



May 31, 2012

Mr. Brian Cochran, Finance Manager  
City of Novato  
75 Rowland Way, Suite 200  
Novato, CA 94945-3232

Dear Mr. Cochran:

Subject: Revised Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (I) (2) (C), the Novato Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 23, 2012 for the period of January to June 2012. For the period July to December 2012, a draft ROPS was submitted on May 17, 2012 and an Oversight Board approved ROPS was submitted on May 24, 2012.

This letter supersedes Finance's letter dated May 25, 2012 wherein we did not question any items on the draft ROPS. However, after further review of the board-approved ROPS for July to December 2012, the following do not qualify as enforceable obligations (EO):

July through December 2012 ROPS

- Item Nos. 9 and 10 – City of Novato Agreements totaling \$11.7 million. It is our understanding that both agreements were executed on May 22, 2012. The redevelopment dissolution law does not allow contracts to be entered into after June 27, 2011. Therefore, these items are not EOs.

Except for items disallowed in whole or in part as EOs noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware, the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. Therefore as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available in the RPTTF.

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Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL  
Program Budget Manager

cc: Ms. Dana Proctor, Senior Accountant, County of Marin  
Mr. Roy Given, Director of Finance, County of Marin  
Ms. Mina Teymourtash, Accounting Manager, County of Marin  
Mr. Dave Kosmala, Senior Accountant, County of Marin