

Honorable Christopher M. Alston
Chapter 11
Hearing Date: May 26, 2016
Hearing Time: 1:30PM
Response Date: May 24, 2016 at 5:00PM

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re

NORTHWEST TERRITORIAL MINT, LLC,
EIN: 30-0143641

Debtor.

Case No. 16-11767-CMA

STATEMENT OF THE OFFICIAL
UNSECURED CREDITORS'
COMMITTEE REGARDING
PROPOSED SALE OF TEXAS ASSETS

The Official Unsecured Creditors' Committee, by its undersigned counsel, submits this Statement in response to the Chapter 11 Trustee's Motion for Order Approving the Sale of the Debtor's Tomball Assets Free and Clear of All Liens, etc. (the "Sale Motion"; Dkt. #200):

Introduction. The Committee submits this Statement to advise the Court and other parties in interest regarding the Committee's reaction and response to the Sale Motion and to report the Committee's receipt of certain communications that it has today received from the Debtor's principal, Mr. Ross Hansen.

Committee Consideration of the Sale Motion. On May 3, 2016, the Trustee conducted a formal presentation to the Committee. The presentation addressed the current economic status of the bankruptcy case and its assets, as well as describing certain actions the Trustee intended to take—or was considering taking—in his role as administrator of the bankruptcy estate. As part

1 of his presentation, the Trustee specifically addressed the potential sale of the Debtor's Tomball,
2 Texas operation. In support of his stated decision to sell the Tomball operation, the Trustee
3 described the current state of Tomball customer orders and work orders, as well as the
4 unfavorable economic effect on the bankruptcy estate of continuing Tomball's operation. The
5 Trustee supported a proposed sale of the Tomball operation with written materials provided to
6 the Committee. These materials included projected estate cash flows, labor cost analysis, and a
7 current assessment of the Tomball operation prepared by Tomball's General Manager. The
8 Trustee's materials also included a signed Letter of Intent to purchase the Tomball operation,
9 along with the identities of two other prospective purchasers. Of these two additional parties,
10 one subsequently advised Committee counsel that it had withdrawn its interest; the other has now
11 filed an overbid for consideration at the May 26 hearing.

12 Based on the Trustee's May 3rd presentation, the Committee, after further consideration,
13 determined that it would not oppose the Trustee's proposed sale of the Tomball operation.
14 Accordingly, the Committee did not file a response to the Sale Motion by the original May 23
15 response date.

16 **The Hansen Proposal.** In addition to being the principal of the Debtor, Ross Hansen is
17 the managing member of Medallic Art Company, LLC. On the evening of May 23, Medallic's
18 counsel, Jerry Stehlik, called Committee counsel and requested that counsel participate in a
19 meeting with Hansen. In response to this request, Committee counsel met with Hansen and Mr.
20 Stehlik on May 24. At the meeting, Hansen expressed his opinion that: 1) the Tomball operation
21 is important to the profitability of the entire business enterprise consisting of the Debtor (NW
22 Territorial Mint), the affiliated Medallic operation in Nevada, and Tomball itself; 2) selling
23 Tomball as the Trustee has proposed is a mistake; 3) the Tomball sale should be stopped so that
24 its assets can be moved to, and consolidated with, the Medallic facility in Nevada; 4) Hansen, in
25 his capacity as an owner of Medallic, should be allowed to lease the Tomball assets and use them
26 as part of an ongoing operation in Nevada; and 5) by obtaining the ability to use the Tomball

1 assets as part of Medallic, Hansen would be able to enhance the creditors' recovery much more
2 than if the Tomball operation were simply sold now. As a follow-up to the May 24 meeting,
3 Committee counsel received, in the afternoon of May 25, a more detailed written description of
4 Hansen's proposal, which, in pertinent part, is submitted herewith as Exhibit A to the
5 Declaration of Mark D. Northrup.

6 As the Committee understands it, the Hansen proposal requires that the Tomball
7 operation not be sold but instead be moved to Medallic's Dayton, Nevada location, to continue in
8 existence as part of an ongoing business enterprise.

9 In essence, the Hansen proposal amounts to a term sheet or a "concept sheet" for a plan
10 of reorganization. The Committee has had no opportunity to review, digest or otherwise evaluate
11 the Hansen proposal; nor has the Trustee. The Committee submits the Hansen proposal for
12 informational purposes only.

13 DATED this 25th day of May, 2016.

14 MILLER NASH GRAHAM & DUNN LLP

15
16 /s/ Mark D. Northrup

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