



Grand Forks Growth Fund, a Jobs Development Authority
Staff Report
Growth Fund Committee – May 19, 2025
JDA – June 2, 2025

APPROVED & ACCEPTED
by City Council
Maureen Storstad
Maureen Storstad
City Auditor
06/02/2025

Agenda Item: PACE Loan Request from Northern Plain Railroad, Inc

Submitted by: Andy Conlon, Economic Development Manager
Prepared by: Haylie Grasser, Planner

Staff Recommended Action: EDC Board and staff recommend

1. Approve request for PACE loan of \$116,511 to buy down the interest rate on commercial loan;
 2. Hold a public hearing on this request at the JDA meeting on June 2, 2025;
 3. Authorize JDA officials to execute necessary documents.
-

Committee Recommended Action: Cary moved to approve the request, second by Berg. Motion carried 4-1 with Osowski dissenting and Wolf recused.

JDA Action: Motion by Berg, second by Fridolfs to approve on consent agenda. Motion carried unanimously.

Northern Plains Railroad, Inc. is a private railroad business headquartered in Grand Forks that assists in the operation of over 340 miles of track in the region, assisting in the transportation of farming commodities and product for various regional grain handlers/elevators and American Crystal Sugar. Their work also includes full-service railcar/locomotive repair, industrial switching, and new track construction throughout the Midwest. The company is primary sector certified and is solely owned by Gregg Haug.

Northern Plains Railroad plans to expand their fleet by purchasing seven locomotives to update their rail fleet moving regional agricultural products, as well as a rail tamper, which will improve the durability of their short rail line services. The company is seeking PACE assistance to buy down the interest rate on an Alerus loan supporting the project.

Job/Compensation Information: Northern Plain Railroad expects this project will help to retain 203 FTE's and help create 12 FTE's with an average hourly compensation of \$53.27 in wage and benefits.

Sources:		Uses:	
Owner Equity	\$ 740,036	Equipment/Machinery	\$ 3,700,181
Alerus Loan	<u>\$ 2,960,145</u>		
TOTAL:	\$ 3,700,181	TOTAL:	<u>\$3,700,181</u>

PACE Interest Subsidy:	BND Grant	\$ 216,378
	JDA Loan	\$ 116,511

Terms: Payment and interest accrual will be deferred 5 years; thereafter it will be repaid in 12 monthly payments at 2.5%.

Security: Subordinate blanket UCC on business assets, a personal guaranty from Gregg Haug, and corporate guaranties from various affiliate and subsidiary entities listed below:

- Complete Track Works, Inc.
- Total Trans Care, Inc.
- Agassiz Rail Services, Inc.
- All Rail, Inc.
- Mohall Central Railroad, Inc.
- Mohall Railroad Inc.
- Northern Plains Services, Inc.

ANALYSIS AND FINDINGS OF FACT:

- As proposed, the JDA loan would be subordinate to an Alerus loan of \$3,700,181 and approx. \$5.09 million in existing debt; overall loan-to-value is approximately 45.38%.
- The request complies with Growth Fund policies and procedures.
- Confidential financial documents are available to Growth Fund Committee and JDA members upon request.

SUPPORTING MATERIAL:

- Business Financing Application

Program Overview

Completed by sarah_heikkila@nprail.com on 4/3/2025 3:13 PM

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

Program Overview

Please provide the following information.



City of Grand Forks
PACE/Flex PACE
Interest Buy Down
Program Application

Grand Forks Region EDC
120 N. 4th Street
Grand Forks, ND 58203
(701) 746-2724
kevinh@grandforks.org

Program Overview

PACE Loan

Through the Participating in Assisting Community Expansion (PACE) program, the Grand Forks Growth Fund may provide a no-interest, deferred loan up to \$269,000 to leverage a Bank of North Dakota grant up to \$500,000 to collectively reduce the interest paid on a loan used to acquire land or equipment or for working capital. Projects considered for PACE are those that result in the creation of new jobs. Applicants must be primary sector certified through the North Dakota Department of Commerce.

Flex PACE

For companies that do not fit the traditional definition for the PACE program, FlexPACE may be an option. The Grand Forks Growth Fund may provide a loan up to \$107,000 to leverage Bank of North Dakota support up to \$200,000. The FlexPACE program is used for a variety of project types including childcare centers and quality of life investments.

A. Contact Information

Completed by kevinh@grandforks.org on 4/24/2025 8:02 AM

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

A. Contact Information

Please provide the following information.

A.1. Business Name

Northern Plains Railroad, Inc

A.2. Federal Tax Identification Number

A.3. Primary Contact Name

Tom Eide

A.4. Title

CFO

A.5. Phone

(701) 371-3299

A.6. Email

tom_eide@nprail.com

A.7. Date Business Established

05/21/1996

A.8. Legal Structure

Sub Chapter S Corporation

A.9. Business Address

600 DEMERS AVE Floor 5 Grand Forks, ND 58201

A.10. Company Description

Northern Plains Railroad, Inc. (NPR) is a private, North Dakota-based line-haul railroad operating over 340 miles of track. Since 1997, we've expanded to offer full-service railcar and locomotive repair, industrial switching, new track construction, training, and mobile field services across the Midwest. With over 190 employees, we are committed to safety, service, and growth across all facets of rail operations.

A.11. What loan type are you applying for?

PACE

B. Project Information

Completed by sarah_heikkila@nprail.com on 4/21/2025 8:49 AM

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

B. Project Information

Please provide the following information.

B.1. Project Description

We are purchasing newer locomotives to update our aging fleet and track repair equipment to maintain our railroad track across much of North Dakota and a smaller section in Minnesota. Necessary to continue services as a short-line to rural communities in our region.

B.2. Project Address

114 Main St S Fordville, ND 58231

B.3. Current Number of Employees

203

B.4. Projected Number of Employees (within 24 months)

215

B.5. Current Average Hourly Wage Plus Benefits

\$50.27

B.6. Projected Average Hourly Wage Plus Benefits

\$53.27

B.7. Describe the benefits that will be offered.

We offer 401k, disability and health care including medical, vision and dental. In addition a our railroad employees participate in Railroad Retirement Benefits - the company contributes roughly 13% of wages (up to a maximum) to employee pension plans as part of RRB.

LENDER INFORMATION

B.8. Primary Lender

Alerus Financial, N.A.

B.9. Lender Contact Person

Jon Rentz

B.10. Lender Phone

(701) 795-2631

B.11. Lender Email

jon.rentz@alorus.com

Printed By: Anna Henningsgard on 5/6/2025

C. Sources & Uses

Completed by kevinh@grandforks.org on 4/24/2025 8:03 AM

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

C. Sources & Uses

Please provide the following information.

C.1. Sources

	Lender/Source Name	Rate	Months Amortized	Term Months	Amount
Equity	Northern Plains Railraod Cash	0.00%			\$740,036.30
Source A	Alerus Term Loan	6.63%	60	60	\$2,960,145.18
Source B		0.00%			\$0.00
Source C		0.00%			\$0.00
Source D		0.00%			\$0.00
Source E		0.00%			\$0.00
Source F		0.00%			\$0.00
	Debt Financing Total				\$3,700,181.48

C.2. Uses

Use of Funds	Equity	Source A	Source B	Source C	Source D	Source E	Source F	Total Uses
Working Capital	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Inventory	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Machinery/Equipment	\$740,036.30	\$2,960,145.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,700,181.18
Building Fit-Up	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Acquistion/Land	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
New Bldg.Construction	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contingency	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Sources	\$740,036.30	\$2,960,145.18	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,700,181.18

NOTE: Include a detailed explanation of uses of funds, including specific equipment (if applicable), on a separate page.

C.3. PACE Buydown Information

Lending Entity	Term Months	Amortization Months	Rate	Amount
Bank of North Dakota				\$0.00

(Rate: 0% - Months Amortized: 0)				
Grand Forks Growth Fund (Rate: 1% - Months Amortized: 12)				\$0.00
Bank of North Dakota				\$216,377.31
Grand Forks Growth Fund	60	72	2.5	\$116,510.86
Bank of North Dakota				\$0.00

D. Valuation & Security

Completed by kevinh@grandforks.org on 4/24/2025 8:05 AM

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

D. Valuation & Security

Please provide the following information.

D.1. How will the loan be secured?

- Mortgage
- UCC Equipment Lien
- Corporate Guaranty
- Personal Guaranty
- Other

VALUE OF COLLATERAL

D.2. Value

\$19,628,481.75

D.3. Proposed Growth Fund Security Position

2nd lien position (Alerus has 1st UCC lien on all business assets) of all business entities.

D.4. Address of Secured Property

600 DEMERS AVE Floor 5 Grand Forks, ND 58021

D.5. Private Debt Secured by Property (include existing & proposed private debt) - Select "Add a Row" to complete the table

Creditor	Amount
Alerus Financial	\$8,791,000.00
Total Private Debt Secured by Property	\$8,791,000.00

D.6. Proposed Growth Fund PACE/FlexPACE Loan

\$116,510.86

D.7. Total Proposed Debt Secured by Property

\$8,907,510.86

D.8. Proposed Growth Fund Loan-to-Value

45.38%

EQUITY

D.9. Describe equity sources and how they will be obtained and appraised.

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Equity source will be in the form of cash from Northern Plains Railroad Inc. Northern Plains Railroad Inc. maintains deposit accounts at Alerus financial and liquidity/equity sources can be verified. Loan to value at 52.71% is justified as we have a very strong collateral position with our blanket UCC-1 filing across all business entities.

GUARANTY

D.10. List all guarantors in the table below. Select "Add a Row" to complete the table below.

Name	Amount
Gregg Frederick Haug, Individually	\$8,907,510.86
Complete Track Works, Inc.	\$8,907,510.86
Total Trans Care, Inc.	\$8,907,510.86
Agassiz Rail Services, Inc.	\$8,907,510.86
All Rail Inc.	\$8,907,510.86
Mohall Central Railroad, Inc.	\$8,907,510.86
Mohall Railroad, Inc.	\$8,907,510.86
Northern Plains Services, Inc.	\$8,907,510.86

E. Additional Company Information

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

Completed by sarah_heikkila@nprail.com on 4/16/2025 1:58 PM

E. Additional Company Information

Please provide the following information.

E.1. Company Ownership

Name	% Ownership	Address	Phone
Gregg Haug	100.00%	600 Demers Ave, Floor 5, Grand Forks, ND 58201	

E.2. Company Management

Name	Title	Address	Phone
Jesse Chalich	President & COO	600 Demers Ave, Floor 5, Grand Forks, ND 58201	701-741-2771
Tom Eide	CFO	600 Demers Ave, Floor 5, Grand Forks, ND 58201	701-371-3299
Dan Mack	Executive Vice President & Chief Marketing Officer	600 Demers Ave, Floor 5, Grand Forks, ND 58201	651-335-1612

E.3. Key Advisors

	Name	Firm/Company	Email	Phone
Attorney	Steven Kruger	BEST & FLANAGAN LLP	skruger@bestlaw.com	612.349.5646
Accountant	Brent Roeder	EideBailly	broeder@eidebailly.com	701.476.8809
Insurance Agent	Kristin Tate	Marsh McLennan Agency	kristin.tate@marsh.com	210-216-9404

NOTE: All persons for whom contact information has been provided may be contacted as part of the Grand Forks Growth Fund's review and evaluation of this application.

F. Required Documents

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

Completed by sarah_heikkila@nprail.com on 4/21/2025 11:30 AM

F. Required Documents

Please provide the following information.

Documentation

Business Plan / Business Opportunity Summary *Required

Flex Pace Business Plan .docx

Commitment Letter from your bank relating to financing project *Required

NPR Inc. Pace Bank Letter 4.17.2025.pdf

Commitment Letter from your bank relating to working capital line of credit *Required

NPR Inc. Pace Bank Letter 4.17.2025.pdf

Federal Tax Returns for previous 3 years for all entities on application *Required

2023 Completed 1120S 8333 Northern Plains Railroad Client Copy.pdf

2022 Completed 1120S 8333 Northern Plains Railroad Client Copy.pdf

2021 Completed 1120S Tax Return.pdf

Interim Financial Statements (Balance sheet & income statement) *Required

Profit & Loss NPRS SDH (2025-04-16).pdf

DBSP (2025-04-16).pdf

Key Person Insurance *Required

Key Person Insurance 4.17.2025.pdf

Personal Financial Statement (for all guarantors) *Required

FINAL 2023 PFS.docx

Pro Forma *Required

NPRS 2025 Budget for Pace Flex.pdf

G. Company Disclosures

Completed by sarah_heikkila@nprail.com on 4/21/2025 8:50 AM

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

G. Company Disclosures

Please provide the following information.

G.1. Will the loan be secured by equipment/business assets?

Yes

If yes, provide detailed descriptions of said equipment/assets.

Alerus Maintains a 1st lien position on all business assets (UCC-1 filing in state of ND) on borrower Northern Plains Railroad as well as UCC-1 filings in the 1st position all related business entities as follows: Complete Track Works, Inc., Total Trans Care, Inc., Mohall Central Railroad, Inc., Mohall Railroad, Inc. All Rail, Inc, Agassiz Rail Inc., and Northern Plains Services, Inc. Alerus has all business entities cross collateralized through our security agreement loan documents as well as all these entities being corporate guarantors on related Northern Plains Railroad debt as well as the individual unlimited guaranty of owner Gregg Haug.

G.2. Has the company or any of its principals ever been involved in bankruptcy or insolvency proceedings?

No

G.3. Is the company or any of its principals involved in any pending lawsuits?

No

G.4. Does the company buy from, sell to, or use the services of any company in which someone in the company has a significant financial interest?

No

G.5. Are any of the company's existing loans delinquent?

No

G.6. Are there any judgments against the company or any of its principals?

No

Submit

Completed by sarah_heikkila@nprail.com on 4/21/2025 11:31 AM

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

Submit

Please provide the following information.

The undersigned specifically acknowledge(s) that: (1) verification or re-verification of any information contained in the application may be made at any time by the Grand Forks Growth Fund, a Jobs Development Authority (Growth Fund), its agents, successors, and assigns; either directly or through a credit reporting agency from any source named in this application and the original copy of this application will be retained by the Growth Fund, even if the request is not approved; (2) the Growth Fund, its agents, successors, and assigns will rely on the information provided in this application and I/We, the undersigned, have a continuing obligation to amend and/or supplement the information provided in this application if any of the materials facts which I/We have represented herein should change prior to closing; and (3) in the event my/our payments indicated in this application become delinquent, the Growth Fund, its agents and assigns may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency.

I/We, the undersigned, understand and acknowledge that this application is considered public record and the information contained herein may be discussed at public meetings. Conditions limiting public disclosure of certain proprietary and/or confidential information are outlined and governed by North Dakota Century Code Sections 44-04-17 through 44-04-20

I/We, the undersigned, authorize the Growth Fund, its agents, successors, or assigns, to make all inquiries it deems necessary to verify the accuracy of the information contained herein and to determine the credit worthiness of the undersigned.

I/We, the undersigned, authorize all lenders named herein, and their agents, successors, and assigns, to release information relevant to this application to the Grand Forks Growth Fund and the Grand Forks Region EDC. I/We further authorize the Grand Forks Growth Fund and Grand Forks Region EDC, and their agents, successors, and assigns, to release information regarding this application to those lenders named herein.

I/We, the undersigned, certify that the information provided in this application is true and correct as of this date and that I/We am/are duly authorized to submit this application and understand the conditions set forth herein.

Signature

Thomas Eide

Electronically signed by sarah_heikkila@nprail.com on 4/21/2025 11:31 AM

Date

04/21/2025

Equal Opportunity Lender. The Grand Forks Growth Fund, a Jobs Development Authority, does not discriminate against credit applicants on the basis of race, color, religion, national origin, sex, gender, sexual orientation, marital status, age (provided the applicant has the capacity to enter into a binding contract); because all or part of the income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Checklist

No data saved

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

Checklist

Please review and confirm the following items.

Application Review	Date Completed	Notes
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Threshold Review
Complete

Threshold Approval Email
Sent

Status Updated

Approved Applications	Date Completed	Notes
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Environmental Review
Completed

Agreement Full Executed

Purchase Order Received

Monitoring	Date Completed	Notes
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Risk Assessment
Completed

Monitoring Completed

Monitoring Follow-up (if
applicable)

Admin Documents

No data saved

Case Id: 30481

Name: Northern Plains Railroad, Inc - 2025

Address: 114 Main St S, Fordville, ND 58231

Admin Documents

Please provide the following information.

Documentation

ACH Transfer Confirmation

***No files uploaded*

Approved Staff Report/Minutes

***No files uploaded*

Corporate Guaranty

***No files uploaded*

Key Person Insurance

Key Person Insurance 4.17.2025.pdf

Ledger Entry

***No files uploaded*

Loan Agreement

***No files uploaded*

Mortgage

***No files uploaded*

Personal Guaranty

***No files uploaded*

Promissory Note *Required

***No files uploaded*

Security Agreement *Required

***No files uploaded*

Signed Term Sheet *Required

***No files uploaded*

UCC Filing

***No files uploaded*