

## POSSIBLE MOTION

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**I move to approve a Southeast Economic Development Loan to Jim and Darcy Michener DBA Alaska Pure Sea Salt in the amount of \$106,000 to be repaid in seven years at a simple interest rate of prime, plus 200 basis points, or 5.25%.**

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***Public Note: The full application is available for viewing in the Municipal Clerk's Office – 100 Lincoln Street – 3<sup>rd</sup> Floor.***

# Memorandum

**Thru:** Jim Dinley, Administrator  
**To:** Sitka Assembly  
**From:** Jay Sweeney, Finance Director  
**Date:** 6/22/2011  
**Re:** Alaska Pure Sea Salt, LLC Loan Application

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I recommend approval of the Southeast Alaska Economic Loan Fund Application from Alaska Pure Sea Salt, LLC.

I have reviewed Alaska Pure Sea Salt's business plan and find it to be one of the most complete and well-done plans I have reviewed. The pro forma financial statements in the plan forecast more than sufficient cash flow from operations to cover the proposed debt service. In addition, Alaska Pure Sea Salt has provided requested documents to validate its legal existence and that it is registered to do business within the State of Alaska. The business also indicates that Mr. Michener has significant personal assets at risk in the venture. I have further advised Mr. Michener to be prepared to answer questions concerning his market analysis in order to support the forecasted revenue streams.

Given the strength of the business plan, I would advise loan terms of 84 months at a simple interest rate of prime plus 200 basis points, or 5.25%.

## Jay Sweeney

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**From:** Larry Fitzsimmons [fitz@cityofsitka.com]  
**Sent:** Tuesday, June 21, 2011 11:01 AM  
**To:** 'Jay Sweeney'  
**Cc:** Sally Kimmel  
**Subject:** SE Economic Development Fund

Jay,  
The undesignated amount available in the private sector revolving loan part of the SE Economic Development Fund is \$1,199,753. This balance is after the three loans approved in the last couple of months(Fortress of the Bear, Baranof Island Brewing, Center for Community).

Larry Fitzsimmons