

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MINNESOTA**

In re:	Jointly Administered Under Case No. 17-30673 (MER)
Gander Mountain Company, Overton's, Inc.,	Case No. 17-30673 Case No. 17-30675
Debtors.	Chapter 11 Cases

STIPULATION FOR ADEQUATE PROTECTION

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) and U.S. Bank, National Association (“U.S. Bank”) hereby agree and stipulate on this 26th day of May, 2017, as follows:

RECITALS

A. On March 10, 2017 (the “Petition Date”), each of the Debtors filed a separate voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Minnesota (the “Court”) commencing the above-captioned cases (the “Cases”). The Debtors are continuing in the management and operation of their businesses and properties as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Cases. On March 13, 2017, the Office of the United States Trustee (the “U.S. Trustee”) appointed the official committee of unsecured creditors in these Cases pursuant to Section 1102 of the Bankruptcy Code (the “Committee”).

B. U.S. Bank and Gander Mountain Company (“GMC”) entered into that certain Master Loan Agreement, dated July 26, 2013 (“Loan Agreement”) pursuant to which U.S. Bank

agreed to provide financing to GMC for the purchase of certain retail store furniture, fixtures and equipment.

C. As provided for under the Loan Agreement, U.S. Bank and GMC entered into a series of financing agreements and executed a Schedule to Master Loan Agreement for each such agreement. U.S. Bank originated ten Schedules under the Master Loan Agreement. It assigned six (6) of the Schedules and currently holds the following four (4) Schedules:

a. Schedule No. 166-xxxxxxx-018, dated July 26, 2013 in the original principal amount of \$10,000,000 (“Schedule 018”). As of the Petition Date, the outstanding principal amount was \$1,315,582.71.

b. Schedule No. 166-xxxxxxx-026, dated September 26, 2013 in the original principal amount of \$10,000,000 (“Schedule 026”). As of the Petition Date, the outstanding principal amount was \$1,752,874.00.

c. Schedule No. 166-xxxxxxx-034, dated November 15, 2013 in the original principal amount of \$5,000,000 (“Schedule 034”). As of the Petition Date, the outstanding principal amount was \$1,091,187.90.

d. Schedule No. 166-xxxxxxx-067, dated June 27, 2014 in the original principal amount of \$5,000,000 (“Schedule 067”). As of the Petition Date, the outstanding principal amount was \$1,839,174.00.

D. Pursuant to the Loan Agreement and the Schedules, GMC granted U.S. Bank a security interest in the retail store furniture, fixtures and equipment purchased with the loan proceeds to secure GMC’s obligations under the applicable Schedule.

E. To secure its obligations under Schedule 018, Schedule 026, Schedule 034, and Schedule 067, GMC granted U.S. Bank security interests in certain retail store furniture, fixtures and equipment at the following locations:

Store Number	Contract Number	Store Location
426	18	Valdosta, GA
427	18	Lafayette, IN
425	18	Raleigh , NC (Morrisville, NC)
428	18	Florence, AL
430	18	Opelika, AL
339	18	Winston-Sale, NC
334	18	Monroe, NC
368	18	Rogers, MN
312	18	Tuscaloosa, AL
333	18	Gastonia, NC
333	26	Gastonia, NC
168	26	Grandville, MI
174	26	Saginaw, MI
194	26	Reynoldsburg, OH
337	26	Mooreville, NC
488	26	Woodbury, MN
273	26	Greenwood, IN
487	26	Blaine, MN
281	26	Peoria, IL
191	26	Toledo, OH
272	26	Castleton, IN
185	26	Merrillville, IN
402	26	Houston, TX
411	26	College Station, TX
403	26	Spring, TX
336	26	Greensboro, NC
271	26	Evansville, IN
406	26	San Antonio, TX
413	26	Round Rock, TX
414	26	Lewisville, TX
135	34	Green Bay, WI
187	34	Fort Wayne, IN
335	34	Fayetteville, NC
344	34	Charlottesville, VA
354	34	Ocala, FL
406	34	San Antonio, TX
412	34	Lubbock, TX
413	34	Round Rock, TX
415	34	Mesquite, TX
470	34	Sherwood, AR
135	67	Green Bay, WI
253	67	Syracuse, NY

351	67	St. Augustine, FL
390	67	Paducah, KY
401	67	Amarillo, TX
250	67	Middletown, NY
256	67	Kingston, NY
323	67	Mt Juliet, TN

(collectively, the “U.S. Bank Store Locations”). As to some of the U.S. Bank Store Locations, there is other retail store furniture, fixtures and equipment financed by other lenders as follows:

Store Number(s)	Location	Lender	Defined Term
323	Mt Juliet, TN	Scottrade	“Scottrade Overlap Location”
334	Monroe, NC	KeyBank	“KeyBank Overlap Location”
414 344 354 470	Lewisville, TC Charlottesville, VA Ocala, FL Sherwood, AR	Central Bank	“Central Bank Overlap Locations”

F. U.S. Bank has not specifically identified the personal property subject to its security interests at such locations.

G. On May 19, 2017, the Court entered the Amended Final Order (I) Authorizing The Debtors To Enter Into The Store Closing Agreement With Liquidation Consultant, (II) Approving The Debtors’ Store Closing Plan, (III) Authorizing And Approving Store Closing Sales Free And Clear Of All Liens, Claims And Encumbrances, (IV) Exempting The Debtors From Complying With Non-Bankruptcy Liquidation Laws, (V) Exempting The Debtors From Complying With Any Contractual Restrictions Placed Upon The Closing Sales; And (VI) Permitting The Debtors To Abandon Any Property That Is Burdensome Or Of Inconsequential Value [Doc. No. 776] (the “32 Store Closing Order”).

H. Pursuant to the 32 Store Closing Order, U.S. Bank consented to the sale of its collateral at Stores Nos. 185, 312, 368, 402, 406, 412, 413, 425 and 488 (“U.S. Bank Early

Closing Locations”). Also pursuant to the 32 Store Closing Order, the Debtors agreed to deposit 58% of the “Net Proceeds of Offered FF&E” (as defined in the 32 Store Closing Order) from the U.S. Bank Early Closing Locations into a segregated account and for U.S. Bank’s liens to attach to such proceeds.

I. On May 5, 2017, the Court entered an Amended Order Authorizing the Sale of Certain of the Debtors’ Assets Free and Clear of Liens, Claims, Rights, Encumbrances, and Other Interests [dkt. no. 700] (the “Agency Approval Order”). The Agency Approval Order authorizes the Debtors to enter into an Agency Agreement (the “Agency Agreement”), a form of which is attached to the Agency Approval Order, pursuant to which the Agent (as defined in the Agency Agreement) is authorized to act as the Debtors’ exclusive agent to conduct sales of certain of the Debtors’ assets, including, without limitation, certain of the Debtors’ inventory and other assets. The parties have closed on the transaction contemplated by the Agency Agreement, and the Agent is proceeding with the sales. The Agency Approval Order provides that the sale of furniture, fixtures and equipment at locations where any furniture, fixtures and equipment are subject to a security interest in favor of U.S. Bank may be sold under certain circumstances, including upon the agreement of the parties.

J. The Debtors and U.S. Bank have reached agreement memorialized herein permitting the Agent to sell the furniture, fixtures, and equipment at the “Remaining Locations” (defined below) where U.S. Bank asserts an interest in such personal property.

K. For additional adequate protection, the Debtors have agreed to provide U.S. Bank with payments as provided herein.

L. For purposes of this Stipulation, the “Remaining Locations” mean all of the U.S. Bank Store Locations except the U.S. Bank Early Closing Locations.

M. For purposes of this Stipulation, the “the Net Proceeds of FF&E” means the gross proceeds received from the sales of the furniture, fixtures and equipment from each Remaining Location less all taxes and the fees of the Agent relating to the sales of such furniture, fixtures and equipment, as calculated, reconciled and paid by the Debtors pursuant to Section 15(a) of the Agency Agreement, and the other expenses incurred in connection with the sales of such furniture, fixtures and equipment. The Debtors and the Agent shall agree upon a budget of expenses for the sale of furniture, fixtures and equipment in accordance with Section 15(a) of the Agency Agreement (which expenses shall be paid by the Debtors in accordance with Section 15(a) of the Agency Agreement) and all common expenses, if any, that cannot be otherwise allocated between the sale of furniture, fixtures and equipment on the one hand, and the sale of merchandise and other property, on the other hand, shall be allocated between expenses of the sale of furniture, fixtures and equipment, on the one hand, and the sale of merchandise and other property, on the other hand, pro rata based upon the gross sales proceeds of furniture, fixtures and equipment and the gross sales proceeds of merchandise and other property; provided that nothing set forth in this stipulation shall increase the expenses to be paid by the Agent beyond the expenses to be paid by the Agent pursuant to the terms of the Agency Agreement (regardless of whether any such excess expenses are allocable to the sales of furniture, fixtures and equipment or the sales of merchandise or other property). The Bankruptcy Court shall retain jurisdiction to resolve any dispute regarding the allocation of expenses for purposes of calculating the Net Proceeds of FF&E.

STIPULATION

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Debtors and U.S. Bank stipulate and agree as follows:

1. Each of the Recitals is true and correct and is incorporated herein as a term of this Agreement.

2. Subject to entry of an order by the Bankruptcy Court approving this Stipulation, the Debtors shall make the following payments to the U.S. Bank (each, a "Payment"):

- (a) \$9,500 within three (3) business days after approval of this Stipulation by the Court;
- (b) \$9,500 on the later of May 20, 2017 or three (3) business days after approval of this Stipulation by the Court;
- (c) \$9,500 on June 20, 2017;
- (d) \$9,500 on July 20, 2017; and
- (e) \$9,500 on August 20, 2017

The term of this adequate protection agreement is through August 31, 2017. If the Debtors' use of the furniture, fixtures and equipment at any or all of the U.S. Bank Store Locations extends beyond August 31, 2017, the parties will negotiate an extension of the term of this Stipulation and payment(s) due thereunder.

3. Each Payment shall be applied to the outstanding principal amount of the obligations under Schedule 018, Schedule 026, Schedule 034, and Schedule 067, on a pro rata basis.

4. Subject to the terms of this agreement and as limited herein, U.S. Bank consents to the sale of the personal property in which it asserts an interest ("Collateral") at the Remaining Locations, and said sale shall be free and clear of liens, claims and encumbrances asserted by U.S. Bank, with the liens, claims and encumbrances asserted by U.S. Bank attaching to the sale proceeds to the same extent and amount, and with the same validity and priority as the liens, claims and encumbrances U.S. Bank now has against the Collateral, subject to the terms contained herein.

5. Sales of the retail store furniture fixtures and equipment shall be run through the Debtors' cash register systems in accordance with paragraph 21 of the Store Closing Order so as to distinguish the proceeds of the furniture, fixtures and equipment from one store location from the proceeds of the furniture, fixtures and equipment at other store locations and so as to distinguish the proceeds of the sale of furniture, fixtures and equipment from the proceeds of the sale of merchandise.

6. Except as otherwise provided herein, in exchange for the consent of U.S. Bank to the sale free and clear, the Debtors agree to deposit 63% of the Net Proceeds of FF&E at the Remaining Locations into the U.S. Bank subaccount created pursuant to paragraph 24 of the 32 Store Closing Order, with the liens, claims and encumbrances asserted by U.S. Bank attaching to the such proceeds to the same extent and amount, and with the same validity and priority as the liens, claims and encumbrances U.S. Bank now has against such property. The deposit of such funds shall not constitute the allowance of the claims of U.S. Bank. All parties' rights to object to the priority and validity of the liens asserted by U.S. Bank (a "Challenge") are fully preserved through and including July 10, 2017. If no Challenge to the validity and priority of U.S. Bank's liens, claims and encumbrances is commenced by July 10, 2017, the funds shall be distributed to U.S. Bank five business days after the completion of the Final Reconciliation conducted pursuant to Section 8.7(b) of the Agency Agreement.

7. With respect to the KeyBank Overlap Location and the Scottrade Overlap Location, the following terms shall apply:

- (a) From the Net Proceeds of FF&E from the store located in Monroe, NC (Store No. 334), the Debtors shall deposit 65% of Net Proceeds of FF&E as follows: (i) 79% shall be deposited into the subaccount that is subject to the liens, claims and encumbrances asserted by U.S. Bank; and (ii) 21% shall be deposited into the subaccount that is subject to the liens, claims and encumbrances asserted by KeyBank; and

- (b) From the Net Proceeds of FF&E from the store located in Mt Juliet, TN (Store No. 323), the Debtors shall deposit 70% of the Net Proceeds of FF&E as follows: (i) 95% shall be deposited into the subaccount that is subject to the liens, claims and encumbrances asserted by Scottrade; and (ii) 5% shall be deposited into the subaccount that is subject to the liens, claims and encumbrances asserted by U.S. Bank.

8. For the avoidance of doubt, this Stipulation does not authorize the Debtors to sell furniture, fixtures and equipment at the Central Bank Overlap Locations, which authorization is governed by paragraphs 37 and 38 of the Agency Approval Order. However, in the event the Debtor is authorized to do so pursuant to paragraph 37 and 38 of the Agency Approval Order, U.S. Bank consents to the sale of the furniture, fixtures and equipment at the Central Bank Overlap Locations in which U.S. Bank claims an interest, provided said sale incorporates the terms of this Stipulation and the allocation and process described in this Stipulation governs the disposition of proceeds from the sale of said property. The deadline of May 24, 2017 provided for in paragraph 38 of the Agency Approval Order by which U.S. Bank is to mark the furniture, fixtures and equipment that U.S. Bank claims an interest in at the Central Bank Overlap Locations is extended consistent with any extension granted to Central Bank.

9. In connection with the Final Reconciliation conducted pursuant to Section 8.7(b) of the Agency Agreement, the Debtors will provide U.S. Bank with notice of the calculation of the Net Proceeds of FF&E at the Remaining Locations. By this Stipulation, U.S. Bank specifically reserves its right to dispute the Debtors' determination as to the amount of the expenses incurred to sell the personal property in which U.S. Bank asserts an interest at the Remaining Locations. Any such dispute that cannot be resolved between U.S. Bank and the Debtors will be brought before the Court prior to the completion of the Final Reconciliation; provided, however, neither the Debtors nor U.S. Bank shall have any recourse against the Agent

with regard to the Debtors' determination as to the amount of the expenses incurred to sell the personal property in which U.S. Bank asserts an interest at the Remaining Locations.

10. In the event the furniture, fixtures and equipment at any U.S. Bank Store Location is sold other than pursuant to the Agency Agreement, the Debtors and U.S. Bank agree that net proceeds thereof shall be allocated 37% to the estate and 63% to U.S. Bank.

11. The Debtors' entry into this Stipulation and U.S. Bank's receipt of the Payments constitutes adequate protection of U.S. Bank's interest in the Collateral within the meaning of 11 U.S.C. § 361.

12. A default (an "Event of Default") shall occur hereunder if the Debtors fail to timely make a Monthly Payment. Upon the occurrence of an Event of Default, U.S. Bank shall provide written notice of such Event of Default to the Debtors, the Committee, the DIP Agent, the Prepetition Agents, the Agent, and the United States Trustee. If such Event of Default is not cured within 5 business days after receipt of written notice, U.S. Bank may proceed by motion to seek relief from the automatic stay; provided that no such motion, and no order granting U.S. Bank relief from the automatic stay, shall operate to affect (a) any sale of personal property in which U.S. Bank asserts an interest at the Remaining Locations that occurred prior to the grant of such relief, (b) Agent's entitlement to be paid its commission in accordance with the terms of the Agency Agreement in respect of any such sale(s) or (c) any obligations of the Debtors under the Agency Agreement.

13. The parties agree that this Stipulation is subject to, and will be effective upon, the entry of an order approving this Stipulation. If this Stipulation is not approved by the Court, then this Stipulation shall be deemed null and void, and shall not be referred to or used for any purpose by any party in either these Cases or in any other forum.

14. This Stipulation constitutes the entire agreement among the parties hereto and may only be modified, vacated or amended in writing.

15. Pursuant to Local Rule 9011-4(f), each of the undersigned hereby authorizes the e-filing of this document with their electronic signatures affixed below

STEIN & MOORE, P.A.

Date: May 26, 2017

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Dated: May 26, 2017

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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MINNESOTA**

In re:	Jointly Administered Under Case No. 17-30673 (MER)
Gander Mountain Company, Overton's, Inc.,	Case No. 17-30673 Case No. 17-30675
Debtors.	Chapter 11 Cases

**ORDER APPROVING STIPULATION FOR ADEQUATE PROTECTION
(U.S. BANK, NATIONAL ASSOCIATION)**

This matter is before the Court on the Stipulation For Adequate Protection filed by the Debtors and U.S. Bank, National Association [Docket No. ____] (the "Stipulation") resolving the Motion For Adequate Protection filed by U.S. Bank, National Association [Docket No. 631] (the "Motion"). Based on the Motion, the response filed by the Debtors, the record of these proceedings, and the Stipulation,

IT IS HEREBY ORDERED:

1. The Stipulation is approved.

Dated:

MICHAEL E. RIDGWAY
UNITED STATES BANKRUPTCY JUDGE