

Sophia Ramsey Business Subsidy Agreement

Request for discounted payoff

TABLE 1: Original Agreement

	Nominal	FV (4% interest added to 2nd Pmt)
Payment 4 (2013)	\$ 5,880.00	\$ 5,880.00
Payment 5 (2014)	\$ 5,880.00	\$ 6,115.20
Value of Payments	\$ 11,760.00	\$ 11,995.20

\$235.20 Interest Gained (opportunity cost)

TABLE 2: Proposed Payoff

Proposed Nominal Cash Flow (1x, \$8,000 payoff)	\$ 8,000.00
Nominal Difference (f/Original Agreement, \$11,760-\$8,000)	\$ 3,760.00

Nominal savings to the City for early payoff

TABLE 3

Nominal Savings Less Discount	
Nominal Savings	\$ 3,760.00
Opportunity Cost	\$ 235.20
NET Savings for City	\$ 3,524.80

Staff Conclusion: the City should accept the proposal; which results in a \$3,524.80 savings