



# BOISE COUNTY

## PRESS RELEASE STATEMENT BY BOISE COUNTY BOARD OF COMMISSIONERS

November 22, 2011

After receiving the judgment in *Alamar Ranch, LLC v. Boise County* in December 2010, the Boise County Board of Commissioners hired specialized legal counsel to explore all possible options for the County. The Board reviewed the laws on county budgets and spending authority, and determined that state law did not allow the Board to use funds collected for restricted purposes, i.e. federal grants, road and bridge, solid waste, etc. The Board met with Alamar on several occasions and expressed these concerns but the parties failed to reach any settlement. On February 28, 2011, Alamar Ranch LLC filed a Writ of Execution. The Writ sought by Alamar requested direct access to the County's cash. After deducting the "restricted" funds, the Board believed it did not have enough money to satisfy the judgment and continue to provide fundamental County services.

The County filed for chapter 9 relief in the United States Bankruptcy Court for the District of Idaho. Alamar Ranch opposed the bankruptcy petition. Chapter 9 relief for municipalities stays all pending collection actions, including the Writ. The Bankruptcy Court Judge Terry L. Myers found the County's perceived threat that it would be unable to withstand the execution and effectively continue operations, as reasonable. However, Judge Myers held the County's argument "unpersuasive" that certain funds were "restricted." He held that the County could access certain funds, including the General Fund, Auditor's Trust, Road and Bridge Fund, Solid Waste and any other fund not otherwise needed to satisfy the Judgment. Furthermore, Judge Myers referenced Idaho Code § 31-1507, Idaho Code § 63-806(1), and Article VII, § 15 of the Idaho Constitution as authority to impose a levy if additional monies were needed. Ultimately, Judge Myers ruled that Boise County had failed to show it was bankrupt.

Upon the court dismissing the County's bankruptcy petition, the parties were ordered to a settlement conference before Federal Judge Larry Boyle. During that settlement, the parties reached an agreement and had 60 days to complete a stipulated settlement and have an order entered by the court. On November 10, 2011, Judge Winmill signed an Order for Payment of Judgment in *Alamar Ranch, LLC v. Boise County*.

As part of the court ordered settlement, the parties agreed that Boise County would pay \$2.25 million dollars immediately, and starting in February 2013, an annual minimum payment of \$811,000 until paid for a total settlement amount of \$5.4 million dollars at 5.5% annual compound interest. This debt was found by the Court to be "ordinary and necessary" under Article VIII, § 3 of the Idaho Constitution such that payment will come from a warrant

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redemption fund levy pursuant to Idaho Code § 31-1507, Idaho Code § 63-806(1) and Article VII § 15 of the Idaho Constitution. Included in the Order is a mandate that the County exceed the 3% budget cap under Idaho law:

Accordingly, it is hereby ordered that Boise County levy above the 3% budget cap set forth in Idaho Code § 63-802(1)(a) as the County does not have sufficient funds presently available to pay the settlement amount in full. Boise County is ordered to levy to pay the settlement as allowed under Idaho Code § 63-806 to pay warrants outstanding and unpaid.

The levy is scheduled to be imposed on the 2013 taxes and will be part of the 2013 County budget and will continue until the complete payment of \$5.4 million and interest is satisfied. This special levy will cause an increase in County property taxes. The exact amount is unknown until the total taxable property value is assessed annually. However, the County is currently exploring options for a potential bond that could extend the debt for 20-30 years at a lower tax levy per year and possibly a lower interest rate.