

INTERDEPARTMENTAL LOAN AGREEMENT

BETWEEN

THE MUNICIPAL UTILITY BOARD FOR THE CITY OF PRYOR CREEK

AND

THE CITY OF PRYOR CREEK

WHEREAS, the Municipal Utility Department is a department of the City of Pryor Creek operating under the independent care, custody and management of the Municipal Utility Board (MUB) for the City of Pryor Creek (City Charter Sec. 45), and

WHEREAS, pursuant to Sec. 48 of the Charter of the City the MUB maintains certain invested fund accounts set aside from its revenues for depreciation, replacement of obsolete equipment and for emergency repairs, and

WHEREAS, the current investment rate of return being earned by interest on said invested fund account is at the rate of xx%, and

WHEREAS, the MUB deferred maintenance account has a current balance of approximately four million dollars, and

WHEREAS, the City of Pryor Creek, acting by and through the Mayor and City Council has determined a public need exists for approximately two million dollars in order to complete the current project of construction of the City Emergency Services Center and expansion of the Pryor Public Library, and

WHEREAS, the MUB and Mayor and City Council find it in the mutual best interest of the MUB and City and Citizens that the two million dollar need of the City for the completion of the above stated projects of construction be funded internally through an interdepartmental loan of funds from MUB to the City; that by this arrangement MUB will realize an increased rate of return on its invested funds and the City will receive a decreased interest expense which is more advantageous than current lending rates on the open market.

NOW THEREFORE, the parties agree as follows:

1. MUB agrees to loan to the City general revenue account from its deferred maintenance account, the sum of Two Million Dollars and No/100 (\$2,000,000.00) for a period of time of approximately 8 months, specifically from the effective date of this agreement until the 30th day of June 2023 at the rate of xx percent per annum.
2. City agrees to repay unto the MUB the principal amount of Two Million Dollars and No/100 (\$2,000,000.00) together with interest accumulated on the unpaid principal balance at the rate of xx percent per annum on or before the 30th day of June 2023.
3. The City shall have the right to prepay all or any portion of the indebtedness together with accumulated interest thereon at the time of any such prepayment prior to the date of maturity

of this loan in one or more early payments. Any such prepayment shall first be applied to the then accumulated amount of interest owed on the principal amount outstanding and next to the payment of principal.

4. In the event that the City shall close the sale of the former police station property, or any portion thereof, located at the street address of xx during the term of this loan, or any extended period of the loan, the net proceeds of such sale after payment of all reasonable and necessary closing costs incurred by the City on said transaction shall be applied to payment of the outstanding balance of interest and principal on this loan.
5. This agreement may be renewed only upon the mutual agreement of the parties hereto, and upon such terms of agreement as may be mutually agreed to by the parties at the time of any such renewal. Any such renewal of this agreement must be in writing and approved by the respective parties.
6. The effective date of this agreement and the loan made hereunder shall be upon the date said agreement is approved by both the City Council and Mayor and the Municipal Utility Board.