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FUNDING FOR THE POTENTIAL PURCHASE OF THE REVERSION CLAUSE

Since our recent News Update on the potential purchase of the reversion clause in the deed for Tract II (Richard Hall Memorial Park), the Town Council has received a fair amount of community input. While the input to date has been both pro and con, one comment that has been received on multiple occasions is regarding the purchase price and funding. Due to this feedback, it is important to provide information on the current thoughts of how the purchase would be funded.

The current plan is to fund the \$32,000 purchase through the Town's Reserve Funds and not utilize the FY 2011 Operating Budget. The funding out of reserves has been arrived at as follows:

- FY 2010 end of year budget was to deliver \$120,000 to Capital Reserves for use as depreciation or operational reserves as determined by the Town Council. The actual amount from the FY 2010 Budget was \$155,000.
- With \$155,000 received from the FY 2010 end of year actual, the Budget and Finance Committee recommends that \$120,000 (approximately one month of operating budget) be set aside for operational reserves in FY 2011 until a greater understanding is gained on FY 2011 actual revenues versus the Budget. The additional \$35,000 may be set aside for long term projects and capital reserves.
- The \$32,000 for the reversion clause purchase may come from the \$35,000 described above per the Budget and Finance Committee. Any legal fees for this purchase should come from the operational budget.

The financing as described above has been presented to the Town Council for their consideration. The Mayor and Town Council look forward to your continued input as we weigh our decision.