

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

**Jointly Administered under  
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court Files No.'s:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases  
Judge Gregory F. Kishel

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**NOTICE OF HEARING, MOTION FOR EXPEDITED HEARING AND MOTION TO (1)  
REJECT LEASE OF NONRESIDENTIAL REAL PROPERTY UNDER 11 U.S.C. § 365,  
(2) AUTHORIZE DEBTOR TO ENTER INTO NEW LEASE, (3) MOTION TO SELL  
PERSONAL PROPERTY OF THE ESTATE FREE AND CLEAR OF LIENS UNDER 11  
U.S.C § 363, AND (4) APPROVE THE ALLOWANCE OF LANDLORD'S  
ADMINISTRATIVE EXPENSE CLAIM UNDER 11 U.S.C. § 503(b)**

TO: The entities specified in Local Rule 9013-3

1. Petters Group Worldwide, LLC ("PGW" or "Debtor"), through its undersigned attorneys, move the Court for the relief requested and give notice of hearing.

2. The Court will hold a hearing this Motion before the Honorable Gregory F. Kishel, United States Bankruptcy Judge, at 1:30 p.m. on January 29, 2009, in Courtroom 2A, at the United States Courthouse, 316 N. Robert Street, St. Paul, Minnesota.

3. Any response to this motion must be filed and served by delivery not later than Thursday, January 22, 2009, which is five (5) days before the time set for the hearing (excluding Saturdays, Sundays, and holidays), or filed and served by mail not later than Tuesday, January 20, 2009, which is seven (7) days before the time set for the hearing (excluding Saturdays, Sundays and holidays). However, due to the expedited relief sought, Debtors do not object to responses being filed no later than 48 hours prior to the time set for the hearing on this Motion. **UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.**

4. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. This is a core proceeding. Petitions commencing the Chapter 11 cases of Petters Company, Inc. (“PCI”) and PGW were filed on October 11, 2008. Petitions commencing the Chapter 11 cases of PC Funding, LLC (“PC Funding”), Thousand Lakes, LLC, (“Thousand Lakes”), SPF Funding, LLC (“SPF Funding”), PL Ltd., Inc. (“PL Ltd.”), Edge One, LLC (“Edge One”) and MGC Finance, Inc. (“MGC Finance”) were filed on October 15, 2008. The petition commencing the Chapter 11 case of PAC Funding, LLC (“PAC Funding”), was filed on October 17, 2008. The petition commencing the Chapter 11 case of Palm Beach Finance Holdings, Inc. (“Palm Beach Finance”) was filed on October 19, 2008 (collectively, the “Debtors” or the “Cases”). Venue of these cases and this motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The cases are now pending before this Court.

5. This Motion arises under 11 U.S.C. §§ 363, 365 and 503, as well as Federal Rules of Bankruptcy Procedure 2002, 6004 and 6006. This Motion is filed under Fed. R. Bankr. P. 9014 and Local Rules 2002-1, 2002-4(a), 6004-1(e) and 9013-1 through 3. Debtors request an

order granting expedited relief and (1) approving Debtor's rejection of a certain lease between PGW and Welsh Baker Road, LLC ("Welsh Baker Road" or "Landlord"), successor-in-interest by assignment to RB Broadway Development Company, LLC ("RB Broadway"), pursuant to 11 U.S.C. § 365(a), (2) authorizing Debtor to enter into a new lease with Welsh Baker Road pursuant to 11 U.S.C. § 363(c)(1), (3) authorizing Debtor to sell property of the estate free and clear of liens and outside the ordinary course of business pursuant to 11 U.S.C. § 363(b)(1), and (4) allowing Welsh Baker Road's Administrative claim for postpetition rent pursuant to 11 U.S.C. 503(b) and authorizing Debtor to promptly pay such claim.

### **BACKGROUND**

6. Debtor filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). Debtor continues to operate its business as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. On December 24, 2008, the United States Trustee appointed Douglas A. Kelley Trustee in this case. To date, the Court has not issued an order approving that appointment. A committee of unsecured creditors (the "Committee") was appointed on November 21, 2008 pursuant to § 1102 of the Bankruptcy Code.

7. Petters Company, Inc. ("PCI"), founded in 1987, is a privately held Minnesota limited liability company. It is owned 100% by Thomas J. Petters. PCI, in turn, is the sole member and owns 100% of the membership interests of PC Funding, Thousand Lakes, SPF Funding, PL Ltd., Edge One and MGC Finance, and PAC Funding. The operations and management decisions of PCI and its subsidiary entities were all conducted at the company's headquarters, located at 4400 Baker Road, Minnetonka, Minnesota. PCI served as a venture capital arm of the Petters enterprises, utilizing single purpose entities to obtain billions of dollars

of funding, and purportedly to acquire merchandise for sale to wholesalers and retailers nationwide, which purchase and sale business may have not ever existed.

8. Petters Group Worldwide, LLC, founded in 1988, is a privately held Delaware limited liability company. It is owned 100% by Thomas J. Petters. The management decisions of PGW and its subsidiary entities were conducted at the company's headquarters, located at 4400 Baker Road, Minnetonka, Minnesota. PGW has investments in companies worldwide, which include 100% ownership of Polaroid (products include cameras, PoGo printers, LCD TVs, portable DVD players), among others. PGW obtained funding from investors/lenders and from PCI.

9. On or about September 24, 2008, the Federal Bureau of Investigation ("FBI"), together with the Internal Revenue Service – Criminal Investigation Division ("IRS") and the United States Postal Inspection Service ("USPI"), based on claims made of fraud or other wrongdoing on the part of PCI and PGW, publicly announced an investigation of, and took actions, including seizure of records, against PCI, PGW, their sole owner, Thomas J. Petters, and other employees allegedly involved in a fraudulent Ponzi scheme. On October 3, 2008, Thomas J. Petters was arrested on charges of mail and wire fraud, money laundering, and conspiracy. Other Petters executives implicated in this scheme have also been arrested on various charges and have pleaded guilty to certain crimes. The United States alleges that more than 20 lenders and lending groups may have been bilked out of more than \$3 billion.

10. As a result of the investigation and arrests, numerous other employees voluntarily terminated their employment with the Debtors, including the main law firm providing overall corporate counsel, the two senior in-house counsels, the CEO, the CFO, and others with

knowledge of the financial transactions among the Debtors and with outside lenders and creditors.

11. In addition, several lenders have commenced actions against the Debtors in several courts, both in Minnesota as well as in other states. On October 6, 2008, the Honorable Ann D. Montgomery, United States District Court, District of Minnesota, issued an Order for Entry of Preliminary Injunction, Order Appointing Receiver and Other Equitable Relief. Judge Montgomery appointed Douglas A. Kelley as receiver for the Debtors. In addition, Judge Montgomery's Order specifically granted Mr. Kelley authority to file "any bankruptcy petitions for any of the [Debtors] to protect and preserve the assets of any of the [Debtors]. See Order Appointing Receiver, Sect. IV, paragraph (b)(4).

12. As a result of the investigation, subsequent arrests and litigation by numerous creditors, debtors PCI and PGW sought relief under Chapter 11 of the Bankruptcy Code in order to reorganize and/or preserve their operations, sell assets and preserve potential avoidance and claims. Debtors continue to operate their businesses as debtors-in-possession. Except for PGW, PCI and the remaining Debtors' operations will be, for the most part, limited to reconstructing accounting records and analyzing and pursuing potential claims. PGW will conduct these activities as well, but will also be involved in the ongoing management, operations and sales (as the case may be) of its subsidiaries and their respective assets.

### **RELIEF REQUESTED**

13. This motion seeks court approval and authorization for several steps in a multi-step and multi-party transaction. In this motion: PGW seeks authorization to reject its current lease at 4400 Baker Road, Minnetonka, Minnesota; PGW seeks authorization is to enter into a new month-to-month lease at the same location; PGW seeks authorization to sell surplus Office Furniture (as that term is defined below) to Welsh Baker Road; and PGW seeks the allowance of

Welsh Baker Road's administrative rent claim in the PGW case in a compromised and settled amount. In a separate motion pending before this Court in the affiliated jointly administered case of Polaroid Corporation, et al., Case No. 08-46617, Polaroid seeks authorization to enter a separate lease for the space it will continue to occupy at the 4400 Baker Road address. In addition, the Receiver will seek approval from Judge Montgomery to sell a non-debtor entity's 50% ownership interest in Welsh Baker Road to RB Broadway Development Company for \$1. Each part of this multi-step, multi-party transaction requires court approval, and obtaining such court approvals prior to January 31, 2009 is a necessary condition imposed by Welsh Baker Road to close on these transactions and reject PGW's Lease.

#### **Rejection of Existing Lease**

14. Welsh Baker Road owns the property at 4400 Baker Road on which PGW's headquarters is located in Minnetonka, Minnesota ("Headquarters Location"). Petters Real Estate Group, LLC, an affiliated entity of PGW that has not filed a petition for relief under Title 11 of the United States Code, owns and controls 50% of the membership interests in Welsh Baker Road, while RB Broadway owns and controls the remaining 50% membership interest.

15. PGW and Welsh Baker Road are parties to a certain Lease dated December 8, 2006, pursuant to which PGW presently leases the entire rentable square footage of the Headquarters Location (as amended, the "Lease"). Although PGW is the sole tenant under the Lease, it has allowed various affiliated entities to occupy space within the building and allocated monthly rental charges to such entities accordingly. Under this arrangement, PCI, Polaroid and the John T. Petters Foundation, among other Petters entities, occupy space within the Headquarters Location.

16. According to the Lease, the term is 12 years, beginning April 1, 2007 and expiring March 31, 2019. The current monthly base rent under the Lease is \$101,364.37, which does not include operating expenses and taxes of approximately \$43,490.00 per month for a total monthly lease obligation of \$144,857.37. The base rent is scheduled to increase annually under the Lease. PGW was current on its payments under the lease through September 30, 2008.

17. Subsequent to the federal investigation, PGW's operations and number of personnel have been reduced and it no longer has a need for, and will no longer utilize, the entire leased Headquarters Location. As a result, the Lease has become a burden to the estate and rejection of the Lease is in the best interest of the estate and its creditors because the entire Headquarters Location is no longer beneficial or necessary to PGW's ongoing operations.

18. PGW estimates its remaining obligations under the Lease, including anticipated future monthly base rent, taxes and operational costs, to be approximately \$26 million. PGW also believes the maximum allowable lease rejection claim that can be asserted by Welsh Baker Road under § 502(b)(6) is approximately \$3.9 million.

19. PGW and Welsh Baker Road have reached agreement to reject the Lease effective January 1, 2009.

#### **Entering a New Lease**

20. While rejection of the Lease is in the best interest of the estate and creditors, PGW does require a location from which to conduct its operations. PGW has reached agreement with Welsh Baker Road to enter into a new month-to-month lease for a reduced amount of space in the Headquarters Location (the "New Lease"), to be executed in a form substantially similar to that attached hereto as Exhibit A. Such New Lease will be effective as of January 1, 2009.

Welsh Baker Road will also execute a separate lease with Polaroid for the space it will occupy in the Headquarters Location.

21. The New Lease provides that the remaining employees of PGW will be relocated from multiple floors to a consolidated space within the building. Welsh Baker Road reserves the right to relocate PGW's employees and other professionals within the premises or to another building owned or managed by Welsh Baker Road or any of its affiliates at any time with thirty (30) days notice. Additionally, the New Lease will provide that either party may terminate such lease upon thirty (30) days written notice.

22. Rather than paying rent based on rentable square feet occupied, PGW will pay a variable rent of \$500 for each person employed by the PGW during each month. In addition, Debtor will pay \$500 for each office, conference room or cubicle occupied during such month by one or more non-PGW employee(s) or other professional(s), such as the forensic accountants of PricewaterhouseCoopers. At its current employment level of 13 employees, including two John T. Petters Foundation ("Foundation") employees, as well as consultants and other professionals working on behalf of Debtor and other affiliated debtors that occupy a total of 7 offices, conference rooms and cubicles in the Headquarters Location, PGW's lease payment for January 2009 will be reduced from \$144,857.37 to \$10,000.

23. Under the New Lease, PGW may enter into a sublease or other similar agreement with the Foundation allowing up to three (3) Foundation employees to occupy the leased premises with PGW, subject to the prior review and approval of Welsh Baker Road. Any such Foundation employees will be included in the employee headcount for purposes of determining monthly gross rent under the New Lease.



24. Entering the New Lease is beneficial to both the estate and its creditors. Under the New Lease, PGW will only incur lease charges based on the number of employees and other professionals actually occupying space each month, with such postpetition administrative rent costs decreasing as Debtor's workforce decreases. Also, the New Lease is month-to-month, allowing Debtor the flexibility to terminate without penalty or incurring additional and unnecessary administrative expenses (except to the extent any rent remains unpaid) at any time in the future, as its needs change. Accordingly, Debtor requests authority to enter into the New Lease with Welsh Baker Road.

#### **Sale of Property Free and Clear of Liens**

25. In order to utilize the Headquarters Location, Debtor purchased and installed numerous items of personal property at that location, which includes all desks, chairs, workstations, private office furniture, conference room furniture, lobby furniture, couches, tables, book cases, filing cabinets, exercise equipment and all other similar items (collectively, the "Office Furniture"). Due to the recent federal investigation, current status of the case and subsequent reductions in employee headcount, Debtor will no longer need or utilize a significant portion of the rentable space as it had under the current lease. Therefore, Debtor no longer has a need for all of its Office Furniture.

26. While the Office Furniture was acquired and installed in 2007, recent changes to the real estate market have reduced demand for, and consequently the price of, such used office furniture. Debtor inquired as to the value it could obtain for the Office Furniture if it were removed from the Headquarters Location and sold. Debtor obtained a bid from Commercial Furniture Services to purchase the existing Office Furniture for \$30,000, with Commercial Furniture Services assuming all labor and transportation costs to remove the furniture, which it

estimates at an additional \$30,000, a true and correct copy of which is attached hereto as Exhibit B. Debtors received a second offer to purchase the Office Furniture from General Office Products Company in an amount of \$25,976.00, a true and correct copy of which is attached hereto as Exhibit C. This bidder also assumes all labor costs to remove the furniture.

27. Welsh Baker Road has offered to purchase Debtor's Office Furniture for \$60,000, which amount is to be credited against the Welsh Admin Claim (defined below).

28. Debtor, in the exercise of its business judgment, believes the sale of its Office Furniture to Welsh Baker Road is in the best interest of the estate and creditors and that sound business justification exists for the sale as proposed herein. Welsh Baker Road has offered to purchase the Office Furniture for an amount greater than the estate would receive by selling such items as quoted in the two independent bids for such Office Furniture. As a result, Debtor is able to sell these assets of the estate that are no longer necessary to its ongoing operations.

29. Debtor seeks authority to sell the Office Furniture free and clear of all liens, claims, and encumbrances under 11 U.S.C. § 363(f). Debtor does not believe that there are currently any liens or other security interests attached to the Office Furniture, other than blanket liens in all assets of debtor granted by PGW to affiliated entities Petters Company, Inc. and Petters Capital, LLC, which such parties have consented to this sale. Furthermore, such liens, if effective, would not preclude approval of this sale and such sale is consented to by such affiliates.

#### **Allowance of Welsh Baker Road Administrative Claim**

30. Since the petition date postpetition rent has accrued under the Lease in the amount of \$532,690.23, which is the sum of \$98,127.12 for the post-petition portion of rent due in October and \$144,854.37 each for the months of November and December 2008 and January

2009. Absent this negotiated resolution, rent would be continuing to this day. It is this amount that Debtor believes constitutes an allowable administrative expense pursuant to 11 U.S.C. § 503(b)(1)(A) as an actual, necessary cost and expense of preserving the estate.

31. Debtor and Welsh Baker Road have agreed to compromise and settle such administrative claim for unpaid post-petition rent, yielding a settlement amount of \$204,729.06, which is less than 40% of the above total post-petition lease obligations incurred by the Debtor as of the date hereof. This figure is determined as follows:

- a. The sum of \$73,875.73, equal to the rent due for the month of October under the Lease, pro rated for PGW's actual percentage use of the building during such month, estimated to be 51%; plus
- b. The sum of \$26,000, equal to the rent due for the months of November and December 2008 and January 2009 that would have been due under the New Lease, had such New Lease been in effect during such months; plus
- c. The sum of \$44,853.33, equal to the rent due for the months of November and December 2008 that would have been due under the new Polaroid Lease, had such lease been in effect during such months; plus
- d. The sum of \$60,000.00, equal to a compromised amount agreed to between Debtor and Welsh Baker Road on account of Welsh Baker Road's remaining potential administrative claim.

32. Such compromised and settled amount shall be Welsh Baker Road's allowed administrative expense claim for post petition rent due under the Lease (the "Welsh Admin Claim"). Therefore, Debtor respectfully requests this Court allow the Welsh Admin Claim in the amount of \$204,729.06 and authorize the Debtor to pay the Welsh Admin Claim contemporaneously with the execution of the New Lease, net of the purchase price being paid for the Office Furniture.

### **Expedited Relief**

33. A hearing on this Motion, because it includes the sale of assets, is to be heard on 20 days notice, but such period may be shortened by the Court for 'cause.' Debtor requests that

relief be granted on an expedited basis to avoid unnecessary expenses for the estate that will be detrimental to creditors. As a condition to agreeing to reject the Lease as of January 1, 2009, Welsh Baker Road is requiring Debtor to obtain the necessary court approvals prior to January 31, 2009. If this deadline is not met, Welsh Baker Road has indicated it will not agree to an effective date of January 1, 2009 for the New Lease, and consequently the Debtor will be obligated to pay January rent in the amount of \$144,857.37 and rent for February will accrue on February 1, 2009. Debtor wants to minimize incurring additional and unnecessary administrative expenses by having this motion resolved prior to January 31, 2009. Therefore, Debtor asserts that cause exists to conduct the hearing on this motion on an expedited basis. Conducting this hearing on an expedited basis will minimize unnecessary administrative expenses in this case, especially for an expense that provides no financial benefit to the Debtors.

34. Debtors here are providing notice of 9 days, which will provide all parties in interest sufficient time to receive, review and file responses, if they desire, prior to the date of the hearing on this Motion. The Debtor has reached a consensual agreement with Welsh Baker Road as described in this Motion. Other parties required to be served will receive electronic notice of this motion, and those not receiving electronic notice will receive a copy of such motion by fax or email if possible, or by first class mail.

35. If testimony is needed at the hearing on this motion, the Debtors hereby give notice that Thomas Hay, Executive Vice President of PGW, or John Jordan, Director of Facilities of PGW, both having a business address of 4400 Baker Road, Minnetonka, Minnesota will testify as to the facts stated herein. Other employees of the Debtor, or its affiliates, may also testify.

### **CONCLUSION**

Debtor respectfully requests that the Court enter an order: (1) granting expedited relief;

(2) approving Debtor's rejection of the Lease for the Headquarters Location effective January 1, 2009; (3) authorizing PGW to enter into the New Lease effective January 1, 2009; (4) authorizing the sale of PGW's Office Furniture free and clear of liens, claims, interests and other encumbrances; (5) allowing the Welsh Admin Claim and authorizing the Debtor to pay such claim; and (6) granting such other relief as may be just and equitable.

DATED: January 20, 2009

**LINDQUIST & VENNUM P.L.L.P.**

By /e/ James A. Lodoen  
James A. Lodoen (#173605)  
George H. Singer (#262043)  
William P. Wassweiler (# 232348)

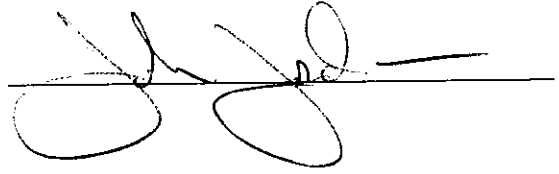
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**ATTORNEYS FOR DOUGLAS A.  
KELLEY, APPOINTED TRUSTEE**

**VERIFICATION**

I, John Jordan, Vice President of Facilities of PGW, declare under penalty of perjury that the facts set forth in the preceding motion are true and correct according to the best of my knowledge, information and belief.

Executed on: January 20, 2009

A handwritten signature in black ink, appearing to read "John Jordan", is written over a solid horizontal line. The signature is stylized with large loops and a long horizontal stroke at the end.

## VERIFICATION

I, Thomas Hay, President of Petters Real Estate Group, LLC, a subsidiary of Petters Group Worldwide, LLC and owner of 50% of Welsh Baker Road, LLC, declare under penalty of perjury that the facts set forth in the preceding motion are true and correct according to the best of my knowledge, information and belief.

Executed on: January 20, 2009

A handwritten signature in cursive script that reads "Thomas Hay". The signature is written in black ink and is positioned above a horizontal line that serves as a baseline for the signature.

## LEASE

This Lease ("Lease") dated as of this 1<sup>st</sup> day of January, 2009, by and between **WELSH BAKER ROAD, LLC**, a Minnesota limited liability company ("Landlord") and **PETTERS GROUP WORLDWIDE, LLC**, a Delaware limited liability company ("Tenant").

WHEREAS, Landlord, as successor-in-interest to RB Broadway Development Company, LLC and Tenant are parties to that certain Lease dated December 8, 2006 (the "Original Lease");

WHEREAS, Tenant filed a petition for relief under Chapter 11 of the United States Bankruptcy Code on October 11, 2008 in the U.S. Bankruptcy Court - District of Minnesota (Case No. 08-45257) (the "Tenant Bankruptcy Case") and, in connection with the Tenant Bankruptcy Case, desires, among other things, to reject the Original Lease and enter into this Lease with Landlord; and

WHEREAS, in consideration of the Rent hereinafter defined, and the covenants contained herein, Landlord and Tenant hereby agree as follows:

**1. Basic Lease Information/Definitions.**

1.1	<u>Premises; Building; Property</u>	Office space on the fourth floor (subject to Landlord's relocation rights hereunder) of the building located at 4400 Baker Road, Minnetonka, Minnesota, commonly known as the South Office Building (the "Building"), as depicted on <u>Exhibit A</u> attached hereto and incorporated herein by reference (the "Premises"), situated on that certain real property legally described on <u>Exhibit B</u> attached hereto and incorporated herein by reference ("Property") and consisting of approximately 89,651 square feet. See Section 2.
1.2	<u>Commencement Date</u>	January 1, 2009
1.3	<u>Term</u>	One (1) month, continuing on a month-to-month basis thereafter and terminable by either Landlord or Tenant upon providing thirty (30) days written notice of termination to the other party.
1.4	<u>Gross Rent</u>	Gross Rent shall be the following amounts for the following periods of time:  <u>Monthly Gross Rent</u> \$500 per Tenant employee and \$500 per office, cubicle or conference room in the Premises occupied by any agent, contractor or invitee of Tenant or any court/receiver appointed consultant or auditor (collectively, "Tenant Parties")*  *On or before the first day of each month during the Term, Tenant shall certify to Landlord in writing: (i) the number of Tenant employees occupying the Premises during any portion of such month and (ii) the number of offices, cubicles and/or conference rooms occupied by Tenant Parties during any portion of such month (a "Monthly Certification") and Tenant shall pay monthly Gross Rent at the rate set forth above based on such Monthly Certification. If Tenant shall fail to provide a Monthly Certification on or before the first day of any month during the Term, Tenant shall pay monthly Gross Rent at a rate of 125% of the monthly rate determined by the most recent Monthly Certification provided to Landlord.
1.5	<u>Security Deposit</u>	N/A
1.6	<u>Tenant's Notice Address</u>	Tenant's notice address shall be the address of the Premises See Section 18.
1.7	<u>Landlord's Notice Address</u>	Welsh Baker Road, LLC c/o Welsh Companies, LLC 4350 Baker Road, Suite 400 Minnetonka, MN 55343 See Section 18.



1.8	<u>Insurance Requirement</u>	\$2,000,000 public liability, bodily injury and property damage combined policy. See Section 10.
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**2. Premises.**

Landlord hereby leases to Tenant the Premises for the Term pursuant to the terms and conditions of this Lease. Notwithstanding anything herein to the contrary, Landlord shall have the right relocate Tenant within the Building or to reduce the area comprising the Premises at any time during the Term, effective upon ten (10) days advance written notice to Tenant containing the location and size of such alternate premises (a "Relocation Notice"). If, within ten (10) days of Tenant's receipt of a Relocation Notice, Tenant shall deliver written notice to Landlord objecting to the proposed alternate premises, Landlord shall have the right to terminate this Lease effective thirty (30) days from the date of Tenant's receipt of the Relocation Notice.

**3. Rent.**

3.1. Gross Rent. Tenant shall pay to Landlord the Gross Rent identified in Section 1.4 of this Lease in advance on first day of each calendar month during the Term mailed to Landlord's Notice Address, or such other location as Landlord shall advise Tenant in writing from time to time. Should the Term commence or terminate on a day other than the first day or the last day of a calendar month, Landlord and Tenant agree that Gross Rent for the first and last month of the Term shall be prorated and Gross Rent for the remaining months shall be due and payable on the first of the month as provided above. Gross Rent plus all other sums due and owing pursuant to this Lease shall be collectively called "Rent."

3.2. Late Payment. If any installment of Rent or any other sums due from Tenant is not received by Landlord within five (5) days following the due date, Tenant will pay to Landlord a late charge equal to 10% of such overdue amount. Landlord and Tenant hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord would incur as a result of such late payment.

**4. Intentionally Deleted.**

**5. Use.**

The Premises shall be used and occupied only for the operation of general office and storage. Tenant, at its sole cost and expense, shall comply with all statutes, laws, ordinances, orders, rules, regulations and requirements of the federal, state and local governments and changes thereto affecting the Premises or applicable to the use of the Premises.

**6. Utilities.**

Landlord shall provide connections for gas, water, sewer and electric utilities at the Premises and the cost of such utilities shall be included in Gross Rent. Tenant agrees to pay when due all other utility charges incurred in connection with its use and occupancy of the Premises, including, but not limited to, telephone and internet service. Tenant shall at all times keep the Premises adequately heated to prevent the sprinkler system and water pipes from freezing. Landlord shall not be liable for any interruption or failure in supply of any utility to the Premises.

**7. Condition of Premises.**

Tenant hereby accepts the Premises and any equipment thereon in their condition existing as of the Commencement Date or the date that Tenant takes possession of the Premises, whichever is earlier.

**8. Maintenance and Repairs.**

8.1 Landlord's Obligations. Excluding those repair and maintenance obligations allocated to Tenant pursuant to Section 8.2, Landlord shall, at its sole cost and expense, maintain and keep in good condition and repair the Building and the Property, including but not limited to all structural portions of the Building.

8.2 Tenant's Obligations. Tenant shall, at its own cost and expense, maintain the Premises in good repair and in a neat and clean, first-class condition, including making all necessary repairs and replacements of the Premises lighting, electrical and plumbing fixtures and equipment and all interior walls/partitions (including the regular painting thereof). Tenant shall further, at its own cost and expense, repair or restore any damage or injury to all or any part of the Building or any part or all of the Property caused by Tenant or Tenant's agents, employees, invitees, licensees, visitors or contractors, including but not limited to any repairs or replacements necessitated by (i) the construction or installation of improvements to the Premises by or on behalf of Tenant and (ii) the moving of any property into or out of the Premises. If Tenant fails to make such repairs or replacements promptly, Landlord may, at its option, upon prior reasonable notice to Tenant (except in an emergency) make the required repairs and replacements and the costs of such repair or replacements shall be charged to Tenant as additional Gross Rent and shall become due and payable by Tenant plus fifteen percent (15%) of such costs for overhead and supervision, within ten (10) days of receipt of Landlord's invoice therefor.

**9. Alterations.**

Tenant shall not make any alterations, additions, modifications or improvements to or affecting the structure of the Premises or Building or costing in excess of \$1,000 without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

**10. Insurance.**

10.1. Liability Coverage. During the Term, Tenant will carry, at its own expense, public liability insurance, in a form and with a company satisfactory to Landlord, a bodily injury and property damage combined single limit policy of at least \$2,000,000 or in such greater amounts as Landlord may from time to time reasonably require. All such insurance policies shall be endorsed to name Landlord as an additional insured and shall contain a provision that the same may not be canceled or materially modified without giving Landlord at least thirty (30) days prior written notice. In addition, such policies or certificates evidencing that such policies are in effect, shall be delivered to Landlord at the commencement of the Term and renewals shall be delivered at least ten (10) full days prior to the expiration or cancellation of any such policy. If Tenant fails to comply with its covenant to maintain insurance as provided herein, Landlord may, at its option, cause insurance as aforesaid to be issued and, in such event, Tenant shall pay the premiums for such insurance as additional Gross Rent hereunder.

10.2. Indemnity. Landlord shall not be liable to Tenant for and Tenant does hereby release Landlord and its respective agents and employees from liability for any injury, loss or damages to Tenant or to any other person or property occurring upon the Property unless caused by Landlord's gross negligence or willful misconduct. Tenant agrees to indemnify, defend, and hold Landlord, Landlord's officers, directors, stockholders, employees and agents (collectively "Landlord Group") harmless against and from any and all liability, loss, costs, damages, expenses, including reasonable attorneys' fees, claims and demands, that may be brought against Landlord Group, for or on account of any damages, loss or injury to persons or property in or about the Property during the Term, or during any occupancy by Tenant prior to the Commencement Date or for any damages, loss or injury to persons or property caused by Tenant whatsoever, unless caused by Landlord's gross negligence or willful misconduct. "Tenant" shall include Tenant, its employees, agents, servants, invitees, licensees, contractors and subcontractors. This indemnification shall survive the expiration or earlier termination of this Lease.

**11. Assignment and Subletting.**

Tenant may not assign this Lease or any interest herein or sublet the whole or any part of the Premises, or permit the same to be occupied by anyone other than Tenant, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

**12. Subordination/Estoppel Certificates.**

Tenant accepts this Lease, and the tenancy created hereunder, subject and subordinate to any underlying leases, mortgages, deed of trust, leasehold mortgages or other security interests now or hereafter a lien upon or affecting the Premises or any part thereof. Tenant shall, at any time hereafter, on request, execute any instruments that may be required by any mortgage, mortgagee, deed of trust, trustee, or underlying owner or Landlord hereunder to subordinate Tenant's interest hereunder to the lien of any such mortgages, deed or deeds of trust or underlying lease. Tenant agrees at any time and from time to time upon five (5) business days prior notice by Landlord to execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which Rent and other charges have been paid in advance, if any, and stating whether or not Landlord is in default in performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge, and such other matters as Landlord may request, it being intended that any such statement hereunder may be relied upon by any third party not a party to this Lease. The failure of Tenant to execute any such instruments, leases or documents shall constitute a Default hereunder.

**13. Default.**

Tenant hereby agrees that if Tenant shall fail to make its payments within five (5) days of written notice from Landlord that any such payment is overdue, or in performing any of the other agreements, terms and conditions of this Lease, then Tenant shall be in "Default" under this Lease. Landlord, in addition to all other rights and remedies available to Landlord in law or equity, may re-enter immediately into the Premises (subject to applicable laws and regulations regarding such re-entry by Landlord) and remove all persons and property therefrom, and, at Landlord's option, terminate and cancel this Lease as to all future rights of Tenant. Neither acceptance of rent by Landlord (with or without knowledge of a Default) nor the failure of Landlord to take action on account of any Default, or to enforce its rights hereunder, shall be deemed a waiver of any breach or Default hereunder, and absent written notice or consent, said breach or Default shall be a continuing one. In the event of a dispute between the parties hereto with respect to the enforcement of either party's obligations contained herein, the prevailing party shall be entitled to reimbursement of reasonable attorney's fees, costs, and expenses incurred in connection therewith.

**14. Surrender/Hold Over.**

Tenant shall vacate the Premises at the expiration date or other termination of this Lease and shall remove all goods and effects not belonging to Landlord and shall surrender possession of the Premises and all fixtures and systems thereof in good repair, reasonable wear and tear excepted. If Tenant holds over and remains in possession of the Premises or any part thereof after the Expiration Date or the sooner termination of the Term or Tenant's right to possession hereunder, Tenant shall be deemed to hold the Premises as a tenant at sufferance, subject to all of the terms, conditions and covenants of this Lease, except that Gross Rent payable during such holdover period shall be an amount equal to one hundred fifty percent (150%) of the installments of Gross Rent payable at the time of such expiration or earlier termination. The provisions of this paragraph do not waive Landlord's right of re-entry or right to regain possession by actions at law or in equity or by any other rights hereunder.

**15. Destruction, Fire or Other Casualty.**

In case of damage to the Premises by fire or other casualty, Tenant shall give immediate notice thereof to Landlord, and Landlord, to the extent that insurance proceeds respecting such damage are subject to and, in fact, are under the control and use of Landlord, shall thereupon cause such damage to all property owned by Landlord to be repaired as promptly as possible at the expense of Landlord, due allowance being made for delay which may arise by reason causes beyond Landlord's control, and to the extent that the Premises are rendered untenable, the Rent shall proportionately abate, provided the damage above mentioned occurred without the fault or neglect of Tenant, Tenant's servants, employees, agents, contractors, licensees, invitees or visitors. In the event the damage shall be so extensive to the Premises as to render it uneconomical, in Landlord's opinion, to restore for the use of Tenant, or Landlord shall decide not to repair or rebuild the Premises, this Lease, at the option of Landlord, shall be terminated upon written notice to Tenant and the Rent shall, in such event, be paid to or adjusted as of the date of such damage and Tenant shall thereupon vacate the Premises and surrender same to Landlord, provided that no such termination shall release Tenant from any liability to Landlord arising from such damage or from any breach of the obligations imposed on Tenant hereunder.

**16. Eminent Domain.**

If the entire Premises shall be substantially taken for public purposes, or in the event Landlord shall convey or lease the Premises to any public authority under threat of condemnation or taking, this Lease shall thereupon terminate. In the event of a taking, lease or condemnation, whether or not there is a termination hereunder, Tenant shall have no claim against Landlord other than an adjustment of Rent to the date of taking, lease or condemnation, and Tenant shall not be entitled to any portion of any amount that may be awarded as damages or paid as a result or in settlement of such proceedings or threat. Notwithstanding the foregoing, Tenant may pursue its own claim against the condemning authority for any damages or award permitted under the laws of the State of Minnesota, to be paid to Tenant without diminution or reduction of the award, judgment or settlement received by Landlord.

**17. Relocation.**

Landlord shall have the right to relocate Tenant from the Premises to comparable alternative space in another building owned by Landlord or Landlord's subsidiaries or affiliates (the "Replacement Premises") upon thirty (30) days prior written notice to Tenant (a "Building Relocation Notice"). If, within thirty (30) days of Tenant's receipt of a Building Relocation Notice, Tenant shall deliver written notice to Landlord objecting to such Relocation Premises, Landlord shall have the right to terminate this Lease effective thirty (30) days from the date of Tenant's receipt of such Building Relocation Notice. In the event Tenant accepts the Replacement Premises or fails to object in writing within thirty (30) days of receiving a Building Relocation Notice, Landlord shall make reasonable good faith efforts to coordinate with Tenant a mutually acceptable plan for relocation, and Landlord shall be responsible for the reasonable third-party costs incurred to accomplish the physical relocation of Tenant.

**18. Entry by Landlord.**

Landlord may enter the Premises following reasonable prior notice to Tenant at all reasonable times to inspect the same; exhibit the same to prospective purchasers, Mortgagees or tenants; determine whether Tenant is complying with all of its obligations under this Lease; supply janitorial and other services to be provided by Landlord to Tenant under this Lease; post notices of non-responsibility; and make repairs or improvements in or to the Building or the Premises; provided, however, that all such work shall be done as promptly as reasonably possible and so as to cause as little interference to Tenant as reasonably possible. Tenant hereby waives any claim for damages for any injury or inconvenience to, or interference with, Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned by such entry. Landlord shall at all times have and retain a key with which to unlock all of the doors in, on or about the Premises (excluding Tenant's vaults, safes and similar areas designated by Tenant in writing in advance), and Landlord shall have the right to use any and all means by which Landlord may deem proper to open such doors to obtain entry to the Premises, and any entry to the Premises obtained by Landlord by any such means, or otherwise, shall not under any circumstances be deemed or construed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from any part of the Premises. Such entry by Landlord shall not act as a termination of Tenant's duties under this Lease. If Landlord shall be required to obtain entry by means other than a key provided by Tenant, the cost of such entry shall be payable by Tenant to Landlord as additional rent.

**19. Notice.**

Any notices required to be served in accordance with the terms of this Lease shall be in writing and delivered to Tenant at the address identified in Section 1.6 and to Landlord at the address identified in Section 1.7. Either party may at any time designate by written notice to the other a change in the above addresses or addressees. All notices, demands and requests shall be deemed sufficiently served or given for all purposes hereunder at the time such notice, demand or request shall be mailed by United States Postal Service registered or certified mail, return receipt requested, or deposited with a reputable overnight courier, at the time such notice, demand or request shall be deposited with the overnight courier.

**20. Miscellaneous.**

If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law. All headings in this Lease are intended for convenience or reference only and are not to be deemed or taken as a summary of the provisions to which they pertain or as a construction thereof. Except as otherwise provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord, Tenant, and their respective heirs, distributees, executors, administrators, grantees, successors and assigns. This Lease contains all agreements of the parties with respect to any matters contained herein. No prior agreement, proposal or understanding pertaining to any such matter binding unless expressly incorporated herein. This Lease may be modified only in writing and signed by the parties in interest at the time of the modification. This Lease shall be governed by and construed in all respects in accordance with the laws of the State of Minnesota.

**21. No Waiver.**

Nothing in this Lease shall be deemed to waive, prejudice or otherwise impair Landlord's rights to all claims, rights and remedies available to it under the bankruptcy code or other applicable law, including without limitation the right to file a proof of claim for damages occasioned by the rejection of the Original Lease. Tenant hereby agrees that the full amount of all Base Rent, Property Taxes, Operating Expenses (as such terms are defined in the Original Lease) and other amounts due (or that would have become due but for commencement of Tenant Bankruptcy Case) under the Original Lease from the filing date of the Tenant Bankruptcy Case through and including the date of rejection of the Original Lease (such amount, the "Post-Petition Rent") shall constitute an allowed administrative expense of Tenant in an amount equal to the total settlement amount set forth in Section 22(C) below. Without implying the Tenant has any right to reject this Lease under the United States Bankruptcy Code, it is expressly understood and agreed that in the event this Lease is subsequently rejected in the Tenant Bankruptcy Case, Landlord shall retain, and hereby reserves, all of its rights and remedies under this Lease and applicable law, including without limitation the right to file an administrative expense claim with respect to damages occasioned by the rejection of this Lease.

**22. Conditions Precedent.**

This Lease, and the performance by Landlord and Tenant of the terms, covenants and conditions set forth herein, shall be conditioned upon:

(A) receipt by Landlord and Tenant of all requisite approvals and/or court orders from the U.S. Bankruptcy Court - District of Minnesota, any other applicable court and/or any appointed trustee or receiver directly or indirectly controlling the assets of Tenant, including without limitation with respect to this Lease and the sale of Tenant's office furniture to Landlord, which such approvals and/or court orders shall be in form and substance acceptable to Landlord;

(B) rejection of the Original Lease in connection with the Tenant Bankruptcy Case, pursuant to a court order in form and substance acceptable to the Landlord; and

(C) a payment by Tenant to Landlord in partial settlement of the Post-Petition Rent owed to Landlord by Tenant in an amount equal to \$178,729.06, *plus* (b) an additional amount equal to the Rent payable under the Lease for the months of November 2008, December 2008 and January 2009 (to wit: \$26,000); yielding a total settlement amount of \$204,729.06.

**23. Automatic Stay; Other Approvals.** It is expressly understood and agreed that Landlord shall be entitled to exercise all of its rights and remedies, whether arising before or after the occurrence of a Default, under this Lease and under applicable law without first obtaining approval of the court having jurisdiction over the Tenant Bankruptcy Case, any other court, any receiver or trustee directly or indirectly controlling the assets of Tenant or otherwise obtaining relief from the automatic stay arising under 11 U.S.C. §362 of the United States Bankruptcy Code, the benefits of which the Tenant hereby waives.

**IN WITNESS WHEREOF**, Landlord and Tenant have signed and sealed this Lease as of the day and year first above written by their duly authorized partner or officer, as the case may be.

LANDLORD:  
**WELSH BAKER ROAD, LLC**

TENANT:  
**PETTERS GROUP WORLDWIDE, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

EXHIBIT A

**DEPICTION OF PREMISES**

**EXHIBIT B****LEGAL DESCRIPTION**

The Land referred to is situated in the State of Minnesota, County of Hennepin, and is described as follows:

**Parcel 1:**

That part of the Southwest Quarter of the Southeast Quarter of Section 22, Township 117, Range 22, Hennepin County, Minnesota, lying West of the County Road known as Baker Road and lying East of the center line of U.S. Highway No. 494 except that part thereof embraced within the plat of Fingerhut Addition.

And

That part of the South 10 acres of the Northwest Quarter of the Southeast Quarter, Section 22, Township 117, Range 22, Hennepin County, Minnesota, lying West of the center line of the County Road known as Baker Road and lying East of the center line of U.S. Highway No. 494 except the North 100 feet of that part of the above-described property lying Easterly of a line described as follows: Commencing at the Northeast corner of the South 10 acres of said Northwest Quarter of the Southeast Quarter; thence Westerly along the North line of said South 10 acres a distance of 247.08 feet to the beginning of the line to be described; thence Southerly deflecting to the left 83 degrees 28 minutes and 40 seconds, a distance of 100.65 feet more or less to the South line of said North 100 feet and said line there terminating.

**Parcel 2:**

Lot 1, Block 1, Fingerhut Second Addition, Hennepin County, Minnesota.

(Parcels 1 and 2 are registered land - Certificate of Title No. 1096738.5)



## COMMERCIAL FURNITURE SERVICES

November 7, 2008

Mr. John Jordan  
 Director of Facilities  
 Petters Worldwide Group  
 440 Baker Road  
 Minnetonka, MN. 55343

Dear Mr. Jordan:

This letter will detail our proposal to provide services to relocate the Polaroid company from the second to the first floor of the 4400 Baker road Building and, to purchase and remove the remainder of the furniture which you have designated is for sale from the Petters' (?) group of companies.

The Polaroid relocation from the second to the first floor of the 4400 Baker Building: CFS would have to remove and dispose of the existing 26 stations of Steelcase furniture that is now on the west side of the first floor. There is no commercial value to this furniture. We would charge Petters (?) \$5,000.00 to do this. CFS would provide design and relocation services to move 37 stations of Herman Miller AO2 from the second to the first floor and set them up for Polaroid. CFS would charge Polaroid (?) \$5,200.00 to do this.

CFS' bid to buy the remaining furniture from Petters(?):  
 This includes:

### First Floor:

- ▶ The training room furniture
- ▶ The conference rooms' furniture
- ▶ The lobby furniture
- ▶ All seating, files and miscellaneous furniture -- except for the break room as it is now set up

### Second Floor:

- ▶ 66 of the Herman Miller AO2 stations (37 will be moved to Polaroid's space on the 1<sup>st</sup> floor)
- ▶ All of the private office furniture
- ▶ All of the conference rooms' furniture
- ▶ Any of the seating, files and miscellaneous furniture that is on the floor





## COMMERCIAL FURNITURE SERVICES

### Third Floor:

- ▶ All of the Herman Miller Passage furniture
- ▶ All of the Herman Miller Ethospace stations
- ▶ All of the Herman Miller AO2 Stations
- ▶ All of the private office furniture
- ▶ All of the conference rooms' furniture
- ▶ All seating, filing and miscellaneous furniture that is on the floor

CFS offers to purchase this furniture from Petters (?) for \$30,000.00 and to assume all of the labor and transportation costs to remove this furniture -which we estimate to be in excess of \$30,000.00.

### Our bid is based on the following Parameters:

- ▶ If our bid is accepted, CFS must receive written authorization and approval from the Court Receiver or, the Department of Justice. And, guarantees that there will be no future claims or legal actions relating to our purchase of this material.
- ▶ CFS must have written directions and guarantees as to which entities will be paying CFS for the work described in the Polaroid project.
- ▶ CFS will have complete access to the 4400 Baker Building – including the use of elevators and docks to remove this material during normal, straight-time hours.
- ▶ CFS will require 3 weeks to remove the furniture from the Petters' site.
- ▶ Final payment will be based on the actual inventory of the furniture which we remove – due to any deviations from the material listed above.
- ▶ Our services do not include removing any trash or, performing building clean-up once we remove the furniture.

Please review this information and contact me with any questions or comments you may have. I can be reached at 952-915-6325.

Sincerely,

John Sorteberg  
President / Owner  
Commercial Furniture Services, Inc.

Rick Greywitt  
Vice President of Operations  
Commercial Furniture Services, Inc.



<b>Petters Group</b>	
4400 Baker Road	11/12/08
Minnetonka, MN	
John Jordan 952-292-6315	



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<b>Buy TOTAL</b>
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**3rd Floor**

Office 1	\$260.00
Office 2	\$231.00
Office 3	\$208.00
Office 4	\$380.00
Office 5	\$270.00
Office 6	\$265.00
Office 7	\$220.00
Office 8	\$295.00
Office 9	\$235.00
Office 10	\$205.00
Office 11	\$205.00
Conference Room A	\$214.00
Coffee Area B	\$75.00
Office 12	\$205.00
Office 13	\$160.00
Office 14	\$190.00
Storage Room C	\$795.00
Office 15	\$225.00
Office 16	\$305.00
Office 17	\$240.00
Area D	\$38.00
Conference Room E	\$180.00
Office 18	\$255.00
Office 19	\$285.00
Office 20	\$195.00
Office 21	\$220.00
Storage Room F	\$135.00
Work Area G	\$35.00
Reception Area H	\$95.00
Lobby Area I	\$90.00
Conference Room J	\$924.00
Conference Room J - Table Only	NV
Conference Room K	\$435.00
Office 21-A	\$272.00
Storage Room L	\$215.00
Storage Room M	\$844.00
Office 22	\$275.00
Office 23	\$237.00
Office 24	\$297.00
Office 25	\$257.00
Office 26	\$565.00
Office 27	\$257.00
Office 28	\$210.00
Waiting Area N	\$271.00
Office 29	\$267.00
Office 30	\$238.00
Office 31	\$580.00
Office 32	\$630.00
Office 33	\$328.00
Office 34	\$347.00
Conference Room O	\$230.00
Office 35	\$427.00
Office 36	\$360.00

**2nd Floor**

Office 1	\$292.00
Office 2	\$262.00
Office 3	\$230.00
Office 4	\$300.00
Office 5	\$220.00
Conference Room A	\$265.00
Conference Room B	\$230.00
StorageRoom C	\$204.00
Electronic Repair Room 6	\$90.00

Office 7	\$277.00
Office 8	\$190.00
Conference Room D	\$410.00
Office 9	\$290.00
Office 10	\$255.00
Conference Room E	\$380.00
Storage Room F	\$935.00
Area G	\$145.00
Display Room H	\$580.00
Office 11	\$325.00
Office 12	\$235.00
Office 13	\$262.00
Office 14	\$270.00
Lobby Area I	\$155.00
<b>1st Floor</b>	
Learning Center Room A	\$1,812.00
Conference Room B	\$330.00
Conference Room C	\$280.00
Studio Room D	\$15.00
Area E	\$55.00
Area F	\$25.00
<del>Office 1</del>	\$190.00
<del>Office 2</del>	\$150.00
<del>Office 3</del>	\$180.00
Office 4	\$165.00
<del>Office 5</del>	\$180.00
Office 6	\$150.00
<del>Office 7</del>	\$160.00
<del>Office 8</del>	\$170.00
Office 9	\$90.00
Office 10	\$45.00
<b>Total</b>	<b>\$25,976.00</b>

\*\*\*The purchase prices include all labor costs to remove the furniture from your building during normal business hours.\*\*\*

\*\*\* The purchase prices on this quote are based on purchasing all of the items and quantities as specified. If any items are removed or quantities changed we reserve the right to change the prices as quoted.\*\*\*

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

**Jointly Administered under  
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court Files No.'s:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases  
Judge Gregory F. Kishel

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**MEMORANDUM IN SUPPORT OF MOTION FOR EXPEDITED HEARING AND  
MOTION TO (1) REJECT LEASE OF NONRESIDENTIAL REAL PROPERTY UNDER  
11 U.S.C. § 365, (2) AUTHORIZE DEBTOR TO ENTER INTO NEW LEASE, (3)  
MOTION TO SELL PERSONAL PROPERTY OF THE ESTATE FREE AND CLEAR  
OF LIENS UNDER 11 U.S.C § 363, AND (3) APPROVE THE ALLOWANCE OF  
LANDLORD'S ADMINISTRATIVE EXPENSE CLAIM UNDER 11 U.S.C. § 503(b)**

Petters Group Worldwide, LLC ("PGW"), one of the Debtors in the above-captioned Chapter 11 cases, respectfully submits this Memorandum in support of its Motion to Reject Lease of Nonresidential Real Property, Motion to Authorize Debtor to Enter into New Lease, Motion to Sell Personal Property of the Estate Free and Clear of Liens and Motion to Approve the Allowance of Landlord's Administrative Expense Claim. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the motion filed in connection herewith (the "Motion").

## FACTS

The factual basis for this memorandum is set forth in the attached Motion and is hereby incorporated as if fully set forth herein.

## LEGAL ARGUMENT

### Expedited Hearing

Fed. R. Bankr. P. 2002(a)(2) provides that written notice of a motion regarding the “proposed use, sale, or lease of property of the estate other than in the ordinary course of business” is to be served not less than twenty days before the hearing on such motion, “unless the court for cause shown shortens the time...” Fed. R. Bankr. P. 9006(c), however, provides that the Court, on request of a party and for cause shown, may order a notice period reduced. Local Rule 9006-1(d) provides that if expedited relief is necessary, the party seeking such relief must request an expedited hearing and take all reasonable steps to provide the most expeditious service and notice possible and file an affidavit specifying the efforts made.

Debtors assert cause exists for shortening the notice period in this case. Here, the Lease obligates Debtors to pay a monthly rent of \$144,857.37, and without such expedited rejection of the Lease, another month’s rent will accrue on February 1, 2009 if the current Lease is still in effect on such date. Welsh Baker Road has allowed Debtors until January 31, 2009 to obtain necessary court approvals for these integrated transactions, which shall be effective as of January 1, 2009. Any such additional rent charges will likely be entitled to administrative claim status under 11 U.S.C. § 503, entitled to priority treatment under 11 U.S.C. § 507. To incur such additional administrative claim without a corresponding benefit to the estate would be detrimental to creditors and the estate. Debtor has negotiated and reached compromised terms with Welsh Baker Road and has served this Motion via email to the lessor, Welsh Baker Road, as well as their counsel. The United States Trustee, as well as all parties that have requested

electronic notice, will be served by the filing of this Motion via CM/ECF. All such other parties will be served via fax or email, and all parties will have been served with 9 days notice, which allows all parties sufficient opportunity to review and respond to this motion.

### **Lease Rejection**

The proposed rejection of the Lease is in the best interest of creditors and the estate. Under 11 U.S.C. § 365(a), “[T]he trustee, subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the Debtor.” The Debtor has the right, subject to court approval, to reject the Lease referenced in the Motion within the time period set forth in 11 U.S.C. § 365(d)(4).

In order to obtain court approval of assumption or rejection of a lease under § 365, the Debtor must establish that, in its best judgment, assumption or rejection is in the best interest of its creditors and the bankruptcy estate. *In re Food Barn Stores, Inc.*, 107 F.3d 558, 567 (8<sup>th</sup> Cir. 1997); *In re Crystalin, L.L.C.*, 293 B.R. 455, 463 (8th Cir. B.A.P. 2003); *In re Audra-John Corp.*, 140 B.R. 752, 755 (Bankr. D. Minn. 1992) (citing *N.L.R.B. v. Bildisco and Bildisco*, 465 U.S. 513, 520 (1984)).

Under this business judgment test, Debtor must demonstrate that rejecting the contract will benefit the estate, not that continued performance would result in actual loss of value from the estate. *In re Audra-John Corp.*, 140 B.R. at 755; *In re Food Barn Stores*, 107 F.3d at 567 n. 16. (citing *Richmond Leasing Co. v. Capital Bank, N.A.* 762 F.2d 1303, 1309 (5<sup>th</sup> Cir. 1985) (Where the Debtor’s request is not “manifestly unreasonable or made in bad faith, the court should normally grant approval as long as the proposed action appears to enhance the debtor’s estate.”). “The test embodies considerable deference to the proponent of the rejection, so long as it can articulate sound business reasons for repudiating the contract.”

*In re Audra-John Corp.*, 140 B.R. at 756.

Here, the Lease is for the entire Headquarters Location. Due to reduced operations resulting from the recent federal investigation, PGW has no ongoing need for the entire Headquarters Location. By not rejecting this Lease, administrative expenses will continue to accrue against the estate without any corresponding benefit to the estate for those expenses. Therefore, rejection of the Lease is in the best interest of the estate and creditors. Debtor also believes that rejecting the Lease and entering the New Lease is necessary to conduct ongoing operations.

### **Entering a New Lease**

In the ordinary course of business, debtor needs a facility from which to conduct its operations. A debtor authorized to be operated under Chapter 11 may enter into a lease of property of the estate in the ordinary course of business under § 363(c), which provides in pertinent part:

(c)(1) If the business of the debtor is authorized to be operated under section 721, 1108, 1304, 1203 or 1204 of this title and unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.

11 U.S.C. § 363(c)(1). Whether or not a transaction is in the ordinary course of business requires a two step analysis. *In re Jeurissen*, 85 B.R. 531, 537 (Bankr. D. Minn. 1988) (Dreher, J.) (citing *Johnston v. First Street Cos. ( In re Waterfront Cos.)*, 56 B.R. 31, 34-35 (Bankr. D. Minn. 1985) (Kressel, J.) As the *Waterfront Cos.* Court outlined, to determine whether a transaction is in the ordinary course of business of a debtor:

... there are at least two dimensions to the concept of ordinary course of business. The defendants focus on one dimension which might be called the horizontal dimension. That is, we compare this

debtor's business to other businesses and based on the kind of business it is in, we decide whether a type of transaction is in the course of that debtor's business or in the course of some other business. Thus raising a crop would not be in the ordinary course of business for a widget manufacturer because that is not a widget manufacturer's ordinary business.

However there is another dimension which we could perhaps call the vertical dimension. Even though something is the type of transaction in which this debtor could be expected to take part, is it the type of transaction that is in the *ordinary* course of business? Some transactions either by their size, nature or both are not within the day-to-day operations of a business and are therefore extraordinary.

*In re Waterfront Cos.*, 56 B.R. at 34 -35.

Debtor contends that entering a lease from which location it is to conduct operations is the type of transaction that is in the course of the Debtor's business, in fact, in the course of most businesses. Debtor also contend that entering such a lease is also ordinary, in that such New Lease is for a month-to-month lease that does not lock the Debtor into any long-term agreement and Debtor has the ability to terminate such lease on thirty (30) days written notice. Rent due under the New Lease is variable, based on the number of employees and other professionals occupying offices or workstations at the Headquarters Location, so as Debtor's operations wind down, and the number of employees and other professionals decreases, its rental charges will correspondingly decrease.

In many ways Debtor believes that entering this New Lease is in the ordinary course of its business and permitted under § 363(c) without requiring court authorization. However, out of an abundance of caution, debtor seeks court authority to enter such New Lease.

### **Sale of Property Outside the Ordinary Course**

In pertinent part, § 363(b) provides that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C.



§ 363(b)(1). In determining whether to authorize the use, sale or lease of property of the estate under this section, courts require the debtor to show that a sound business purpose justifies such actions. *See, e.g., In re Schipper*, 933 F.2d 513, 515 (7<sup>th</sup> Cir. 1991); *In re Channel One Communications*, 117 B.R. 493 (Bankr. E.D. Mo. 1990) (applying the sound business purpose test of *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983).

In evaluating whether a sound business purpose justifies the use, sale or lease of property under § 363(b), courts consider a variety of factors, which essentially represent a “business judgment test.” *See Collier on Bankruptcy* § 363.02 (15th rev. ed. 2008). In *In re Lionel Corp.*, the Court of Appeals for the Second Circuit listed several factors which a bankruptcy court may consider in its § 363(b) analysis. Specifically confronted with the sale of assets under § 363(b), the Second Circuit stated:

In fashioning its findings, a bankruptcy judge must not blindly follow the hue and cry of the most vocal special interest groups; rather, he should consider all salient factors pertaining to the proceeding and, accordingly, act to further the diverse interests of the debtor, creditors and equity holders, alike. He might, for example, look to such relevant factors as the proportionate value of the asset to the estate as a whole, the amount of elapsed time since the filing, the likelihood that a plan of reorganization will be proposed and confirmed in the near future, the effect of the proposed disposition on future plans of reorganization, the proceeds to be obtained from the disposition vis-a-vis any appraisals of the property, which of the alternatives of use, sale or lease the proposal envisions, and most importantly perhaps, whether the asset is increasing or decreasing in value.

722 F.2d at 1071. In delineating these factors, the Second Circuit cautioned that “this list is not intended to be exclusive, but merely to provide guidance to the bankruptcy judge.” *Id.*

Here, the Debtor believes sound business justification exists to sell its Office Furniture as set forth in the Motion. Debtor’s operations are headquartered in Minnesota, and due to reduced operations, Debtor has no need for such Office Furniture that it purchased for that location. Debtor obtained independent bids to remove and sell the Office Furniture and Debtor believes

the value being paid by Welsh Baker Road is the best value that could be obtained for this property and exceeds the two other offers received for the same items. The sale of the Office Furniture has been proposed and negotiated in good faith and adequate and reasonable notice is being provided to parties in interest. As a result, Debtor believes the sale of PGW's Office Furniture to Welsh Baker Road for \$60,000 is in the best interest of the estate and its creditors and requests court authority to enter such transactions.

### **Sale of Property Free and Clear of Liens**

Debtor also seeks authority to sell the Office Furniture free and clear of liens and encumbrances. Section 363 of the Bankruptcy Code provides that:

The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if--

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). Any one of the five conditions provides authority to sell free and clear of liens. *In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988). To the extent a secured creditor or lienholder that receives notice of the sale and does not file an objection to the motion, that creditor should be deemed to have consented to the sale. *In re Shary*, 152 B.R. 724, 725-26 (Bkrcty. N.D. Ohio 1993).

Here, Debtor has obtained the consent of secured creditors holding security interests in the Office Furniture. Additionally, such affiliated entities could be compelled to accept money

satisfaction of such interest. Therefore, Debtor has met the conditions required by Section 363(f).

### **Allowance of Administrative Claim**

Pursuant to 11 U.S.C. § 507(a)(2), administrative expenses allowed under 11 U.S.C. § 503(b) take first priority in distribution. Section 503(b) provides in pertinent part:

(b) After notice and a hearing, there shall be allowed administrative expenses, other than claims allowed under section 502(f) of this title, including-

(1)(A) the actual, necessary costs and expenses of preserving the estate, including wages, salaries, or commissions for services rendered after the commencement of the case.

11 U.S.C. § 503(b)(1)(A). Essentially an administrative expense payment is a type of priority given to those who either help preserve and administer the estate or who assist with rehabilitation of the debtor for the benefit of all creditors. *In re Jeurissen*, 85 B.R. 531, 534 -535 (Bankr. D. Minn. 1988). The general rule in determining whether a claim arises from the preservation of the bankruptcy estate under section 503(b)(1)(A) is that only post-petition expenses are entitled to administrative priority. *Id.*; *See, also, In re Fuzzy Thurston's Eau Claire Left Guard*, 33 B.R. 579, 581 (Bkcty.D.Wis.1983); *In re Hearth & Hinge, Inc.*, 28 B.R. 595, 597 (Bankr. S.D. Ohio 1983). Generally, only those obligations of a debtor that arise post-petition are entitled to treatment as administrative expenses. *In re Burival*, 392 B.R. 793, 801 (Bankr. D. Neb. 2008) (“post-petition, pre-rejection rent should be allowed as an administrative expense only for the time of the debtors' post-petition use of the premises.”); *Tavormina v. Weiner* ( *In re Alchar Hardware Co.*), 759 F.2d 867, 868-69 (11th Cir.1985). Moreover, administrative rent claims must be for reasonable amounts and cannot be allowed over and above that. *See, e.g., In re International Storage Corp.*, 41 B.R. 808, 809 (Bankr. E.D. Wis.1984).

36. Debtors have continued to occupy and utilize the Headquarters Location since the filing of petitions on October 11, 2008 through the date hereof. As such, Debtor's post-petition use of the premises gives rise to an administrative rent claim by Welsh Baker Road in this case. The monthly rent allocable to the post petition period is the pro rata post petition portion of October, 2008, and the full months of November and December 2008 and January 2009, which Debtor estimates is a total of \$532,690.23. It is this amount that Debtor believes constitutes an allowable administrative expense pursuant to 11 U.S.C. § 503(b)(1)(A) as an actual, necessary cost and expense of preserving the estate.

37. Debtor and Welsh Baker Road have agreed to compromise and settle such administrative claim for unpaid post-petition rent, yielding a settlement amount of \$204,729.06, which is less than 40% of the above total post-petition lease obligations of the Debtor as of the effective date of rejection of the Lease, which amount shall be Welsh Baker Road's allowed administrative expense claim for post petition rent under the Lease further reduced by the sale of Office Furniture, as more fully described in the motion. Therefore, Debtor respectfully requests this Court allow the Welsh Admin Claim in the amount of \$204,729.06 and authorize the Debtor to pay such claim.

### **CONCLUSION**

Debtor respectfully requests that the Court enter an order (1) granting expedited relief, (2) approving PGW's rejection of the Lease for the Headquarters Location effective January 1, 2009, (3) authorizing PGW to enter into the New Lease under the terms described herein, (4) authorizing the sale of PGW's Office Furniture free and clear of liens, interests, claims and other encumbrances, (5) allowing the Welsh Admin Claim for postpetition rent and authorizing Debtor to pay such claim, and (6) granting such other relief as may be just and equitable.

DATED: January 20, 2009

**LINDQUIST & VENNUM P.L.L.P.**

By /e/ James A. Lodoen  
James A. Lodoen (#173605)  
George H. Singer (#262043)  
William P. Wassweiler (# 232348)

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(612) 371-3211  
(612) 371-3207 (facsimile)

**ATTORNEYS FOR DOUGLAS A.  
KELLEY, APPOINTED TRUSTEE**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

**Jointly Administered under  
Case No. 08-45257**

Petters Company, Inc., et al.,

Court File No. 08-45257

Debtors.

Court Files No.'s:

(includes:

Petters Group Worldwide, LLC;

08-45258 (GFK)

PC Funding, LLC;

08-45326 (GFK)

Thousand Lakes, LLC;

08-45327 (GFK)

SPF Funding, LLC;

08-45328 (GFK)

PL Ltd., Inc.;

08-45329 (GFK)

Edge One LLC;

08-45330 (GFK)

MGC Finance, Inc.;

08-45331 (GFK)

PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases  
Judge Gregory F. Kishel

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**ORDER GRANTING EXPEDITED HEARING AND AUTHORIZING REJECTION OF  
A LEASE OF NONRESIDENTIAL REAL PROPERTY, AUTHORIZING DEBTOR TO  
ENTER INTO NEW LEASE, AUTHORIZING DEBTOR TO SELL PERSONAL  
PROPERTY OF THE ESTATE FREE AND CLEAR OF LIENS AND APPROVING THE  
ALLOWANCE OF LANDLORD'S ADMINISTRATIVE EXPENSE CLAIM**

This matter came on for hearing before the Court on January 29, 2009 on the motion of Petters Group Worldwide, LLC ( "PGW" or "Debtor") for (1) expedited hearing, (2) authorization to reject a lease of nonresidential real property with Welsh Baker Road LLC ("Welsh Baker Road"), (3) authorization to enter into the New Lease, (4) authorization to sell personal property of the estate free and clear of liens, interests, claims and other encumbrances and (5) approval of the allowance of Welsh Baker Road's administrative expense claim. Capitalized terms used not otherwise defined herein shall have the meanings given to such terms

in the motion filed in connection herewith (the "Motion"). James A. Lodoen appeared for the Debtors. Other appearances were noted on the record. Based on the arguments of counsel, moving documents and the record made at the hearing,

IT IS HEREBY ORDERED:

1. The Motion for expedited relief is granted.
2. PGW is authorized to reject the Lease with Welsh Baker Road, and such rejection is effective as of January 1, 2009.
3. PGW is authorized to enter into the New Lease with Welsh Baker Road under such terms as are stated in the Motion.
4. PGW shall immediately surrender to Welsh Baker Road the portions of the Headquarters Location not subject to the New Lease.
5. PGW and Welsh Baker Road shall be entitled to exercise all of their respective rights and remedies under the New Lease and under applicable law without first obtaining relief from the automatic stay or any other approval of this Court, such rights and remedies shall include without limitation (i) termination of the New Lease or PGW's possession of the premises described therein, (ii) commencement of any action to evict PGW, and (iii) relocation of PGW, in each case in accordance with the terms of the New Lease.
6. To the extent not paid, rent and such other amounts owing by PGW under the New Lease shall be entitled to priority as an administrative expense claims in this case.
7. Nothing contained herein shall prejudice Welsh Baker Road's right to file a proof of claim for damages arising from the rejection of the Lease.

8. The administrative claim of Welsh Baker Road for postpetition rent owing from the inception of these cases until the effective date of the rejection of the Lease shall be allowed in the compromised amount of \$204,729.06 and Debtor is authorized to pay such claim contemporaneously with the execution of the New Lease.

9. PGW is authorized to sell its Office Furniture to Welsh Baker Road for \$60,000 under the terms and conditions outlined in the Motion. Pursuant to Section 363(f) of the Bankruptcy Code, such Office Furniture shall be sold free and clear of any and all liens, claims, interests and encumbrances and PGW is authorized to apply such proceeds against the Welsh Admin Claim.

10. The reversal or modification on appeal of the authorization provided herein to consummate the sale of the Office Furniture to Welsh Baker Road shall not affect the validity of such sale to Welsh Baker Road, unless such authorization is duly stayed pending an appeal.

11. This Order (a) is and shall be effective as a determination that all liens, interests, claims and other encumbrances existing as to the Office Furniture conveyed to Welsh Baker Road have been and hereby are adjudged and declared to be unconditionally released, discharged and terminated, and (b) is and shall be binding upon and govern the acts of all entities, including secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments. All such entities described in this Paragraph 11 are authorized and specifically directed to strike all recorded liens, interests, and encumbrances against the Office Furniture from their records, official and otherwise.



12. This Order shall be binding in all respects upon all creditors and equity-holders of any of the Debtor, all successors and assigns of the Debtor and their affiliates and subsidiaries, and any trustees, examiners, “responsible persons” or other fiduciaries appointed in the Debtor’s bankruptcy case or upon a conversion to Chapter 7 under the Bankruptcy Code, and the sale of the Office Furniture to Welsh Baker Road shall not be subject to rejection or avoidance under any circumstances.

13. The Court shall retain exclusive jurisdiction to resolve any disputes arising from or relating to the subject matter of the Motion or this Order.

14. Notwithstanding Fed. R. Bankr. P. 6004(h), this Order shall take effect immediately upon entry.

Dated: \_\_\_\_\_

BY THE COURT:

\_\_\_\_\_  
HONORABLE GREGORY F. KISHEL  
UNITED STATES BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

**Jointly Administered under  
Case No. 08-45257**

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PAC Funding, LLC;

08-45371 (GFK)

Palm Beach Finance Holdings, Inc.)

08-45392 (GFK)

Chapter 11 Cases  
Judge Gregory F. Kishel

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**CERTIFICATE OF SERVICE**

Gretchen Luessenheide of the City of New Hope, County of Hennepin, State of Minnesota, being first duly sworn on oath, states that on January 20, 2009 she served the following documents:

1. Notice of Hearing, Motion for Expedited Hearing and Motion to (1) Reject Lease of Nonresidential Real Property Under 11 U.S.C. § 365, (2) Authorize Debtor to Enter into New Lease, (3) Motion to Sell Personal Property of the Estate Free and Clear of Liens Under 11 U.S.C. § 363, and (4) Approve the Allowance of Landlord's Administrative Expense Claim under 11 U.S.C. § 503(b);
2. Memorandum in Support of Motion for Expedited Hearing and Motion to (1) Reject Lease of Nonresidential Real Property Under 11 U.S.C. § 365, (2) Authorize Debtor to Enter into New Lease, (3) Motion to Sell Personal Property of the Estate Free and Clear of Liens Under 11 U.S.C. § 363, and (4) Approve the Allowance of Landlord's Administrative Expense Claim under 11 U.S.C. § 503(b); and
3. Proposed Order Granting Expedited Hearing and Authorizing Rejection of a Lease of Nonresidential Real Property, Authorizing Debtor to Enter into New Lease, Authorizing Debtor to Sell Personal Property of the Estate Free and Clear of Liens and Approving the Allowance of Landlord's Administrative Expense Claim

upon:

Arrowhead Capital Management LLC c/o James N. Fry 601 Carlson Parkway, Suite 1250 Minnetonka, MN 55305	Mark R. Jacobs Pryor Cashman LLP 410 Park Avenue New York, NY 10022
Ronald R. Peterson Jenner & Block, LLP 330 North Wabash Avenue Chicago, IL 60611-7603	Taunton Ventures LP c/o Paul Taunton 990 Deerbrook Drive Chanhassen, MN 55317
Petters Company, Inc. 4400 Baker Road Minnetonka, MN 55343	Petters Group Worldwide 4400 Baker Road Minnetonka, MN 55343
Dean Vlahos 294 Grove Lane E, Suite 113 Wayzata, MN 55391	Welsh Baker Road c/o Steve Ryan or Mike Gordon Briggs and Morgan 2200 IDS Center 80 South Eighth Street Minneapolis, MN 55402
District Counsel and District Director of the IRS David Zoss via facsimile 651-726-7360	US Attorney for District of Minnesota 600 U.S. Courthouse 300 South Fourth Street Minneapolis, MN 55415
Minnesota Department of Revenue Collection Division P. O. Box 64564 St. Paul, MN 55164-0564	Huron Consulting Group, Inc. 4795 Paysphere Circle Chicago, IL 60674-4795
Douglas A. Kelley Kelley & Wolter Centre Village Offices 431 S. Seventh Street, Suite 2530 Minneapolis, MN 55415	Connie Lahn David Runck Fafinski Mark & Johnson, P.A. Flagship Corporate Center 775 Prairie Center Drive, Suite 400 Eden Prairie, MN 55344

via U.S. Mail (or via facsimile, as noted) to the addresses listed above, and electronically by Notice of Electronic Filing, and upon all parties who have requested service in these cases by filing the same via ECF with the Bankruptcy Court in the District of Minnesota.

\_\_\_\_\_  
/e/ Gretchen Luessenheide  
Gretchen Luessenheide