

**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

**NOTICE OF HEARING AND FINAL FEE APPLICATION FOR DEBTORS'
INVESTMENT BANKER AND FINANCIAL ADVISOR (HOULIHAN LOKEY
CAPITAL, INC.)**

TO: The United States Trustee and other parties in interest specified in Local Rule 9013-3.

1. Houlihan Lokey Capital, Inc. ("Houlihan") makes this Application for allowance of professional fees and reimbursement of expenses for services performed as financial advisor and investment banker to the Debtors, and gives notice of hearing herewith.

2. The Court will hold a hearing on this Application at **2:30 p.m. on Wednesday, March 21, 2018**, or as soon thereafter as counsel may be heard, in **Courtroom 7 West, United States Courthouse, 300 South Fourth Street, Minneapolis, Minnesota**.

3. Any response to this Application must be filed and served not later than **March 16, 2018**, pursuant to the applicable Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the Local Rules. **UNLESS A RESPONSE OPPOSING THE APPLICATION IS TIMELY FILED, THE COURT MAY ALLOW THE APPLICATION WITHOUT A HEARING.**

4. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 5005, and Local Rule 1070-1. This Application is filed under Bankruptcy Rule 2016 and Local Rule 2016-1. This Application arises under 11 U.S.C. §§ 328(a), 330, and

331. Houlihan requests allowance of compensation for professional services rendered and for reimbursement of expenses. This is a core proceeding. The petitions commencing these bankruptcy cases were filed on March 10, 2017 (the “Filing Date”).

5. Local Rule 2002-1(b)(2) requires applications for compensation to be served on the Debtors’ creditor matrix. However, Local Rule 9029-1 provides authority for the Court to suspend the requirements of a Local Rule for good cause. In the Court’s Order Allowing Fees and Expenses of Houlihan Lokey Capital, Inc. [Docket No. 895], the Court waived the service requirements of Local Rule 2002-1(b)(2) for all future applications for compensation. Consequently, this Application has been served on the master service list parties set forth in Local Rule 9013-3(a)(2). Houlihan requests final allowance of compensation for professional services rendered and payment of a success fee in connection with a debt restructuring closing.

6. By Order entered April 3, 2017, the Court authorized the Debtors to employ Houlihan as investment banker and financial advisor. A copy of that Order is attached as **Exhibit A** [Docket No. 334].

7. This is Houlihan’s fourth and final fee application. Houlihan received Court approval for the following prior fee applications:

<u>Fee Application Amount</u>	<u>Date of Order Approving Fee Application</u>	<u>Docket Number</u>
\$150,755.79	May 3, 2017	675
\$151,989.51	June 7, 2017	895
\$3,716,535.42	July 5, 2017	983
\$4,019,280.72		

8. A summary of past monthly services provided by Houlihan is as follows:

Houlihan was engaged by the Debtors on or about January 26, 2017 (the “Effective Date”) to provide financial advisory and investment banking services by (i) assisting and advising the Debtors in the development, preparation, and distribution of selected information, documents, and other materials in an effort to create interest in and to consummate any sale transactions, including, if appropriate, assisting the Debtors in the preparation of an offering memorandum; (ii) soliciting and evaluating indications of interest and proposals regarding any

transaction from current and/or potential equity investors, acquirers, and/or strategic partners (collectively, “investors”); (iii) assisting the Debtors’ with the development, structuring, negotiation, and implementation of any transactions, including participating as a representative of the Debtors in negotiations with creditors and other parties involved in any transactions; (iv) advising and attending meetings of the Debtors’ Board of Directors, creditor groups, official constituencies, and other interested parties, as the Debtors and Houlihan determine to be necessary or desirable; (v) participating in hearings before the Bankruptcy Court with respect to matters upon which Houlihan provided advice or services, including when relevant, providing testimony in coordination with the Debtors’ counsel; and (vi) providing such other financial advisory and investment banking services as may be agreed upon by Houlihan and the Debtors.

9. While Houlihan’s engagement is no longer public, and therefore Houlihan is no longer in possession of confidential information relating to the Debtors’ current financial position, Houlihan believes that the Debtors are current in payment of ordinary operating expenses and any allowed administrative expenses, that any quarterly fees have been or will be paid as required to the United States Trustee, and that all monthly operating reports are being timely filed.

10. On May 5, 2017, the Debtors entered into an Agency Agreement with certain liquidating agents and the Court issued an order approving the Agency Agreement [Docket No. 700] (the “Agency Transaction”). Also on May 5, 2017, the Debtors entered into an Asset Purchase Agreement with CWI, Inc. (the “APA”), which the Court also approved [Docket No. 691] (the “Camping World Transaction”). The Camping World Transaction officially closed on May 26, 2017. Pursuant to the terms of the agreement entered into by and between Houlihan and the Debtors (the “Engagement Agreement”), as attached to the application to employ Houlihan [Docket No. 87] and approved by this Court’s order approving Houlihan’s employment (attached as Exhibit A), Houlihan earned a success fee for successfully arranging the Agency Transaction (the “Restructuring Transaction Fee”) and a success fee for successfully arranging the Camping World Transaction (the “Overton’s Transaction Fee” and together with the Restructuring Transaction Fee, the “Base Restructuring Transaction Fees”). In addition to the Base

Restructuring Transaction Fees, Houlihan earned three monthly fees (“Monthly Fees”), pursuant to the terms of the Engagement Agreement. By this Application, Houlihan seeks final approval of the Base Restructuring Transaction Fees and all prior Monthly Fees¹ earned on a final basis.

11. Also, pursuant to terms of its Engagement Agreement, as amended on April 3, 2017, Houlihan is entitled to an additional incentive fee of up to \$1,500,000.00 (the “Incentive Fee”) based upon recoveries to general unsecured creditors. Once recoveries for general unsecured creditors equal 2.5% (“Recovery Threshold”), Houlihan is entitled to an Incentive Fee of \$250,000.00. The amount of the Incentive Fee increases when recoveries for general unsecured creditors exceed the Recovery Threshold, with a maximum Incentive Fee of \$1,500,000.00 for recoveries of 15% or greater². As recoveries for general unsecured creditors is presently unknown, Houlihan is seeking approval for an Incentive Fee in an amount *up to* \$1,500,000.000 and authority for the Debtors or the Liquidating Trustee³ to pay *up to* \$1,500,000.00, but only to the extent an Incentive Fee(s) is triggered by a distribution(s) to general unsecured creditors⁴. For the avoidance of doubt, to the extent aggregate the recovery for general unsecured creditors is less than the Recovery Threshold, Houlihan will not be entitled to an Incentive Fee. Houlihan believes that filing one application for the maximum possible amount, but conditional upon actual distributions to general unsecured creditors, will minimize the cost and administrative burden relative to filing multiple fee applications if there is more than one distribution. As contemplated by the Engagement Agreement, Houlihan has consulted with

¹ Houlihan agreed to credit one week of its final monthly bill against the Overton’s Transaction Fee.

² The increments will be calculated based on straight line interpolation. By way of example for recoveries to general unsecured creditors of 5%, Houlihan would be entitled to an Incentive Fee of \$500,000.00.

³ As defined in the Debtors’ and Official Committee of Unsecured Creditors’ Joint Plan of Liquidation Dated October 31, 2017 [Docket No. 1359].

⁴ To the extent distributions to general unsecured creditors are made in more than one installment and the Recovery Threshold is met or exceeded, Houlihan would be entitled to multiple Incentive Fees based upon the aggregate recovery amount. For the avoidance of doubt, the Incentive Fees in the aggregate cannot exceed \$1,500,000.00.

the Debtors' and the Official Committee of Unsecured Creditors regarding the mechanism for determining the Incentive Fee and believe they are supportive of the approach as described in this Application.

RELIEF REQUESTED

12. Houlihan requests approval of the Base Restructuring Transaction Fees and prior Monthly Fees on a final basis. Houlihan also requests allowance and approval of the Incentive Fee in an amount up to \$1,500,000 on a final basis, subject to the distribution mechanic as described above.

13. All services for which compensation is requested by Houlihan were performed for and on behalf of the Debtors and not on behalf of any committee, creditor, or other person.

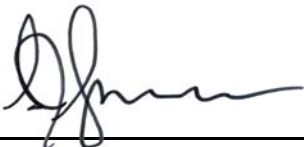
14. The amount requested constitutes reasonable compensation for actual, necessary services rendered by Houlihan, based on the nature, the extent and the value of such services, the time spent on such services, and the cost of comparable services other than in a case under title 11. Houlihan has not entered into any agreement, express or implied, with any other party-in-interest, including the Debtors, any creditor, receiver, trustee, or any representative of any of them, or with any attorney for such party-in-interest in the proceedings, for the purpose of fixing fees or other compensation to be paid to such party-in-interest in the proceedings for services rendered or expenses incurred from the assets of the estates in excess of the compensation allowed by law.

WHEREFORE, Houlihan respectfully requests that the Court enter an Order:

1. Approval of Houlihan's Base Restructuring Transaction Fees and Monthly Fees; and approval and allowance of up to **\$1,500,000.00** Incentive Fee, on a final basis.
2. Authorizing the Debtors and the Liquidating Trustee to pay to Houlihan the unpaid Incentive Fee, subject to the distribution mechanic, allowed herein; and

3. Granting such other relief as the Court deems just and equitable.

Dated: February 8, 2018

By 
Stephen J. Spencer, Managing Director
HOULIHAN LOKEY CAPITAL, INC.
225 South Sixth Street, Suite 4950
Minneapolis, MN 55402

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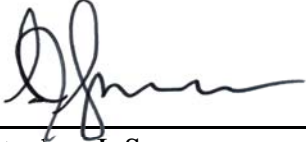
ATTORNEYS FOR DEBTORS

61577035.2

VERIFICATION

I, Stephen J. Spencer, a Managing Director of Houlihan Lokey Capital, Inc., declares under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information and belief.

Dated: February 8, 2018

Signed: 

Stephen J. Spencer

EXHIBIT A

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 APPLICATION TO EMPLOY
INVESTMENT BANKER AND FINANCIAL ADVISOR
NUNC PRO TUNC TO THE FILING DATE
(HOULIHAN LOKEY CAPITAL INC.)**

This matter is before the court on the application by the above-captioned debtors (the “Debtors”) to employ Houlihan Lokey Capital Inc. (“Houlihan”) in these chapter 11 cases. It appears that it is necessary for the Debtors to employ an investment banker and financial advisor. It appears that the professionals selected by the Debtors do not hold or represent an interest adverse to the estates and that they are disinterested within the meaning of 11 U.S.C. § 327(a).

IT IS ORDERED:

1. The Debtors’ employment of Houlihan as investment banker and financial advisor is approved *nunc pro tunc* to the Filing Date.
2. Notwithstanding anything to the contrary in the Engagement Letter, (i) any Restructuring Transaction Fee, Overton’s Transaction Fee and DIP Financing Transaction Fee to which Houlihan becomes entitled under the terms of the Engagement Letter shall be paid in accordance with any orders of this Court approving any debtor in possession financing for the Debtors, any documents providing for such debtor in possession financing, and the Budget governing such debtor in possession financing, and (ii) in no event shall any Restructuring

Transaction Fee, Overton's Transaction Fee or DIP Financing Transaction Fee be paid to Houlihan before the indefeasible payment in full in cash of all DIP Obligations and Prepetition Secured Obligations.

3. Houlihan is authorized, but not directed, to file fee applications to be heard on 30-day intervals from the date the petitions commencing these bankruptcy cases were filed.

Dated: *April 3, 2017*

/e/ Michael E. Ridgway

Michael E. Ridgway
United States Bankruptcy Judge

NOTICE OF ELECTRONIC ENTRY AND FILING ORDER OR JUDGMENT Filed and Docket Entry made on 04/03/2017 Lori Vosejka, Clerk, by KN
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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MINNESOTA**

In re: Gander Mountain Company, Overton's, Inc., Debtors.	Jointly Administered Under Case No. 17-30673 (MER) Case No. 17-30673 Case No. 17-30675 Chapter 11 Cases
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ORDER ALLOWING FEES AND EXPENSES OF HOULIHAN LOKEY CAPITAL, INC.

This matter came before the court on the Final Application for Allowance of Fees and Expenses of Investment Banker and Financial Advisor (Houlihan Lokey Capital, Inc.) (the "Application"). Based on the submissions of applicant, the documents of record, and the court being fully advised in the premises,

IT IS ORDERED:

1. Houlihan Lokey Capital, Inc.'s Base Restructuring Transaction Fees and Monthly Fees are allowed on a final basis.
2. The Incentive Fee, as described more fully in the Application, in the amount of up to \$1,500,000.00 is allowed on a final basis.
3. The Debtors and the Liquidating Trustee are authorized to pay to Houlihan Lokey Capital, Inc. the Incentive Fee and any other unpaid, allowed fees and expenses.

Dated:

Michael E. Ridgway
United States Bankruptcy Judge