

DeLozier, Sara

Subject: P25 Interlocal Agreement

From: e.atwell@me.com <e.atwell@me.com>

Sent: Thursday, April 9, 2020 8:26 PM

To: Korbolic, Quinn <QKorbolic@washoecounty.us>

Cc: Todd D. Renwick <trenwick@unr.edu>; Edward Atwell <e.atwell@me.com>; Edward D Atwell <eatwell@unr.edu>

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Quinn,

The ongoing issue between County and City of Reno regarding the lump sum payment is perplexing. You indicated that several agencies have agreed to sign the new P25 Interlocal agreement despite the possibility that Reno will pull out of our group and leave a 23.6% financial void. This void will have to be covered to meet the Harris contract obligation. Since Reno's decision will affect everyone in WCRCS, we would like to see the issue resolved.

The main concern, as I understand it between County and Reno is the due date for Reno to make their lump sum payment. The county, because of required milestone payments to Harris, is requiring lump sum commitments for payment no later than June 8, 2020, with full payment due on July 15, 2020. Reno is asking for an extension for payment to September or October when their funds will be available.

The primary reason for prepayment is to avoid the 10% debt service obligation required by the county for agencies that cannot afford the upfront payment. The 10% debt charge, coupled with approximately 3.3% finance charge, means the cost of financing will exceed 13% APR. Everyone understands that funds in the 10% debt service account may be returned at the end of the 15-year loan. Once the fund reaches one full year of annual payments, which will take a minimum of 10 years, the additional 10% will no longer be collected.

Elimination of the requirement for a 10% debt service fund and allowing agencies to pay the same percentage as charged to the county could be enough to resolve the roadblock with Reno. Also, it would help the smaller agencies that don't have funds to pay the 15-year loan upfront.

Most member agencies have been with the WCRCS for over ten years, and many from its inception almost 20 years ago. In the history of the WCRCS, there has NEVER been a default. Additionally, the county will have a signed legal contract from each agency that provides a remedy for late payments as well as a default.

Quinn, I appreciate your consideration of this change and request that you forward it for review to those who will make the final decision. Also, since you indicated that this subject was on the agenda for the April 17, 2020 JOC meeting, please include a copy of this email in the meeting support documents sent to members along with the agenda.

Thank you.

Ed

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Program Officer

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