

Meeting Minutes  
RLF Working Group Meeting  
Dial in: 712.432.0175 pin 217279  
6/13/2017  
9:00 am

**Conference Call Attendees:**

Tiffany Melby, Sammie Chagnon, Carolyn Jones, Kelsey Bates and Tori Matejovsky - Great Northern Development, Allison Petty - Gambling Control Division

**Additions/Changes to Agenda:** None

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

**Questions/Discussion:**

- New legislative rules regarding liquor and gambling license
  - Banker's Bill - Big Changes
    - Now allowing co-borrowers on a loan
    - Any type of collateral can be used
    - Did not previously allow co-borrowers; now DO allow co-borrowers; if there are co-borrowers, or collateral being used that is owned by a non-licensee, then the co-borrower will need to have a background check
    - New rules became effective at the beginning of May; the only issue is that if there are co-borrowers, then the money cannot be split between the two borrowers, it has to all go to the one borrower that is the licensee OR you can have two separate loans. You could do one loan for real estate and one for the liquor license and have two loans, different borrowers for each, and cross collateralize the loans.
  - Kelsey asked if there are any additional securities that need to be done aside from the UCC and the M1? Allison – the M1 does not perfect the security interest, so you need to file a UCC (UCC filing perfects the security interest) in addition to the M1
  - When do the documents need to go to liquor licensing?
    - Allison – even if the loan is not being used to pay for the liquor license, the loan still needs to be structured the same way because the entity that

owns the liquor license needs to disclose that information to the liquor and gambling division; the borrower/licensee must provide the loan documents for institutional loans within the year of getting the loan (usually by renewal time); non-institutional loans must be pre-approved. Institutional loans don't need to be preapproved, but it's a good idea to send draft docs to liquor and gambling so that they don't have a mess later on.

- Dept. of Justice and Gambling works very closely with the Department of Revenue; Dept. of Justice and Gambling does the auditing and financial reviews
- When a borrower applies for a liquor license after they have received a loan, then the loan paperwork will still need to be acceptable to liquor and gambling, which may cause a need to modify original documents; with the new rules, it should be easier because collateral can be crossed and borrowers should already have been vetted. It may turn out that other borrowers just need to do a background check. If a background check comes back unsuitable, then there will probably be a need to change loan documents.
- SB344 is the Bankers Bill; should be posted online
- [Apetty2@mt.gov](mailto:Apetty2@mt.gov); phone 444-2075
- What is the state of portfolios? Are others seeing poor performance/struggling loans?
  - Kelsey – portfolio is doing pretty good; day care and greenhouse that struggled, some deferments for retail businesses, possibly the decrease in oil is affecting the economy a little bit, but overall the portfolio is doing pretty well
  - Tiffany – seen it in retail and other businesses affected by discretionary income due to the agricultural industry being on a downslope; trying to help borrowers weather the storm but it's been challenging
- Carolyn – is your approved RLF plan in the new format that EDA wants? Tiffany – in the process of submitting a new application and will be putting the RLF workplan into the new format

**Topics for next meeting:**

- Carolyn to be in Denver for NADO conference and the last day is an update on federal programs and EDA Denver staff may be there. Carolyn to report back what she hears about any changes with how the RLFs need to be run.
- Kelsey wants to know what the application process is for the EDA. Tiffany said we just had a call with Patrick and Kirk; Tiffany to send Kelsey contact information

**Next Meeting:** September 19<sup>th</sup> is our next meeting at 10 am