purposes in which both restricted and unrestricted net assets are available, the Agency deems restricted net assets to be spent first.

CAPITAL ASSETS

The changes in the capital assets for the year ended June 30, 2010 are as follows:

	<i>Balances</i> <i>July 1,</i> <i>2009</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances</i> <i>June 30,</i> <i>2010</i>
Land	\$ 3,329,000	\$ -	\$ -	\$ 3,329,000
Buildings and infrastructure	2,180,180	652,722	-	2,832,902
Equipment	2,071	-	-	2,071
	<u>5,511,251</u>	<u>652,722</u>	<u>-</u>	<u>6,163,973</u>
Less accumulated depreciation	(47,566)	(43,604)	-	(91,170)
	<u>\$ 5,463,685</u>	<u>\$ 609,118</u>	<u>\$ -</u>	<u>\$ 6,072,803</u>

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

CAPITAL ASSETS (Continued)

During the prior year, the Agency transferred \$3,340,591 to the City of Sherwood. The transaction was reported as a transfer out on the statement of revenues, expenditures and changes in fund balance. The City of Sherwood has designated that the proceeds from the sale of certain City-owned property will go to the Agency when the property is sold. For purposes of the Agency statements, an additional \$3,340,591 of capital asset additions were recorded.

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2009</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2010</i>	<i>Due Within One Year</i>
Old School redevelopment loan, issued at \$550,000 with interest at 5.75%, annual payments from \$56,000 to \$57,000	\$ 446,000	\$ -	\$ (30,000)	\$ 416,000	\$ 32,000
2008 Line of Credit, with interest at 1.90%	6,065,000	1,000,000	-	7,065,000	7,065,000
	<u>\$ 6,511,000</u>	<u>\$ 1,000,000</u>	<u>\$ (30,000)</u>	<u>\$ 7,481,000</u>	<u>\$ 7,097,000</u>

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 7,097,000	\$ 45,526	\$ 7,142,526
2012	34,000	22,080	56,080
2013	35,000	20,125	55,125
2014	38,000	18,113	56,113
2015	40,000	15,928	55,928
2016-2020	237,000	42,437	279,437
	<u>\$ 7,481,000</u>	<u>\$ 164,209</u>	<u>\$ 7,645,209</u>

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
NOTES TO FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

OVEREXPENDITURE OF APPROPRIATIONS

The Agency overexpended its appropriation for personal services during the 2009-2010 fiscal year by \$8,042.

SUBSEQUENT EVENTS

The City adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855). ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through November 19, 2010, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2010

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Property taxes	\$ 2,888,302	\$ 2,888,302	\$ 3,017,019	\$ 128,717
Miscellaneous	51,200	51,200	90,248	39,048
<i>Total Revenues</i>	<u>2,939,502</u>	<u>2,939,502</u>	<u>3,107,267</u>	<u>167,765</u>
EXPENDITURES				
Personal services	154,538	154,538	162,580	(8,042)
Materials and services	560,760	560,760	542,840	17,920
Capital outlay	8,773,750	8,773,750	2,749,370	6,024,380
Debt service				
Principal	911,000	911,000	911,016	(16)
Interest	858,269	858,269	723,198	135,071
<i>Total Expenditures</i>	<u>11,258,317</u>	<u>11,258,317</u>	<u>5,089,004</u>	<u>6,169,313</u>
REVENUES OVER (UNDER) EXPENDITURES	(8,318,815)	(8,318,815)	(1,981,737)	6,337,078
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	8,500,000	8,500,000	1,000,000	(7,500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>8,500,000</u>	<u>8,500,000</u>	<u>1,000,000</u>	<u>(7,500,000)</u>
NET CHANGE IN FUND BALANCE	181,185	181,185	(981,737)	(1,162,922)
FUND BALANCE, Beginning of year	<u>362,561</u>	<u>362,561</u>	<u>2,792,650</u>	<u>2,430,089</u>
FUND BALANCE, End of year	<u>\$ 543,746</u>	<u>\$ 543,746</u>	<u>\$ 1,810,913</u>	<u>\$ 1,267,167</u>

OTHER SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2010

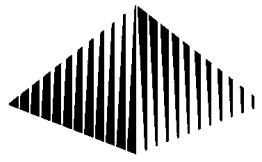
<i>Fiscal Year</i>	<i>Taxes Receivable July 1, 2009</i>	<i>2009-10 Levy</i>	<i>Interest, Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Taxes Receivable June 30, 2010</i>
2009-10	\$ -	\$ 3,124,291	\$ (87,305)	\$ (2,949,890)	\$ 87,096
2008-09	84,708	-	(1,224)	(53,004)	30,480
2007-08	21,251	-	(56)	(10,457)	10,738
2006-07	6,321	-	377	(4,456)	2,242
2005-06	1,252	-	95	(972)	375
2004-05	409	-	(78)	(56)	275
Prior	181	-	281	(75)	387
<i>Total</i>	<u>\$ 114,122</u>	<u>\$ 3,124,291</u>	<u>\$ (87,910)</u>	<u>\$ (3,018,910)</u>	<u>\$ 131,593</u>

URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON
(A Component Unit of the City of Sherwood, Oregon)
SCHEDULE OF FUTURE PAYMENTS OF LONG-TERM DEBT BY ISSUE
JUNE 30, 2010

<i>Fiscal Year</i> <i>Ending June 30,</i>	<i>2005 Old School Loan</i>			<i>2008 URA Line of Credit</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 32,000	\$ 23,920	\$ 55,920	\$ 7,065,000	\$ 21,606	\$ 7,086,606
2012	34,000	22,080	56,080	-	-	-
2013	35,000	20,125	55,125	-	-	-
2014	38,000	18,113	56,113	-	-	-
2015	40,000	15,928	55,928	-	-	-
2016	42,000	13,628	55,628	-	-	-
2017	45,000	11,213	56,213	-	-	-
2018	47,000	8,625	55,625	-	-	-
2019	50,000	5,923	55,923	-	-	-
2020	53,000	3,048	56,048	-	-	-
	\$ 416,000	\$ 142,603	\$ 558,603	\$ 7,065,000	\$ 21,606	\$ 7,086,606

<i>Total</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 7,097,000	\$ 45,526	\$ 7,142,526
34,000	22,080	56,080
35,000	20,125	55,125
38,000	18,113	56,113
40,000	15,928	55,928
42,000	13,628	55,628
45,000	11,213	56,213
47,000	8,625	55,625
50,000	5,923	55,923
53,000	3,048	56,048
<u>\$ 7,481,000</u>	<u>\$ 164,209</u>	<u>\$ 7,645,209</u>

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

475 Cottage Street NE, Suite 200, Salem, Oregon 97301

(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members
of the City Council
City of Sherwood Urban Renewal Agency
22560 SW Pine Street
Sherwood, Oregon 97140

We have audited the basic financial statements of the Urban Renewal Agency of the City of Sherwood, Oregon as of and for the year ended June 30, 2010, and have issued our report thereon dated November 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for overexpenditure of appropriations as indicated in the notes to the financial statements.

OAR 162-10-0230 Internal Control


In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of the mayor, council members and management of the Urban Renewal Agency of the City of Sherwood, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Charles A. Swank, A Shareholder
November 19, 2010

To: Sherwood Urban Renewal Agency Board of Directors

From: Tom Nelson, Economic Development Manager

SUBJECT: A URA RESOLUTION 2011-002 AUTHORIZING PERSONAL SERVICES CONTRACT WITH TASHMAN JOHNSON, LLC FOR THE PURPOSE OF CONDUCTING FINANCIAL SERVICES FOR THE SHERWOOD URBAN RENEWAL AGENCY

Issue

Should the URA adopt a Resolution adopting findings and authorizing a Personal Service Contract with Tashman Johnson LLC?

Background

The URA has been advised by legal counsel to seek professional assistance from a qualified URA specialist to:

1. Explore the ability to increase maximum indebtedness subject to 2009 State legislation allowing an indexing method;
2. To conduct an official update of URA financial position beyond the annual audit (CAFR);
3. To prepare an Annual Report in accordance with ORS 457.460

Other Factors:

- A comprehensive financial analysis of the URA is necessary to substantiate the need for a Urban Renewal Plan amendment including the indexing factor for maximum indebtedness
- The URA is required to file the Annual Report by January 31, 2011, and to meet that timeline needs to move quickly with the acquisition of services;
- The URA has been in existence for over 10 years, and this level of professional analysis has not been completed during that time;
- The URA may negotiate with a single source to provide a special service if the prospective contractor has unique skills and or experience that are required for the performance of the services;
- The URA finds that Tashman Johnson LLC possesses specialized skills uniquely required for the performance of these services and not possessed by other businesses in Oregon.

Recommendation: Approval of the attached resolution to adopt the findings and approve the contract with Tashman Johnson, LLC.



URA RESOLUTION 2011-002

A RESOLUTION AUTHORIZING PERSONAL SERVICES CONTRACT WITH TASHMAN JOHNSON, LLC FOR THE PURPOSE OF CONDUCTING FINANCIAL SERVICES FOR THE SHERWOOD URBAN RENEWAL DISTRICT

WHEREAS, ORS 457.220 was amended in 2009 to allow an urban renewal agency to amend the urban renewal plan (URP) to include an indexing factor for maximum indebtedness; and

WHEREAS, the Sherwood Urban Renewal Agency (URA) may wish to amend the Sherwood URP to include the allowed indexing factor; and

WHEREAS, in determining whether to proceed with an amendment, a number of financial issues need to be evaluated including past project revenues and expenditures, projected revenue and project costs, and the current level of indebtedness; and

WHEREAS, a comprehensive financial analysis of the URA is necessary to substantiate the need for a URP amendment including the indexing factor for maximum indebtedness; and

WHEREAS, the URA may negotiate with a single source to provide a special service if the prospective contractor has unique skills and or experience that are required for the performance of the services; and

WHEREAS, the URA finds that Tashman Johnson LLC possesses specialized skills uniquely required for the performance of these services and not possessed by other businesses in Oregon as demonstrated by the following:

- Tashman Johnson LLC specializes in assisting cities and counties in Oregon and Washington with urban renewal planning and implementation;
- Tashman Johnson LLC has extensive knowledge and experience with urban renewal plans, especially with financial planning and bond feasibility analysis;
- Jeff Tashman has been working with urban renewal districts since 1979 and began his consulting career in 1991; and
- Jeff Tashman is the author of Policy Guidelines and Administrative Procedures for Oregon, which is relied upon by urban renewal agencies state-wide; and

WHEREAS, the URA is also required to provide an annual report for 2010, and

WHEREAS, in order to complete the annual report by January 31, 2010 as required by ORS 457.460, and in recognition of the special nature of the task and Tashman Johnson's unique qualifications, the URA Administrator executed the attached contract on behalf of the URA.

NOW, THEREFORE, THE SHERWOOD URBAN RENEWAL AGENCY RESOLVES AS FOLLOWS:

Section 1: The personal services contract for a comprehensive financial and legal analysis in an amount not to exceed \$10,500.00 and attached as Exhibit A to this resolution is awarded to Tashman Johnson LLC.

Section 2: The personnel services contract with Tashman Johnson LLC executed on behalf of the URA by the Agency Administrator is hereby ratified.

Section 3: This Resolution shall be in effect upon its approval and adoption.

Duly passed by the Board of Directors for the Sherwood Urban Renewal Agency this 18th day of January, 2011.

Keith S. Mays, Chair

Attest:

Sylvia Murphy, CMC, District Recorder

CONSULTANT SERVICES AGREEMENT – TASHMAN JOHNSON LLC

THIS AGREEMENT is between the Sherwood Urban Renewal Agency, (“Client”), an agency organized under ORS Chapter 457, and Tashman Johnson LLC (“Consultant”), a planning and policy consulting firm located at 735 SW St. Clair Avenue, #1906, Portland, Oregon 97205-1439. In exchange for the promises and other considerations set forth below, the parties agree as follows:

1. Duration.

This personal services Agreement shall become effective and remain in effect for a period of 90 calendar days beginning on the latest date executed below unless terminated or extended as provided in this Agreement.

2. Scope of Work.

Consultant shall provide all services and materials specified in the attached “Exhibit A -- Scope of Work and Budget” (“Scope of Work”) which is incorporated into this Agreement by reference. All services and materials shall be provided by Consultant in accordance with the Scope of Work, in a competent and professional manner.

3. Payment.

Client will pay Consultant for services performed and materials delivered in the amount and manner specified in the Scope of Work an amount not to exceed ten thousand five hundred dollars (\$10,500.00), exclusive of costs. Consultant will submit monthly invoices in a form and level of detail satisfactory to the Client, which shall make payment within 30 days of receipt of the monthly bill.

4. Indemnification.

Consultant shall indemnify and hold Client harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Agreement.

5. Insurance

Consultant maintains commercial liability insurance and businesses auto insurance. On request of Client, Consultant will provide certificates of insurance naming Client as an additional insured.

6. Maintenance of Records.

Consultant shall maintain all of its records relating to the Scope of Work on a generally recognized accounting basis and allow Client the opportunity to inspect and/or copy such records at a convenient place during normal business hours. All required records shall be maintained by Consultant for three years after Client makes final payment and all other pending matters are closed.

7. Ownership of Documents.

With the exception of the underlying structure of quantitative spreadsheet models, all documents and other products produced by Consultant pursuant to this Agreement are the property of Client, and it is agreed by the parties that such documents and products are works made for hire. Consultant hereby conveys transfers, and grants to Client all rights of reproduction and the copyright to all such documents.

8. Project Information.

Consultant shall share all project information and fully cooperate with Client, informing Client of all aspects of the project including actual or potential problems or defects. Consultant shall abstain from releasing any information or project news without the prior approval of Client. Client agrees to provide such information as is specified in the Scope of Work.

9. Independent Consultant Status.

Consultant shall be an independent contractor for all purposes and shall be entitled only to the compensation provided for in this Agreement. Under no circumstances shall Consultant be considered an employee of Client. Consultant shall provide all tools or equipment necessary to carry out this Agreement. Consultant is solely responsible for its performance under this Agreement and the quality of its work; for obtaining and maintaining all licenses and certifications necessary to carry out this Agreement; for payment of any fees, taxes, royalties, or other expenses necessary to complete the work except as otherwise specified in the Scope of Work; and for meeting all other requirements of law in carrying out this Agreement.

10. Right to Withhold Payments.

Client shall have the right to withhold from payments due to Consultant such sums as necessary to protect Client against any loss, damage, or claim which may result from Consultant's performance or failure to perform under this Agreement.

11. Situs.

The situs of this Agreement is Sherwood, Oregon. Any litigation over this Agreement shall be governed by the laws of the State of Oregon under the jurisdiction of Washington County.

12. Assignment.

This Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstance, be assigned or transferred by either party. Other than stated in this paragraph, consultant shall not subcontract for services under this Agreement without prior written approval of Client. Consultant may subcontract with one or more qualified persons for the purpose of researching, creating and analyzing as necessary the database of parcels within the boundary of the urban renewal district as further described in the Scope of Work.

13. Termination.

This Agreement may be terminated by mutual consent of the parties. In addition, either party may terminate this Agreement by giving the other party 30 days prior written notice of intent to terminate, without waiving any claims or remedies it may have against Consultant. Termination by

Client shall not excuse payment for expenses properly incurred prior to notice of termination, but neither party shall be liable for indirect or consequential damages arising from termination under this section.

14. No Waiver of Claims

The failure to enforce any provision of this Agreement shall not constitute a waiver by Client of that or any other provision.

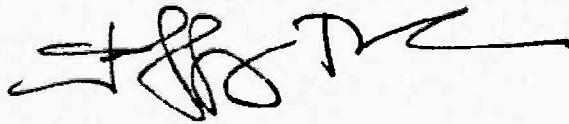
15. Modification.

Notwithstanding and succeeding any and all prior agreement(s) or practice(s), this Agreement constitutes the entire Agreement between the parties, and may only be expressly modified in writing(s), signed by both parties.

By:  _____

TASHMAN JOHNSON LLC

By:



Title: Administrator, Sherwood
Urban Renewal Agency

Title: Principal/Member

Date: Dec. 14, 2010

Date: 13 December 2010

Exhibit A - Scope of Work and Budget

The services requested are:

1. Determine how much debt has been issued or incurred by the Urban Renewal Agency since the Plan was adopted on August 29, 2000, and determine indebtedness capacity remaining under the maximum indebtedness
2. Review the Agency's analysis of the maximum indebtedness indexing provision in ORS 457.220 (as amended by HB 3056) to determine what the Plan's maximum indebtedness would be if indexed in a given fiscal year.
3. Prepare a financial update of the Plan showing actual and anticipated revenues and expenditures that can be used as the basis for a Plan amendment.
4. Review Agency's revenue and expenditure reports for FY 2009 and 2010 and the audits for FY 2009 and FY 2010 if available.
5. Prepare the current annual financial report required by ORS 457.460. This would become the template for future annual reports.
6. Determine the maximum indebtedness balance available to the Agency under both the initial maximum indebtedness of \$35,347,600 and the maximum indebtedness as indexed.

SCOPE OF WORK

Task 1 will consist of our reviewing the Agency's budgets that contain actual figures for the Fiscal Years ending June 30 ("FYE") 2002 through 2009 and the Agency's most complete end-of-year revenue and expense report for FYE 2010 and the debt service schedules for any long term indebtedness issued or incurred by the Agency, including refinancings if any.

Consultant will then analyze this information to ensure that any and all debt subject to the maximum indebtedness is included and to determine the total amount of debt issued and the maximum indebtedness capacity remaining. Questions about the financial data may be required of the URA.

Task 2 will consist of determining the inflation rate ("index") used to estimate project costs in the Urban Renewal Report (and resolving any ambiguity if there was more than one rate) and then applying this rate to the initial maximum indebtedness of the Plan up to the pertinent anniversary date of adoption of the Plan.

Task 3 will consist of (1) a projection annual tax increment revenues resulting from future assessed value growth in the Urban Renewal Area and the consolidated billing rate used to calculate annual tax increment revenues; (2) the borrowing capacity of the revenue stream (multiple scenarios can

be done); and (3) with project cost estimates and project timing provided by the Agency, a projection of tax increment debt proceeds and expenditures by year. The subtasks will consist of:

Reviewing the Urban Renewal Plan, Urban Renewal Report and amendments to those documents.

Compiling historical information on total assessed values and frozen base assessed values within the Urban Renewal Area since adoption of the Urban Renewal Plan.

Obtaining and reviewing building permit and land use action log and discussing with city staff current and likely future development within the Urban Renewal Area.

Obtaining a data base of parcels within the Urban Renewal Area (from the City or Washington County) and analyzing various factors including the amount of vacant and redevelopable land, assessed value to real market value ratios and land use.

Reviewing comprehensive plan and zoning provisions pertaining to the Urban Renewal Area.

Preparing a draft projection of future assessed value within the Urban Renewal Area from fiscal year ending June 30, 2012 and fiscal year ending June 30, 2021.

Preparing a draft projection of future tax increment revenues and projections of borrowing capacity of this revenue stream, for review by staff.

Preparing a draft projection of expenditures, based on information on costs and timing from Agency staff, for review by staff.

Preparing a final projection of tax increment revenues, tax increment debt proceeds and project expenditures.

Task 4 will consist of reviewing, with the assistance of the Agency's finance staff, the Agency's revenue and expenditure reports for FY 2009 and 2010 and the audits for FY 2009 and FY 2010 if available and determining if any ambiguities or other problems may exist.

Task 5 will consist of (1) analyzing the Agency's revenue and expenditure report for FYE 2010 and the adopted Agency budget for FYE 2011 and compiling the required information in items (a) through (d) below and (2) Analyzing data from the Washington County Summary of Assessment and Levies ("SAL") tables to compile the information for item (e).

These analyses will be provided in a clear format that can be used by the Agency for future financial reports.

Annual Financial Report Requirements (ORS 457.460):

- (a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460;
- (b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 were expended during the preceding fiscal year;
- (c) An estimate of moneys to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460;

- (d) A budget setting forth the purposes and estimated amounts for which the moneys which have been or will be received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 are to be expended during the current fiscal year; and
- (e) An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430.

Task 6 will be compiled from the results of Tasks 1 and 2.

DATA TO BE PROVIDED BY CITY FOR THE URBAN RENEWAL AREA

In order to complete the proposed scope of work, the following data may be provided by the City for the Urban Renewal Area.

Building permit log from September 09 to present. To include date of issuance, type, project or work description, valuation, map and lot, address, and status (COO issued, etc.)

Log of land use actions, September 09 to present, including date, description of action, map and lot, address, information on permitted development if applicable and available.

Log of pre application conferences, if available, September 09 – present.

Database of parcels in the Urban Renewal Area.

SCHEDULE AND BUDGET

To complete the work within 90 days of notice to proceed.

A not-to-exceed fee of \$10,500 based on hourly rates of \$175.00 for Jeff Tashman and \$225.00 for Jeannette Launer, plus expenses, billed at cost. Expenses will primarily consist of obtaining a database of parcels in the Urban Renewal Area if this cannot be provided by the Agency.

Approved Minutes

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES**

January 18, 2011

22560 SW Pine Street, Sherwood Oregon 97140

REGULAR URA BOARD MEETING

1. **CALL TO ORDER:** Chair Keith Mays called the URA Board meeting to order at 7:40pm.
2. **URA BOARD PRESENT:** Chair Keith Mays, Dave Grant, Linda Henderson, Robyn Folsom, Bill Butterfield, Matt Langer and David Luman.
3. **STAFF PRESENT:** City Manager Jim Patterson, Police Captain Jim Reed, Finance Director Craig Gibbons, Economic Development Manager Tom Nelson, Community Development Director Tom Pessemier and District Recorder Sylvia Murphy.

Chair Mays addressed the Consent Agenda and asked for a motion.

4. CONSENT AGENDA

- A. **Approval of November 16, 2010 URA Board of Directors Meeting Minutes**
- B. **Approval of December 7, 2010 URA Board of Directors Meeting Minutes**
- C. **URA Resolution 2011-001 Accepting the Urban Renewal Agency Annual Financial Report for the year ending June 30, 2010**

MOTION: FROM LINDA HENDERSON TO APPROVE THE CONSENT AGENDA, SECONDED BY ROBYN FOLSOM, ALL BOARD MEMBERS VOTED IN FAVOR.

Chair Mays address the next agenda item.

5. NEW BUSINESS

- A. **URA Resolution 2011-002 Authorizing personal services contract with Tashman Johnson, LLC for the purpose of conducting financial services for the Sherwood Urban Renewal District**

Tom Nelson Economic Development Manager came forward and explained the resolution.

Board member Linda Henderson asked if Tashman Johnson LLC will be producing the annual report, tom replied yes and the report has been completed. Ms. Henderson asked what about the reports from prior years, Tom replied we will move forward and confirmed we will only be doing 2010. Tom informed the Board Tashman Johnson LLC will be providing more extensive information throughout the year in preparation of next year's report.

With no other questions from the Board, Chair Mays asked for a motion.

Prior to receiving a motion Board member Matt Langer stated he has read all the materials and believes we are getting a lot of work done for the cost.

MOTION: FROM DAVE GRANT TO APPROVE URA RESOLUTION 2011-002, SECONDED BY BILL BUTTERFIELD. ALL BOARD MEMBERS VOTED IN FAVOR.

Chair Mays addresses the next agenda item.

6. STAFF REPORTS: None.

7. ADJOURNED: Chair Mays adjourned the URA Board meeting at 7:43pm.


Sylvia Murphy, CMC, District Recorder


Keith S. Mays, Chairman