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79 **GE-15-36** Filed: 4/23/2015 Pages: 6
**Notification of Service – Claim of Bremer Bank,
National Association**

Bremer Bank, National Association
John Schroeder, Zimney Foster P.C.

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IN DISTRICT COURT, GRAND FORKS COUNTY, STATE OF NORTH DAKOTA

Public Service Commission,)	
)	
Petitioner,)	
)	
vs.)	Civil No. 18-2015-CV-00240
)	
Grand Forks Bean Company, Inc.)	
Bremer Bank, National Association,)	CLAIM OF BREMER BANK,
)	NATIONAL ASSOCIATION
Respondents.)	
)	
_____)	
PSC Case No. GE-15-36)	

CLAIM OF BREMER BANK, NATIONAL ASSOCIATION

COMES NOW, Claimant Bremer Bank, National Association, by and through its Attorneys Tracy A. Kennedy and John D. Schroeder, for and as its Claim in response to Petitioner's *Notice of Appointment as Trustee and Notice to File Claims*, alleges and states as follows:

¶1 Bremer Bank, National Association ("Bremer") is a bank formed under the National Banking Act, with its principal place of business at 3100 S. Columbia Rd. Grand Forks, North Dakota. Bremer Bank is authorized to do business in North Dakota.

¶2 Grand Forks Bean Company, Inc. ("Grand Forks Bean") loaned money from Bremer. The amount owed by Grand Forks Bean to Bremer is principal in the amount of \$878,708.94, accrued interest at the variable rate of 4.25% per annum as stated in the loan documents through April 22, 2015, of \$14,905.60, and interest per day of \$103.7364721 after that date. Attached hereto as **Exhibit A** is a copy of Bremer's loan transaction records documenting the above figures.

¶3 As part of that financing, Grand Forks Bean pledged to Bremer certain of its personal

property assets including all “inventory” to Bremer to secure the loans, among other categories of collateral. Attached hereto, and incorporated herein by reference, as **Exhibit B to E** are security agreements executed by Grand Forks Bean Company, Inc. describing the property pledged to Bremer, dated October 20, 2011, September 12, 2012, November 9, 2012, and October 14, 2013. The categories of collateral pledged include “inventory”, “accounts”, “equipment”, “general intangibles”, and “chattel paper”, as well as other collateral attached to or traceable to these categories.

¶4 Bremer has perfected its security interest through the filing of UCC-1 Financing Statements with the North Dakota Secretary of State’s office. Attached hereto, and incorporated herein by reference, as **Exhibit F** is the filed UCC financing statement in favor of Alerus Financial dated September 30, 2005; **Exhibit G** is the filed UCC financing continuation statement in favor of Alerus Financial dated August 10, 2010; **Exhibit H** is the filed UCC financing statement assignment from Alerus Financial to Bremer dated October 3, 2011; **Exhibit I** is another filed UCC financing statement in favor of Bremer dated January 6, 2012.

¶5 Grand Forks Bean was in default under the terms of the security agreements and other loan documents with Bremer. Recognizing this default, Bremer and Grand Forks Bean entered into a Loan Workout Agreement, dated January 7, 2015, a copy of which is attached hereto and incorporated herein by reference as **Exhibit J**. Due to the institution of this insolvency proceeding against Grand Forks Bean, it is now in default of the Loan Workout Agreement.

¶6 The Commission and any other claimants have not filed with the North Dakota Secretary of State’s office any type of financing statement against Grand Forks Bean. On

information and belief, there is no security agreement between either the Commission or any other claimants and Grand Forks Bean.

¶7 Bremer's perfected security interest has a first priority lien to all of the inventory, including but not limited to any and all grain inventory, and other categories of collateral of Grand Forks Bean described in any security agreement and financing statement between Bremer and Grand Forks Bean, and all proceeds therefrom as and against any claims of either the Commission or any other claimants.

¶8 The Commission seeks to gain control of and disperse proceeds, as trust assets, realized from the sale of Grand Forks Bean's inventory which has been pledged as collateral to Bremer and is subject to Bremer's first priority lien.

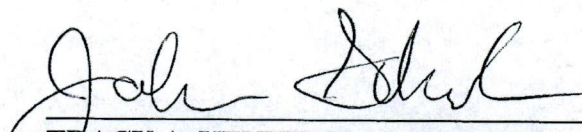
¶9 WHEREFORE, Bremer prays the Commission Recommend in its Report, and ultimately that the Court grant, the following relief:

- a. Determine Bremer is entitled to the first distribution, prior to distribution to any other claimant, from the trust assets the sum of \$ 893,614.54 through April 22, 2015, and interest at the rate of \$103.7364721 per day for each day thereafter, or if the funds available in the trust are less than that sum, then the entire funds in the trust;
- b. *In the Alternative*, determine Bremer is entitled to the second distribution, following distribution to valid receiptholders an amount necessary to pay the value of the unredeemed valid receipts of Grand Forks Bean as of the date Grand Forks Bean became insolvent, but prior to distribution to any other claimant, from the trust assets the sum of \$ 893,614.54 through April 22, 2015, and interest at the rate of \$103.7364721 per day for each day thereafter, or if the funds available in the trust are less than that sum, then the entire funds in the trust remaining after distribution to

valid receiptholders;

- c. For no distribution of any trust assets to the Commission for any expenses incurred herein, prior to the full amount of Bremer's claim having been satisfied; and
- d. For such further relief determined to be just and equitable.

Dated this 23 day of April, 2015.



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