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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY

In the Receivership of:

No. 15-2-27101-6-SEA

DONDE, LLC, a Washington Limited Liability Company, and NUGGET MALL LLC, a Washington Limited Liability Company, as joint venturers in the Loveless-Tollefson a Joint Venture, and the LOVELESS-TOLLEFSON JOINT VENTURE, a Washington joint venture,

DECLARATION OF ROBERT NALL IN SUPPORT OF RECEIVER’S MOTION FOR ORDER APPROVING SALE FREE AND CLEAR

Robert Nall, under penalty of perjury states as follows:

1. I am a member of Resource Transition Consultants LLC (“Receiver”), the duly appointed general receiver in this case, and file this declaration in support of the Motion to Approve the Sale of the Nugget Mall to Aventine Development Services Corporation.
2. The Court appointed the Receiver as general receiver in this case on November 12, 2015.
3. The Receiver has become familiar with the fair market value of the Property and engaged a professional broker for the marketing of the Property.
4. Receiver initially obtained financing to pay off the existing secured debt which was coming due and to complete the tenant improvements for a major tenant, Sportsman’s Warehouse, Inc. The improvements were completed and Sportsman’s occupancy commenced in the summer of 2016. The Sportsman’s lease is a material factor in the value of the property.

DECLARATION IN SUPPORT OF MOTION
FOR ORDER APPROVING
SALE FREE AND CLEAR- 1

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- 1 5. The Receiver has continued to operate and maintain the Mall in the ordinary course of
2 business.
- 3 6. The Receiver instigated investigation into environment conditions on an exterior pad that
4 once operated as a dry cleaner. The Receiver submitted a remediation plan to the Alaska
5 Department of Environmental Conservation (ADEC). ADEC approved the plan which has
6 been fully installed and is in process. The ongoing cost of complete remediation is not fully
7 known, but the general parameters of likely costs are known. Because the environmental
8 concerns for the property are under control, the marketing and sale of the property became
9 feasible.
- 10 7. The Property to be sold by the Receiver is the Nugget Mall located in Juneau, Alaska.

11 Property is legally described as:

12 PARCEL ONE:

13 All of Blocks B and C, VALLEY CENTRE, according to Plat 518, Juneau Recording
14 District, First Judicial District, State of Alaska.

15 Together with vacated streets and alleys which inures to said blocks by reason of
16 vacation, and

17 PARCEL TWO:

18 A tract of land in U.S. SURVEY 1194, Juneau Recording District, First Judicial District,
19 State of Alaska, described as:

20 BEGINNING at the point on the Southeasterly right-of-way line of a 100 feet access road
21 to the airport area and also a point on the Southwesterly right-of-way line of a 60 feet
22 access road to the old Glacier Highway, which bears South 50° 42' 57" West 659.28 feet
23 from Corner 4 of said survey, run thence Southwesterly along the right-of-way of said 60
24 feet access road, South 25° 20' 40" East 10.00 feet; thence Southeasterly along said right-
of-way line along the arc of a curve to the left with a radius of 230.00 feet, an arc length
of 210.02 feet; thence South 12° 20' 14" West 4.10 feet to the Southerly right-of-way line
of the old Glacier Highway; thence Westerly along said right-of-way line along the arc of
a curve to the left with a radius of 1011.82 feet, an arc length of 491.96 feet to a point on
the Southeasterly right-of-way line of the 100 feet airport access road; thence along said
right-of-way line North 64° 39' 20" East 359.38 feet to the Point of Beginning.

25 LESS AND EXCEPT THEREFROM that part conveyed to the State of Alaska by Deed
26 recorded December 28, 1984 in Book 249 at Page 773.

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1 ALSO EXCEPTING that portion conveyed to the State of Alaska, Dept. of Transportation &
2 Public Facilities by Deed recorded December 13, 2000 in Book 550 at Page 812.

- 3 8. A sale pursuant to this receivership statute is necessary in this case because the alternative of
4 refinancing and retaining the Property is not feasible.
- 5 9. The receiver considered a number of professional commercial real estate brokers with
6 experience in properties of this kind. The receiver ultimately hired Capital Pacific LLC
7 (“Broker”) to represent the property. A data room was established with all of the due
8 diligence materials on the property including leases, financial statements and other
9 documents important to prospective purchasers. During the marketing of the property the
10 Broker sent out over 3000 emails to contacts in the industry, contacted major retail property
11 owners in the Juneau area and was aggressive in seeking offers for the property. Ultimately,
12 five offers or Letters of Intent were received and negotiated ranging from \$10,000,000 to
13 \$16,000,000. The second highest offer was \$14,800,000. Concerns about the Alaskan
14 economy and potential tenant losses resulted in the withdrawal of the \$16 million offer. The
15 other interested parties were contacted and diligently pursued. As a result of that effort and
16 continued marketing the Aventine offer in the total amount of \$12,500,000 was negotiated
17 and put into an executed Purchase and Sale Agreement. A copy of the Aventine PSA is
18 attached as Exhibit A.
- 19 10. In the opinion of the receiver and the receiver’s Broker, the Aventine offer reflects the fair
20 market value of the Property, and the terms of the Purchase and Sale Agreement (“Aventine
21 PSA”) are commercially reasonable.
- 22 11. We fully expect that the purchaser shall be in the form of a Corporation, Limited Liability
23 Company or similar entity. The use of a corporate or LLC form as the ultimate buyer is not
24 seen as a material change in the terms of sale because the Aventine PSA includes “assigns”
25 and assignment to a non-individual entity is routine in transactions of this kind. The Aventine
26

1 PSA has been submitted and negotiated in good faith and fully describes the purchase
2 transition.

3 12. Persons having standing in receivership cases are the debtor entities and creditors.

4 13. The production of the title report on the Property is in progress. Based upon the information
5 provided by the Debtor entities and the actual knowledge of the Receiver, under the terms of
6 the Aventine PSA there will be little if any proceeds from the sale in excess of valid liens
7 against the Property and all valid liens shall be paid from escrow. However, most all non
8 insider creditors of the Property were paid in the ordinary course or during the receivership.

9 14. The Aventine PSA is acceptable to the Receiver and represents a fair and appropriate price
10 for the Property. Because of the reduced value of the property, extensive marketing and the
11 Bidding Procedures are no longer necessary and in fact will only increase the losses on the
12 property. Thus it is in the best interests of the estate and creditors that the Bidding
13 Procedures be waived and the sale allowed to proceed to closing as expeditiously as possible

14 15. Do to the exigent circumstances and limited number of interested parties in this case at this
15 juncture, we will seek to obtain approval of the sale on shortened time.

16 16. I participated in the negotiation of the proposed sale and can state categorically the Aventine
17 PSA represents a good faith offer, negotiated by the parties at arm's length. Neither
18 Aventine nor his assigns is an insider of any of the Debtor entities or the Receiver. All terms
19 of the sale and compensation arising therefrom are contained the Order Appointing Receiver
20 and the Aventine PSA. The proposed Order includes a finding of good faith in this
21 transaction.

22 DATED and signed under penalty of perjury this ___ of April, 2018,

23
24
25 _____
ROBERT NALL
Member, Resource Transition Consultants,
LLC, Receiver

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DECLARATION IN SUPPORT OF MOTION
FOR ORDER APPROVING
SALE FREE AND CLEAR- 4

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