



Home of the Tualatin River National Wildlife Refuge

URBAN RENEWAL AGENCY MEETING PACKET

FOR

Tuesday, May 20, 2025

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

URA Board of Directors Meeting
(Following the 7:00 pm City Council Regular Meeting)

This meeting will be live streamed at
<https://www.youtube.com/user/CityofSherwood>

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

**Tuesday, May 20, 2025
(Following the 7:00 pm City Council Meeting)**

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22560 SW Pine Street
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URA BOARD MEETING

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT AGENDA

- A. Approval of March 18, 2025 URA Board Meeting Minutes** (Sylvia Murphy, Agency Recorder)
- B. URA Resolution 2025-003, Adopting a Plan of Action for Financial Control Deficiencies**
(David Bodway, Finance Director)
- C. URA Resolution 2025-004, Authorizing an Interfund Loan from the Water Fund to the 2021 URA Capital Projects Fund** (David Bodway, Finance Director)

4. CITIZEN COMMENTS

5. ADJOURN

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

Tuesday, March 18, 2025

**City of Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon 97140**

URA BOARD MEETING

1. **CALL TO ORDER:** Chair Tim Rosener called the meeting to order at 8:25 pm.
2. **BOARD PRESENT:** Chair Tim Rosener, Vice Chair Kim Young, Board Members Keith Mays, Renee Brouse, Taylor Giles, and Doug Scott. Board Member Dan Standke was absent.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Craig Sheldon, Assistant City Manager Kristen Switzer, Interim City Attorney Sebastian Tapia, Interim Public Works Director Rich Sattler, IT Director Brad Crawford, Police Chief Ty Hanlon, HR Director Lydia McEvoy, Community Development Director Eric Rutledge, Finance Director David Bodway, and City Recorder Sylvia Murphy.

Chair Rosener addressed the consent agenda and asked for a motion.

4. CONSENT AGENDA:

- A. **Approval of January 21, 2025 URA Board Meeting Minutes**
- B. **URA Resolution 2025-002, Pledging Urban Renewal Agency Revenue as a Repayment Source for the Oregon Transportation Infrastructure Bank Loan for Ice Age Drive**

MOTION: FROM VICE CHAIR KIM YOUNG TO APPROVE THE CONSENT AGENDA, SECONDED BY RENEE BROUSE. MOTION PASSED 6:0, ALL PRESENT MEMBERS VOTED IN FAVOR. DAN STANDKE WAS ABSENT.

Chair Rosener addressed the next agenda item.

5. CITIZEN COMMENTS

No comments were received, and Chair Rosener adjourned the meeting at 8:27pm.

6. ADJOURN

Attest:

Sylvia Murphy, MMC, Agency Recorder

Tim Rosener, Chair

Agenda Item: Consent Agenda

TO: Sherwood Urban Renewal Agency Board of Directors

FROM: David Bodway, Finance Director
Through: Craig Sheldon, URA Administrator and Sebastian Tapia, Interim City Attorney

SUBJECT: URA Resolution 2025-003, Adopting a Plan of Action for Financial Control Deficiencies

Issue:

Shall the URA Board of Directors adopt a plan of action regarding the noted financial control deficiencies?

Background:

During the audit of fiscal year 2023-24, the auditors brought up a lack of adequate controls that did not prevent, or detect and correct on a timely basis, \$196,264 of expenditures from the URA Capital Projects Fund. The URA prepaid an expense to a company that was doing work related to Ice Age Drive. The Finance Department obtained an email from said company over the summer stating what had been spent during the fiscal year 2023-24. After further insistence of needing supporting documentation to back up this claim, the Finance Department on December 18, 2024, received the actual supporting documentation. After further review, it was determined that an adjustment of \$196,264 was needed. This was corrected before the issuance of the financial statements but resulted in a finding from the auditors of a material weakness in internal controls.

The auditors also brought up a lack of adequate controls that did not prevent, or detect and correct on a timely basis, \$320,307 of interest revenue being overstated in the URA Capital Projects Fund related to a potential arbitrage liability. On October 23, 2024, the Finance Department received a report from Arbitrage Compliance Specialists stating there is a contingent rebatable arbitrage with respect to the 2021B debt issuance of \$320,307. However, there is no filing requirements regarding arbitrage rebate with the United States Treasury, IRS, and therefore, nothing needs to be filed. This was corrected before issuance of the financial statements. This resulted in a finding from the auditors of a material weakness in internal controls.

The auditors also noted errors in timecards submitted by the former URA Manager that were not identified in a timely manner. The finance department did correct these errors, but they should have been identified and corrected before the submission of those actual timecards. This resulted in a finding from the auditors of a significant deficiency in internal controls.

According to ORS 297.466 (2) "Upon receipt of an audit report [...] the governing body [...] shall determine the measures it considers necessary to address any deficiencies disclosed in the report. The governing body shall adopt a plan of action to address the deficiencies". This plan of action must be filed with the Secretary of State within 30 days after filing the audit report. The audit report was filed on April 29, 2025.

The Finance Department is immediately implementing internal controls to prevent these deficiencies from happening again.

Financial Impacts:

No direct financial impact of this plan of action.

Recommendation:

Staff respectfully recommends the URA Boards approval of URA Resolution 2025-003, Adopting a plan of action for financial control deficiencies.



URA RESOLUTION 2025-003

ADOPTING A PLAN OF ACTION FOR FINANCIAL CONTROL DEFICIENCIES

WHEREAS, during the audit of the fiscal year 2023-24 financial statements it was determined that \$196,264 of expenditures from the URA Capital Projects Fund were incorrectly recognized and capitalized; and

WHEREAS, during the audit of the fiscal year 2023-24 financial statements it was determined that \$320,307 of interest revenue was being overstated in the URA Capital Projects Fund related to a potential arbitrage liability; and

WHEREAS, the corrections were significant enough to be material to the financial statements and a deficiency in internal control thereby identified by the auditors as a material weakness; and

WHEREAS, during the audit of the fiscal year 2023-24 financial statements it was determined that errors in timecards submitted by the former URA Manager were not identified in a timely manner; and

WHEREAS, it was thereby identified by the auditors as a significant deficiency in internal control; and

WHEREAS, ORS 297.466(2) requires the governing body to adopt a plan of action to address these deficiencies,

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

Section 1. The Plan of Action for the URA, attached hereto as Exhibit A, is hereby approved and adopted.

Section 2. This Resolution shall be effective immediately upon its approval and adoption.

Duly passed by the Urban Renewal Agency Board this 20th of May 2025.

Tim Rosener, Board Chair

Attest:

Sylvia Murphy, MMC, Agency Recorder



City of Sherwood
22560 SW Pine St.
Sherwood, OR 97140
Tel 503-625-5522
Fax 503-625-5524
www.sherwoodoregon.gov

Mayor
Tim Rosener

Council President
Kim Young

Councilors
Renee Brouse
Taylor Giles
Keith Mays
Doug Scott
Dan Standke

City Manager
Craig Sheldon

Assistant City Manager
Kristen Switzer

May 20, 2025

Oregon Secretary of State
Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Re: Plan of Action for 2021 Urban Renewal Agency of the City of Sherwood Oregon

Sherwood Oregon respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2024. The audit was completed by the independent auditing firm Talbot, Korvola & Warwick, LLC. and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on May 20, 2025, as indicated by signatures below.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

1. Deficiency #1

- a. Type of deficiency (Material Weakness) – “During our audit, it was noted that the Agency’s controls did not prevent, or detect and correct on a timely basis, \$196,264 of expenditures from the URA Capital Projects Fund being incorrectly recognized and capitalized. Without adequate controls over capital assets, there is a reasonable possibility that a significant misstatement or error would not be prevented, or detected and corrected, on a timely basis.”
- b. Document the plan of action – URA Resolution 2025-003 to educate project managers and create a yearend procedure for secondary review of yearend invoices.
- c. Timeframe for (or date of) implementation: June 30, 2025.

2. Deficiency #2

- a. Type of deficiency (Material Weakness) – “During our audit, it was noted that the Agency’s controls did not prevent, or detect and correct on a timely basis, a \$320,307 overstatement of interest revenue in the Capital Projects Fund relating to an arbitrage liability. Without adequate controls over arbitrage liabilities, there is a reasonable possibility that a significant misstatement or error would not be prevented, or detected and corrected, on a timely basis.”
- b. Document the plan of action: URA Resolution 2025-003 create yearend procedures for secondary review of any issued arbitrage report.
- c. Timeframe for (or date of) implementation: May 6, 2025.

3. Deficiency #3

- a. Type of deficiency (Significant Deficiency) – “During our audit, it was noted that the Agency’s controls did not identify errors in timecards submitted by the URA Manager on a timely basis. While the errors were detected with compensating controls, the errors were not corrected until after fiscal year end. Without adequate controls over all timecards, there is a reasonable possibility that a significant misstatement or error would not be prevented, or detected and corrected, on a timely basis.”
- b. Document the plan of action: URA Resolution 2025-003 to assign approval of the URA Managers timecard to the Assistant City Manager.
- c. Timeframe for (or date of) implementation: May 6, 2025.

Tim Rosener, URA Board Chair

Sylvia Murphy, MMC, Agency Recorder

Agenda Item: Consent Agenda

TO: Sherwood Urban Renewal Agency Board of Directors

FROM: David Bodway, Finance Director
Through: Craig Sheldon, URA Administrator and Sebastian Tapia, Interim City Attorney

SUBJECT: URA Resolution 2025-004, Authorizing an Interfund Loan from the Water Fund to the 2021 URA Capital Projects Fund

Issue:

Should the Urban Renewal Agency approve an Interfund Loan from the Water Fund to the 2021 URA Capital Projects Fund?

Background:

On December 12, 2023, City Council authorized the City Manager Pro Tem to prepare a loan from the City to the Urban Renewal Agency to assist in the construction of the Hwy 99W Pedestrian Bridge through resolution 2023-085.

Currently the 2021 URA Capital Projects Fund has limited resources and is requesting a \$12,000,000 loan from the Water Fund to continue the buildout of the city's Pedestrian Bridge. This is a capital related project.

ORS 294.468 allows a local government to loan money from one fund to another and this type of borrowing has been utilized by the city in the past.

Financial Impacts:

There are no immediate financial impacts of approving this resolution. However, the yearly loan repayment must be budgeted and will be a part of the annual budgeting process.

Recommendation:

Staff respectfully recommends the URA Board's approval of URA Resolution 2025-004, Authorizing an Interfund Loan from the Water Fund to the 2021 URA Capital Projects Fund.



URA RESOLUTION 2025-004

**AUTHORIZING AN INTERFUND LOAN FROM THE WATER FUND
TO THE 2021 URA CAPITAL PROJECTS FUND**

WHEREAS, the City of Sherwood is permitted under ORS 294.468 to loan money from one fund to another, provided the loan is authorized by an official resolution; and

WHEREAS, the resolution must state the fund from which the loan is made and the fund to which the loan is made, the purpose of the loan, the principal amount of the loan, interest rate and repayment schedule; and

WHEREAS, this loan is considered a capital loan and must be repaid in full within 10 years; and

WHEREAS, inter-fund loans are less expensive to the City as a whole than external borrowings.

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

Section 1. **Approval of the Interfund Loan.** The Water Fund shall pay to the 2021 URA Capital Projects Fund \$12,000,000 to assist with the continue build of the city's pedestrian bridge. Such loan shall bear interest at 4.6%, which is the rate earned on the City's deposit in the State Local Government Investment Pool for the effective date nearest the date of this resolution; and be paid in installments over ten years, with the first annual payment due May 20, 2026. The loan may be prepaid without penalty.

Section 2. Loan Repayment Schedule.

Year	Principal	Interest	Total Paid	Balance
2026	\$0.00	\$322,000.00	\$322,000.00	\$12,000,000.00
2027	\$0.00	\$552,000.00	\$552,000.00	\$12,000,000.00
2028	\$0.00	\$552,000.00	\$552,000.00	\$12,000,000.00
2029	\$859,356.66	\$542,167.82	\$1,401,524.48	\$11,140,643.34
2030	\$1,527,802.23	\$480,525.45	\$2,008,327.68	\$9,612,841.11
2031	\$1,599,581.96	\$408,745.72	\$2,008,327.68	\$8,013,259.15
2032	\$1,674,734.05	\$333,593.63	\$2,008,327.68	\$6,338,525.10
2033	\$1,753,416.95	\$254,910.73	\$2,008,327.68	\$4,585,108.15
2034	\$1,835,796.57	\$172,531.11	\$2,008,327.68	\$2,749,311.58
2035	\$1,922,046.57	\$86,281.11	\$2,008,327.68	\$827,265.01
2036	\$827,265.01	\$9,537.81	\$836,802.82	\$0.00
Totals	\$12,000,000.00	\$3,714,293.38	\$15,714,293.38	

Section 3. Effective Date. This Resolution shall become effective upon its approval and adoption.

Duly passed by the URA Board this 20th of May, 2025.

Tim Rosener, Chair

Attest:

Sylvia Murphy, MMC, Agency Recorder