



June 15, 2012

Rachel Hurst, Director of Community Development
City of Coronado
1825 Strand Way
Coronado, CA 92118

Dear Ms. Hurst:

Subject: Objection to Oversight Board Action

The City of Coronado (City) Successor Agency notified the California Department Finance (Finance) of its oversight board action on June 5, 2012. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of your oversight board (OB) resolutions, which may have included obtaining clarification for various items. HSC section 34171 (d) lists enforceable obligation characteristics. Based on application of the law, the following oversight board resolutions are not allowable:

HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. Furthermore, HSC section 34163 (b) prohibits an agency to enter into agreements with any entity after June 27, 2011. Therefore, the following OB resolutions to reestablish loan agreements between the successor agency for the former RDA and the City are not allowable:

Resolution No. OB-01	December 7, 1993 City Hall Loan Agreement
Resolution No. OB-02	June 18, 1996 Economic Development Loan Agreement
Resolution No. OB-03	November 16, 1999 Glorietta Bay Lease Loan Agreement
Resolution No. OB-04	November 19, 2002 Capital Projects Loan Agreement
Resolution No. OB-05	October 1, 1996 and November 20, 2001 Library Expansion Loan Agreement
Resolution No. OB-06	July 1, 1997 Pool Assessment Loan Agreement
Resolution No. OB-07	March 16, 2001 Downtown Enhancement Project Phase II Loan Agreement
Resolution No. OB-08	July 1, 2001 Lifeguard Tower Loan Agreement
Resolution No. OB-09	February 28, 2005 Capital Projects Loan Agreement
Resolution No. OB-10	June 17, 2008 Capital Projects Loan Agreement

As authorized by HSC section 34179 (h), Finance is returning your oversight board action to the board for reconsideration. If the loans identified above are included on future Recognized Obligation Payment Schedule, they will be disallowed.

Sincerely,

MARK HILL
Program Budget Manager

cc: On following page

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cc: Ms. Rhonda Huth, Senior Management Analyst, City of Coronado
Mr. Blair King, City Manager, City of Coronado
Ms. Janet Coon, Administrative Secretary, City of Coronado
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County