



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

TO: Mayor Westover and Assembly Members

THROUGH: Jim Dinley, Administrator

FROM: David Wolff, Finance Director

DATE: April, 6, 2011

SUBJECT: Southeast Economic Development Fund Loans

The City and Borough of Sitka has received three loan applications for the revolving loan program within the Southeast Economic Development Fund. Attached is two of the applications, the third application needs additional support documentation for the Assembly to make a decision. I have requested the additional documentation and as of today have not received them.

Per SGC 4.44.050 (B) I hereby certify that:

1. The funds to make the loan(s) totals \$1,778,423.
2. The remaining fund balance would be \$1,478,423 (\$1,778,423 - \$200,000 - \$100,000)
3. The applicants have all necessary licenses and permits to do business with the city and borough. Center for Community is current on all bills owed to the CBS. Fortress of the Bear, as of April 4, 2011 was one month delinquent in their utility bill and had not paid their lease that was due on April 1, 2011. Utility bill is for \$32.81 and lease is for \$52.50.

Details on the loans are as follows:

Center for Community:

Requesting a loan of \$200,000 at 2% interest and 10 year payback with a monthly payment of \$1,840.27 to help fund the replacement of the roof on their building at 700 Katlian Street per their March 17th letter.

Fortress of the Bear:

Requesting a loan of \$100,000 with a 10 year payback. The requested interest rate was not listed in the loan package, although Mr. Kinnear mentioned in my office about a 0% interest rate. The funds would be used for: (1 Gift Shop Building - \$7,000; (2 Gift Shop Fixtures - \$1,500; (3 Gift Shop Inventory - \$10,000; (4 Driveway - \$25,000; (5 Holding Facilities - \$21,000; and (6 Additional Staff - \$56,000. The total amount of the tentative cost breakdown equals \$120,500, so I am not sure where the additional \$20,500 funding would come from.

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