

Meeting Minutes  
RLF Working Group Meeting  
Dial in: 712.432.0175 pin 217279  
11/15/2016  
10:00 am

**Conference Call Attendees:**

Tiffany Melby, Sammie Chagnon, Kelsey Bates (Great Northern Development), Steve Clairmont (S&K Holding Company), Linda Grossman (NeighborWorks MT), Jillann Knutson (Bear Tooth RC&D), John Schneeberger (Ravalli Co. Economic Development Authority), Anne Pichette, Carolyn Jones, and Danielle Williams (Dept. of Commerce), Kathie McLane (MidRivers), Maureen Porter (Headwaters RC&D)

**Additions/Changes to Agenda:**

**Last Meeting Minutes:** Posted on [RLF Working Group Homepage](#)

**Questions/Discussion:**

- Industry growth in different regions
  - In what areas of business are you seeing growth in your communities?
    - Steve - Seeing tourism growth but not much else; most things are backtracking. They have seen another record-breaking year of tourists at Glacier, and the tribe is trying to capture some of that economic growth by supporting tourism especially in the area of lodging. There have also been two new health care facilities established in the area.
    - Kathy – In Glendive they are working to boost tourism at Makoshika State Park and partnering with Medora State Park in ND for increased tourism opportunities. There is a new agritourist business being established in Richey. A pulse shipping and storage facility opened in Glendive and Culbertson, and they are looking to expand. Seeing many farmers looking at pulse crops. There is potential for a manufacturing plant that makes

bottom hopper storage bins in Miles City. They are seeing expansion in agriculture services including feed and fertilizer, and there is a lot of interest in starting a large beef processing plant.

- Tiffany – In northcentral MT we are seeing growth in the food/restaurant industry; BPDC has financed several restaurants in the past year. We are also seeing growth in the pulse crop industry. There is a lot of interest in breweries across the hi-line. We are seeing small value-added ag producers looking for local markets, and there is high demand for meat processing facilities in our area.
  - Ravalli County – They are seeing growth in the value-added ag sector, steady growth in specialty farms, they have 5 breweries, two apple cider places, grapes being grown, which may result in a wine industry, and they are seeing growth in the wood products industry (log homes), etc. Across the board there is steady growth.
  - Maureen from Headwaters – They are seeing a lot of breweries pop up; there is a brewery in every county of their region except one. Along with that, they have seen an interest in people wanting to grow hops, and there is talk of a co-op for processing hops here in MT instead of out-of-state.
- Do you see any industry needs?
    - Tiffany – Seeing a need for growth in the daycare industry. There is interest from some of the major employers in our area to do a child care co-op. They are looking for flexibility in child care for their employees.
    - Maureen – Shared the need for daycares/certified daycares in their area.

- Steve – Mentioned that there is a lack in affordable housing in his area, not so much with tribal membership, but any industry wanting to move there and move employees would have a hard time finding housing. Even housing for Salish-Kootenai College students is an issue.
  - John Schneeberger – There is a chronic housing issue in Ravalli Co., lots of discussion but not much action.
  - Kathy – There is an effort to establish Dreams Housing, which is transitional housing for individuals that have several DUIs. These individuals would go to transitional housing instead of jail.
  - Kelsey – They are working on a program for North Star apartments to get some affordable housing. They are using the HOME funding through the city and are working with the same developer that did Antelope Court and Buffalo Court in Havre. If anyone is interested in knowing more, they can call Tori.
- Foreclosures/Repossessions
    - Share your best practices and lessons learned
      - Steve – This is one of the hardest things they have to do, and the biggest thing you have to figure out is how do you get your money back? When taking inventory as collateral, you have to look at the terms of obsolete inventory. There is much more value in inventory if it's turning fast than if it's only turning twice a year.

- Tiffany – That’s one thing that BPDC has learned recently is that we should discount inventory more as collateral because it’s so hard to monitor and track.
- John – Said they had a microloan that closed, and they had to repossess chattel-type collateral; they didn’t have problems collecting the items, but the recovery value was marginal. It was more about fulfilling the terms of the contract than getting paid in full. Something they have found difficult is that, in a few instances, the collateral is sold without them knowing. They haven’t made a claim on these items because the value was not there to do so. Try to work on alternative payment schedules for the businesses. Mentioned that you take a huge discount on a secondary position because even if loan-to-value looks good, that is not dependable collateral. They take rolling stock as well.
- Kelsey asked if anyone had dealt with buying out the first? Tiffany mentioned that in many cases it might not be cost-effective to buy out the first.
- Maureen – They had held a house for collateral for some loans, and they sold it to pay the loans. It took a very long time, they were in second, there was not a lot of money left over from the sale, but there was also not much left on the loan. The sale of the house paid off the loans, but there were some fees that they learned should have been included as part of the payoff. The borrower had decided to sell after the loan went bad.

- Linda – They saw their first foreclosure last year and hired a good attorney to process it. The property was in Libby and, with their office in Great Falls, they had to get partners to repossess the property. The borrower was in denial that the foreclosure was happening and unfortunately the sheriff did have to get involved. There were issues with squatting and hoarding. Once he finally got out of the home, they had to have it professionally cleaned before they could sell it. They were in first position on the home, but between the attorney fees and cleanup fees, they took a big loss and learned some good lessons. They are going through a repossession in Billings now with a manufactured home. The borrower passed away, and they need to get a death certificate and the title before they can sell the home. The park where the home is located is insisting that the home be moved immediately but it is a long process with attorneys to get everything taken care of. Someone on the call mentioned that they had a similar situation, and it took 2.5 years to get everything settled.
- Steve asked if they are having to pay rent for the home? Yes, they are, but there were some funds in escrow, so they are using that up first.
- Dept. of Commerce – Webinar Recap
  - What were some of the takeaways from the webinar on secured transactions and UCC filings?
    - Carolyn Jones – The UCC webinar provided basic information with no surprises. You can sign up for training through the MT Bankers Association, which is a great resource for trainings. Highlights from the

webinar included making sure to complete due diligence by clarifying the proper legal name and business structure. Make sure the UCC reflects the business POR – public organic record, such as articles of organization, and make sure the debtor name is correct. Make sure you have a thorough description of the collateral – inventory, equipment, rolling stock – within the security agreement, and the UCC can be more broad/generic. Make sure that you are comfortable with the location of the debtor for perfecting your security; get it in writing from the business owner as to where the collateral is located. Sometimes a business has multiple locations or has their main office registered in another state, so you may need to file a UCC for that state as well.

- John – Has a situation with a plant nursery, and the parent organization is registered to do business in Delaware. All operations and assets are in MT, but for tax reasons, the business was organized in Delaware. So, if they add to the UCC filing, should they file those in Delaware? Carolyn reiterated that, from the information provided in the webinar, you may want to look into filing a UCC in Delaware.

**Topics for next meeting:**

- To send any ideas to Tiffany at [tmelby@bearpaw.org](mailto:tmelby@bearpaw.org).

**Next Meeting:** Skipping a meeting in December, so the next meeting will be on January 17<sup>th</sup> at 10am on the conference call line.

Notetaker: Sammie Chagnon