

November 9, 2022

Larry Lees
Mayor
City of Pryor Creek

Re: Borrowing of Funds.

Dear Mayor Lees,

The purpose of this letter is to document my opinion regarding the proposed solution to the issue of final funding for the Library and Police/Fire building construction project.

As we are all aware, the funding requirements to complete the project are well more than the estimated costs that were derived several years ago. And regardless of the reason, the City of Pryor finds itself needing approximately \$1.7 million in order to finish construction. Also, we need to keep in mind that the funding for debt payments as the sales tax pledged to the project averages around \$97,000 per month with current debt payments of \$88,500 for the same time period.

I proposed a solution that would benefit the City and provide the necessary funds for the project. The basic gist of the solution would be to borrow approximately \$2 million internally from the Municipal Utility Board (a department of the City of Pryor) and pay interest at a rate agreed upon by the Council and Board. Payment would initially be interest only to keep within the sales tax limits.

The benefits of said arrangement would be numerous.

- No outside loan costs, bond counsel fees, etc.
- Interest paid would remain within the City as a whole and not paid to outside parties.
- More flexible terms in that initially interest only payments will be made.

To facilitate repayment of the debt, it would be recommended that the proceeds of any real estate (the old police station) be used to repay MUB. Also, if there are any unused funds, those would be used to lower the amount owed as well.

I feel this is the best possible solution for the current situation. The City gets the necessary funds to complete the project and MUB will make a fair interest rate on the money provided. A win for both the City and MUB.

Jeffrey D. Kolker