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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re:

NORTHWEST TERRITORIAL MINT, LLC,

Debtor.

Case No. 16-11767-CMA

DECLARATION OF MARK CALVERT IN
SUPPORT OF MOTION FOR ORDER
APPROVING THE SALE OF THE DEBTOR’S
TOMBALL, TEXAS ASSETS FREE AND
CLEAR OF ALL LIENS, CLAIMS,
INTERESTS, AND ENCUMBRANCES;
APPROVING THE ASSUMPTION AND
ASSIGNMENT OF CERTAIN OF THE
DEBTOR’S EXECUTORY CONTRACTS;
AND GRANTING OTHER RELATED RELIEF

I, Mark Calvert, hereby declare as follows:

1. I am the chapter 11 Trustee (“Trustee”) of Northwest Territorial Mint, LLC (the “Debtor” or “NWTM”). I submit this declaration in support of the Motion for Order Approving Sale of the Debtor’s Tomball, Texas Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances; Approving the Assumption and Assignment of Certain of the Debtor’s Executory Contracts; and Granting Other Related Relief (the “Motion”). I am over the age of eighteen (18) years of age, I am competent in all ways to testify, the statements made herein are based on my personal knowledge.

DECLARATION OF MARK CALVERT IN SUPPORT OF
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DEBTOR’S TOMBALL, TEXAS ASSETS FREE AND
CLEAR AND APPROVING ASSUMPTION AND
ASSIGNMENT OF CONTRACTS - 1

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1 2. On April 1, 2016, the Debtor commenced this case by filing a voluntary petition
2 under chapter 11 of the United States Bankruptcy Code. An order was entered appointing me as
3 chapter 11 Trustee over the Debtor on April 11, 2016.

4 3. Immediately upon my appointment, I took control over the business operations of the
5 Debtor and initiated an investigation of the financial affairs of the bankruptcy estate. My
6 investigation has revealed that many of the Debtor's financial records are missing. In particular,
7 there are no financial statements including profit and loss statements and balance sheets from 2011
8 forward. In addition, I was immediately faced with significant operational issues and forced to
9 address employee layoffs, imminent plans to move certain operations from Texas to Nevada, and an
10 urgent need to manage cash resources in order to stabilize the Debtor's business operations.

11 4. As Trustee, one of my principal concerns has been whether the Debtor's business, or
12 any aspects thereof, can be reorganized or sold for value to a third party. One aspect of the Debtor's
13 business is the minting of coins, awards, and medallions for third parties. The Debtor runs a business
14 enterprise commonly referred to as Graco Awards Manufacturing ("Graco"). Graco's primary
15 facilities are located at 723 South Cherry Street, Tomball, Texas 77375. Other facilities unrelated to
16 the Graco division are located in Dayton, Nevada, Auburn, Washington, Federal Way, Washington
17 and other locations.

18 5. I have conducted a review and investigation of the Graco business, and evaluated
19 whether it is in the best interests of the estate to liquidate the business or operate it as a going
20 concern. I have concluded that the overall business is suffering from a cash shortfall and that I must
21 sell the Graco division in order to continue operations of the rest of the Debtor's business.

22 6. I initiated a marketing process to sell the Graco assets must be sold to a third party as
23 quickly as possible in order to maximize their value for the benefit of the creditors in this case. There
24 is a risk that the value of the Graco-related business and its assets will erode if not sold quickly.
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1 7. I have communicated with multiple interested purchasers regarding the sale of
2 substantially all the assets related to Graco. Tom Tucker and Larry Cook or their assigns (the “Buyer”)
3 has emerged with the highest and best offer for substantially all of the assets related to the Graco
4 business. I have negotiated with them, on behalf of the estate, the terms of a purchase and sale
5 agreement (the “Purchase Agreement”), which is attached hereto as Exhibit A. My negotiations with
6 the Buyer were at arms-length and were free from any fraud, collusion or bad faith. To my
7 knowledge, the Buyer has acted in good faith. One of the principals of the Buyer, Mr. Tucker is a
8 principal of the landlord at the Tomball, Texas facility and was a principal in the entity that sold the
9 Graco assets to the Debtor years ago. Other than these relationships, the Buyer has no connection
10 with the Debtor, or its principal Ross Hansen, and has not colluded with any other potential
11 purchasers.

12 8. The terms of the Purchase Agreement provide that the Buyer will pay the Trustee
13 \$600,000.00 for the assets related to the Graco business and will assume certain liabilities the value
14 of such assumptions estimated at \$150,000 (the “Purchased Assets”). The Purchased Assets include
15 the following assets related to the Graco business: operating assets, certain fixed assets, office
16 equipment, books and records, intellectual property, and marketing material. The Purchased Assets
17 also include certain executory contracts to be selected by the Buyer (the “Assumed Contracts”). The
18 additional terms of the proposed sale are set forth in the Purchase Agreement.

19 9. Presently, I believe there is insufficient interest in Graco to schedule a public auction.
20 However, prior to the hearing on this Motion, if additional bids for the assets of the Graco business
21 are received in amounts material in excess of the proposed purchase price, I have reserved the right
22 to conduct an auction. In the event that another bidder comes forward, I will hold an auction and
23 propose or accept bids in increments of \$25,000. In addition, in the event that a bidder other than
24 Buyer prevails at auction, and the sale to that prevailing bidder is approved by this Court, I request
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1 that the Court award Mr. Tucker and Mr. Cook a break-up fee in the amount of \$25,000 (the “Break-
2 Up Fee”).

3 10. According to the terms of the Purchase Agreement, the Buyer will have until May 10,
4 2015 at 5:00 p.m. (the “Assumed Contracts Deadline”), to select the executory contracts to be
5 assumed under the Purchase Agreement. The Buyer will responsible for curing any defaults under
6 the Assumed Contracts. I will promptly provide notice to the counter-parties of such Assumed
7 Contracts, so that they may have an opportunity to respond to the the proposed assumption and
8 assignment or cure amounts related thereto. I request that the deadline for submitting such objections
9 shall be May 25, 2016 at 12:00 p.m. (the “Cure Cost/Assignment Objection Deadline”). In the event
10 that objections to cure cost amounts or assignment of executory contracts is received by the Cure
11 Cost/Assignment Objection Deadline, I would anticipating resolving the disputes as to assignability
12 at the sale hearing and scheduling additional hearings following the hearing on the Sale Motion to
13 resolve any outstanding disputes.

14 11. I believe that a private sale to Buyer on the terms set forth in the Purchase Agreement
15 is fair, reasonable, and in the best interests of the estate. The offer submitted by the Buyer is the
16 highest and best offer received for the assets to date. Absent any overbids in advance of the hearing
17 to approve the sale, I do not believe that I could obtain a higher and better offer within a reasonable
18 period of time in the event that the proposed sale is not approved by this Court.

19 I declare under penalty of perjury that the foregoing is true and correct.

20 EXECUTED this 6th day of May, 2016, at Seattle, Washington.

21
22 /s/ Mark Calvert
Mark Calvert

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CERTIFICATE OF SERVICE

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The undersigned declares as follows:

That she is a paralegal in the law firm of K&L Gates LLP, and on May 6, 2016, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on the 6th day of May, 2016 at Seattle, Washington.

/s/ Denise A. Evans
Denise A. Evans

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