



## City Of Coronado

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### **Coronado Q&A: Successor Agency to Redevelopment - February 23, 2012**

There continues to be much community interest and curiosity about the City of Coronado's efforts to unwind the Community Development Agency pursuant to the recently enacted state law -- AB1x 26, the Dissolution Act -- to dissolve all redevelopment agencies in California. City staff is working to meet required deadlines to prepare current and future payment schedules, set up the required Oversight Board, and otherwise begin the process of winding down the former Community Development Agency. Here are some frequently asked questions along with answers to help understand this complex and detailed process:

**(1) *What is the Successor Agency?***

The City of Coronado is now acting as the "Successor Agency" to the former Community Development Agency with the responsibility of implementing the requirements of the Dissolution Act, which include disposing of any assets, completing contracts, and making bonded debt and other obligatory payments.

**(2) *Where will the City get funds to carry out the obligations of the Successor Agency and make the aforementioned payments?***

The Successor Agency will continue to receive funds directly from San Diego County that would previously have gone to the Community Development Agency. The funds will be disbursed two times per year and will be used by the City, acting as the Successor Agency, to make approved payments. The next disbursement to the City/Successor Agency will be in July 2012.

**(3) *Does the City/Successor Agency have sufficient funds on hand to make the upcoming bonded debt payment? Is the City going to default on bonds?***

The former Community Development Agency had several outstanding bonds whose proceeds were used to construct City and School District capital projects, such as the high school, a middle school, elementary schools, Library, Community Center, Beach Lifeguard Tower, etc. The annual debt service payments for these outstanding bonds are due on September 1 and March 1 of each year. The City/Successor Agency will continue to receive revenue and will continue to make these debt payments until all the bonds are repaid in 2036. The March 1, 2012, bond payment was wired in advance on February 15 from existing funds on hand from the former Community Development Agency. No City General Funds will be used to pay these bond payments now or in the future. The City is not going to default on any bond payments.

**(4) *What is the Oversight Board?***

The Successor Agency will have a seven-member Oversight Board, with appointees from the City, San Diego County, the San Diego County Board of Education, and one member appointed by the Chancellor of the California Community Colleges. The primary responsibilities of the Oversight Board will be to the fiduciary interests of the holders of enforceable obligations and the underlying taxing entities. Board members will review and certify the annual payment schedule before it is submitted to the County and the State.