

“Chairman Delzer and members of the committee, my name is Gregory A. Johnson from Bottineau, ND, formerly of Minot, ND. I am the former owner/operator of North Dakota Port Services (NDPS), the company that owned, designed and built the existing facility. I would’ve preferred being with you in person this morning, however, I am tending to a personal bankruptcy matter resulting from circumstances pertaining to this facility.

I want to see the current business succeed; however, I cannot support SB 2245 for the reasons below.

- 1) This proposed program is watered down with talk about providing grants from taxpayer dollars to “An Organization” as stated in the ND 67th Assembly Request for the Logistics Park of ND, updated 3/11/21. The verbiage of the request is foggy at best and is just plain misleading.
- 2) I do not support taxpayer dollars awarded to government entities, operating on tax dollars to purchase and own assets on property of others. Who owns the property these assets are resting on? It seems to be quite unclear. On December 30, 2018, when NDPS was foreclosed on, the land the assets are sitting on was subordinated to the banks. If you look on the Ward County tax roll today, it is still listed as owned by the City of Minot. It is my understanding both the City of Minot and the banks each believe they own the land. So, taxpayer dollars are now going to furnish funding for assets to Minot Area Chamber EDC (a government entity) on land owned by WHO? Is it the banks or the City of Minot that owns the property? \$10M of taxpayer dollars on other property.
- 3) Financial institutions being paid off by tax dollars to purchase assets by government entities will set precedence in other foreclosure actions.

- 4) The 1150-foot grade separation over BNSF tracks was built with Tiger grant money. The grade separation was designed for future track expansion into BNSF's Gavin Yard.
- 5) The BNSF proposed track design for the Logistics Park of ND now requests Taxpayer money is now being spent to build BNSF proposed track most of which will be on BNSF property. The proposed design also prohibits future track development for which the grade separation was built using taxpayer's money.
- 6) In early 2016 NDPS was struggling and approached the banks to make interest only payments until we got our feet under us. The request was denied.
- 7) NDPS with the help of a local bank and local legislator sought to get \$1 million through the ND Chamber of Commerce at a low interest loan to help us get through hard times as well. The request was declined.
- 8) NDPS paid over \$4 million in interest to financial institutions that own these assets between 2007 and 2018.
- 9) The demand BNSF put on NDPS to keep intermodal going was to install (3) 10,000-foot-long tracks -- one being an arrival track, one being departure, and the third a run-around.
- 10) Mr. John MacMartin, Minot Area Chamber EDC President testified recently in the Senate Appropriations Committee the City of Minot had \$12 million invested in this facility. That is false.
- 11) NDPS had a major failed \$145 million investment in 2012 which would have developed the intermodal facility and brought in additional businesses.

- 12) This is the real kicker and why taxpayer dollars should not, I repeat, should not, fund this project. Private enterprise was working on this project! Let me share a few details with you. After NDPS was foreclosed on (an amiable one, I might add) in December 2018, I continued following up with other investors. To me, the devil in the details came on July 26, 2019. Mr. John Stewart arranged a call with Eric Hardmeyer, President and CEO of BND, Tim Porter, CFO of BND, John Schneller, Investor, and myself. Everyone introduced themselves. As John Schneller began to explain the investment vehicle, the BND representatives hung up. Mr. Chairman and members of the committee, do you know what our ask was? No one does, because the BND representatives didn't listen to what we were going to ask. They hung up. Mr. Chairman and members of the committee: Mr. Schneller was looking for a financial facility to deposit \$175 million. The \$175 million was going to be for development of this facility. Mr. Schneller also wanted to bring other opportunities to this region. The BND would've held the funds until Mr. Schneller released funds as needed. The first payoff would've been to the banks owning the assets for principal and interest NDPS owed. The second payoff was to any creditor of NDPS. Yes, there are other creditors who deserve equal consideration.
- 13) I leave you with this ... I believe what should happen is the BND should pay off the partner banks. The BND should then issue a 1-2% long-term loan to the future owner. This way private enterprise has skin in the game and eliminates the burden of debt for the taxpayer.
- 14) Private enterprise will grow this facility and is in the best interests of North Dakota. Taxpayers should not be bearing the brunt of this.

For the above reasons and many more I do not support SB 2245.

Chairman Delzer and Committee members, I would entertain any questions. If there are none again, thank you the opportunity to testify. I will remain on the line until the end of the hearing.

Respectfully submitted,

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