

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
)	Chapter 11
)	
GULF PACKAGING, INC., ¹)	Case No. 15-15249 (PSH)
)	
Debtor.)	

**SUMMARY OF SECOND INTERIM AND FINAL APPLICATION OF
GRAY REED & MCGRAW, P.C. FOR ALLOWANCE OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES**

- | | |
|--|--|
| 1. Applicant | Gray Reed & McGraw, P.C. |
| 2. Application Period | Second Interim: August 1, 2015 through
January 22, 2016

Final: April 29, 2015 through January 22, 2016 |
| 3. Date of Order Authorizing Employment | May 26, 2015 [Docket No. 125] |
| 4. Date Services Were Commenced by Applicant | April 29, 2015 |
| 5. Prior Fee Applications | First Interim Application for the Period April 29, 2015 through July 31, 2015 [Docket No. 220] |
| 6. Prior Fees Awarded | \$202,925.00 |
| 7. Prior Expenses Awarded | \$5,926.06 |
| 8. Date of Orders Awarding Prior Fees and Expenses | December 2, 2015 [Docket No. 301] |
| 9. Amount of Prepetition Retainer | \$8,500 |

¹ The last four digits of the Debtor's tax identification number are 5030.

10. Total Fees Requested in This Final Application	Second Interim: Final:	\$152,923.50 \$355,848.50 ²
11. Total Expenses Requested in This First Interim Application	Second Interim: Final:	\$5,026.87 \$10,952.93 ³
12. Fees Paid Pursuant to Compensation Procedures Order During Second Interim Period		\$53,253.60
13. Expenses Paid Pursuant to Compensation Procedures Order During Second Interim Period		\$1,980.48
14. Net Fees Requested to Be Paid		\$99,669.90 ⁴
15. Net Expenses Requested to Be Paid		\$3,046.39 ⁵
16. Blended Rate for All Professionals (Second Interim Period)		\$461.45
17. Blended Rate for All Professionals (Final Application Period)		\$447.22
18. Blended Rate for Attorneys Only (Second Interim Period)		\$487.70
19. Blended Rate for Attorneys Only (Final Application Period)		\$470.51

² Does not include \$3,003.00 in fees struck by the Court in its Order Granting First Interim Application of Gray Reed & McGraw, P.C. for Allowance of Compensation and Reimbursement of Expenses for the Period April 29, 2015 through July 31, 2015 [Docket No. 301] (the “First Fee Order”).

³ Does not include \$128.00 in expenses struck by the Court in its First Fee Order.

⁴ As described more fully in the Application, Gray Reed has agreed to defer payment of its allowed fee claim to be paid from the Trust.

⁵ As described more fully in the Application, Gray Reed has agreed to defer payment of its allowed expense claim to be paid from the Trust.

SECOND INTERIM PERIOD

NAME	DATE OF FIRST BAR ADMISSION	BILLABLE RATE	HOURS WORKED	VALUE OF SERVICES RENDERED
SHAREHOLDERS AND MEMBERS				
Jason S. Brookner	1995	585.00	194.6	\$113,841.00
Micheal W. Bishop	1988	475.00	9.1	\$4,322.50
David R. Earhart	1991	495.00	4.7	\$2,326.50
		475.00	2.3	\$1,092.50
Jennifer L. Gurevitz	2003	475.00	3.7	\$1,567.50
		415.00	0.4	\$166.00
Travis S. Crabtree	2000	385.00	8.1	\$3,118.50
Andrew K. York	2005	375.00	0.5	\$187.50
SUBTOTAL:			223.4	\$126,622.00
ASSOCIATES				
Trinitee G. Green	2012	285.00	24.0	\$6,840.00
		250.00	9.2	\$2,300.00
Lydia R. Webb	2012	285.00	38.6	\$11,001.00
		250.00	11.0	\$2,750.00
Alexandria M. Moore	2015	230.00	0.7	\$161.00
SUBTOTAL:			83.5	\$23,052.00
PARALEGALS AND OTHER PROFESSIONALS				
Jill F. Wall	n/a	200.00	0.2	\$40.00
Diane R. Trent	n/a	165.00	10.0	\$1,617.00
		175.00	14.3	\$1,592.50
SUBTOTAL:			24.5	\$3,249.50
TOTAL:			331.4	\$152,923.50

FINAL APPLICATION PERIOD

NAME	DATE OF FIRST BAR ADMISSION	BILLABLE RATE	HOURS WORKED	VALUE OF SERVICES RENDERED
SHAREHOLDERS AND MEMBERS				
Jason S. Brookner	1995	585.00	373.6	\$218,556.00
Micheal W. Bishop	1988	475.00	100.4	\$47,690.00
David R. Earhart	1991	495.00	4.7	\$2,326.50
		475.00	32.7	\$15,532.50
Jennifer L. Gurevitz	2003	475.00	3.7	\$1,567.50
		415.00	0.4	\$166.00
Charles B. Koerth	1992	450.00	1.3	\$585.00
Carol M. Wilhelm	2001	450.00	0.3	\$135.00
Travis S. Crabtree	2000	385.00	29.2	\$11,242.00
Andrew K. York	2005	375.00	0.5	\$187.50
SUBTOTAL:			546.8	\$297,988.00
ASSOCIATES				
Jason Luter	2007	375.00	4.5	\$1,687.50
Trinitee G. Green	2012	285.00	24.0	\$6,840.00
		250.00	82.4	\$20,600.00
Lydia R. Webb	2012	285.00	38.6	\$11,001.00
		250.00	45.7	\$11,425.00
Benjamin F. Smith	2013	240.00	0.4	\$96.00
Alexandria M. Moore	2015	230.00	0.7	\$161.00
Michael A. Lillibridge	2003	235.00	0.7	\$164.50
SUBTOTAL:			197.0	\$51,975.00
PARALEGALS AND OTHER PROFESSIONALS				
Jill F. Wall	n/a	200.00	0.2	\$40.00
		190.00	0.5	\$95.00
Diane R. Trent	n/a	175.00	14.3	\$1,592.50
		165.00	43.6	\$7,161.00
SUBTOTAL:			58.6	\$8,888.50
TOTAL:			802.4	\$358,851.50¹

¹ Includes \$3,003.00 in fees struck by the Court in its First Fee Order.

UNITED STATES BANKRUPTCY COURT
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In re:)	
)	Chapter 11
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GULF PACKAGING, INC., ¹)	Case No. 15-15249 (PSH)
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Debtor.)	
)	

CERTIFICATION OF JASON S. BROOKNER ACCOMPANYING SECOND INTERIM AND FINAL APPLICATION OF GRAY REED & MCGRAW, P.C. FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

Jason S. Brookner, a Shareholder of Gray Reed & McGraw, P.C. applicant herein (“Gray Reed”), pursuant the United States Trustee’s Guidelines for Reviewing Applications for Compensation (reprinted at 28 C.F.R. Part 58, Appendix A) (the “UST Guidelines”) and the Court’s Order Establishing Professional Interim Compensation Procedures [Docket No. 129] (the “Compensation Procedures Order”), hereby certifies as follows:

1. I have reviewed the Second Interim and Final Application (the “Application”) of Gray Reed & McGraw, P.C. (“Gray Reed”) for Allowance of Compensation and Reimbursement of Expenses, and to the best of my knowledge, information and belief, formed after reasonable inquiry, the fees and disbursements sought by Gray Reed in the Application are in conformity with the UST Guidelines, the Compensation Procedures Order and the local practice in this District.

2. The fees and disbursements sought by Gray Reed in the Application are not prohibited by the UST Guidelines, and are billed at rates and in accordance with the practices no less favorable

¹ The last four digits of the Debtor’s tax identification number are 5030.

than those customarily employed by Gray Reed and generally accepted by Gray Reed's non-bankruptcy clients.

3. In providing a reimbursable service, Gray Reed does not make a profit on that service whether the service is performed by Gray Reed in-house or through a third party.

4. The Debtor's CRO, the Office of the United States Trustee, the Debtor's secured lender, and the Official Committee of Unsecured Creditors have been provided with a copy of this Application.

Respectfully submitted this 22nd day of February, 2016.

GRAY REED & McGRAW, P.C.

By: /s/ Jason S. Brookner

Jason S. Brookner

Texas Bar No. 24033684

Micheal W. Bishop

Texas Bar No. 02354860

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mbishop@grayreed.com

COUNSEL TO THE DEBTOR

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 22nd day of February, 2016, he caused a true and correct copy of the foregoing document to be served on the U.S. Trustee, counsel to the Committee and counsel to FCC, as well on the parties who have subscribed for notice via the Court's CM-ECF notification system.

/s/ Jason S. Brookner

Jason S. Brookner

**UNITED STATES BANKRUPTCY COURT
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**SECOND INTERIM AND FINAL APPLICATION OF GRAY REED & McGRAW, P.C.
FOR ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Gray Reed & McGraw, P.C. ("Gray Reed" or "Applicant"), counsel to Gulf Packaging, Inc. the above-captioned debtor and debtor in possession ("GPI" or the "Debtor"), pursuant to section 330 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2016(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Court's Order Establishing Professional Interim Compensation Procedures [Docket No. 129] (the "Compensation Procedures Order"), hereby files its Second Interim and Final Application for Allowance of Compensation and Reimbursement of Expenses (the "Application"). By this Application, Gray Reed seeks: (i) allowance of interim compensation of \$152,923.50 for services rendered from August 1, 2015 through January 22, 2016 (the "Second Interim Period"); (ii) reimbursement of \$5,026.87 for expenses incurred during the Second Interim Period; (iii) final approval of \$355,848.50 in fees and \$10,952.93 in expenses incurred from April 29, 2015 to January 22, 2016 (the "Final Application Period"); (iv) authorization to draw \$8,472.78 from its pre-petition retainer to pay for fees incurred during the Second Interim Period; and (v) an allowed priority claim of \$94,243.51, consisting of (A) \$91,197.12 in unpaid fees incurred during the

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Second Interim Period and (B) \$3,046.39 in unpaid expenses incurred during the Second Interim Period.²

INTRODUCTION

5. On April 29, 2015 (the "Petition Date"), GPI filed its voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). GPI continues to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. On May 15, 2015, the Debtor filed its application to retain Gray Reed as counsel, effective as of the Petition Date. *See* Docket No. 90. Gray Reed's retention was approved by Order dated May 26, 2015. *See* Docket No. 125.

7. On May 11, 2015, the Office of the United States Trustee appointed an official committee of unsecured creditors (the "Committee"). No request has been made for the appointment of a trustee or examiner.

8. On December 15, 2015, the Court entered an Order [Docket No. 317] confirming the Debtor's First Amended Chapter 11 Plan [Docket No. 266] (the "Plan"). The Plan became effective on January 22, 2016 [Docket No. 331].

9. Gray Reed respectfully submits that, based on the pleadings filed and actions taken on behalf of the Debtor, the results achieved, and the descriptions of the services provided in the contemporaneous time records maintained by Gray Reed which are attached hereto, the services performed and amounts charged by Gray Reed are reasonable, appropriate, and were beneficial to

² As described more fully herein, Gray Reed has agreed to defer payment of \$94,243.51 of its allowed fees and expenses to be paid from the Trust. Gray Reed seeks authorization to pay a portion of its unpaid fees, in the amount of \$8,472.78, from its pre-petition retainer.

the Debtor and its estate at the time such services were rendered. Gray Reed respectfully requests that this Application be granted as set forth herein.

JURISDICTION

10. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§157 and 1334. Consideration of this Application is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A) and (O). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

11. GPI is a national distributor of packaging equipment and supplies, which sells its product by and through several independent entities (“Affiliates”).³ When GPI is combined with the Affiliates, as of the Petition Date, there were over twenty (20) warehousing locations to better serve GPI’s customer base. Additional information about the Debtor, its business and corporate and capital structure is set forth in the *Declaration of Edward T. Gavin, CTP in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 14] (the “Gavin Declaration”), filed on the Petition Date.

12. As set forth more fully in the Gavin Declaration, GPI filed bankruptcy to liquidate and wind down its business. The Debtor was able to sell substantially all of its assets. As previously mentioned, the Plan was confirmed [Docket No. 317], and became effective on January 22, 2016 [Docket No. 331].

³ As used herein, “Affiliate” means a company that has a relationship – formal or informal – to the Debtor, and sells packaging products under a variation of the Gulf name. Unless otherwise set forth, use of the term “Affiliate” is not intended to have the same meaning as the “affiliate” term of art defined in section 101(2) of the Bankruptcy Code. All rights with respect to this issue are reserved.

SUMMARY OF REQUEST

13. By this Application, Gray Reed seeks (i) second interim approval of \$152,923.50 in fees for services rendered to the Debtor during the Second Interim Period, (ii) approval of \$5,026.87 in expenses incurred during the Second Interim Period, (iii) final approval of \$355,848.50 in fees for services rendered to the Debtor during the Final Application Period and \$10,952.93 in expenses incurred during the Final Application Period,⁴ (iv) authorization to draw \$8,472.78 from its pre-petition retainer to pay for fees incurred during the Second Interim Period; and (v) an allowed priority claim of \$94,243.51, consisting of (A) \$91,197.12 in unpaid fees incurred during the Second Interim Period and (B) \$3,046.39 in unpaid expenses incurred during the Second Interim Period. The blended hourly rate for services provided by all Gray Reed professionals was \$461.45 during the Second Interim Period and \$447.22 during the Final Application Period. The blended rate for attorneys only was \$487.70 during the Second Interim Period and \$470.51 during the Final Application Period.

14. Annexed hereto as Exhibits "A" through "F" are Gray Reed's Monthly Fee Statements for August 2015 through January 2016. These Exhibits consist of daily itemizations of the services rendered by each Gray Reed professional during the Second Interim Period, broken out by specific project category, and reflect the name of the professional rendering the service, the service provided, the professional's billing rate and the amount of time expended on the service recorded in tenths (1/10) of an hour. These Exhibits were compiled from the contemporaneous time records maintained by Gray Reed in the ordinary course of its business. The reflected rates are those customarily charged by Gray Reed to its non-bankruptcy clients.

⁴ Does not include \$3,003.00 in fees and \$128.00 in expenses struck by the Court in its First Fee Order.

15. Annexed hereto as Exhibit “G” are invoices from April 30, 2015 that were inadvertently left off from Gray Reed’s First Interim Application.

16. Annexed hereto as Exhibit “H” are summary charts showing the aggregate amount of time and fees expended during the Second Interim and Final Application Periods in connection with each billing category.

17. Annexed hereto as Exhibit “I” is an itemization of the actual and necessary expenses incurred by Gray Reed during the Final Application Period in connection with the rendition of the services described herein. All such expenses are reflected in the books and records of Gray Reed, contemporaneously maintained in the ordinary course of business.

18. Applicant represents that it has no agreement or understanding which may be prohibited by 18 U.S.C. § 155.

**SERVICES RENDERED DURING THE SECOND INTERIM
AND FINAL APPLICATION PERIOD**

19. Gray Reed respectfully submits that its services have provided a benefit to the Debtor and its estate. Set forth below are descriptions of the services rendered by Gray Reed on the Debtor’s behalf, on a category-by-category basis.

A. General

20. This category reflects time spent by Gray Reed performing services not easily assignable to a specific project category. Included in this category is time spent engaging in general correspondence and communications with interested parties, case professionals and others. Also included is time spent preparing documents for filing with the Court, working on generalized case issues, and analyzing pleadings filed by other parties in interest.

21. Applicant spent a total of 51.8 hours on tasks in this category during the Second Interim Period for fees of \$20,363.00, and 96.8 hours during the Final Application Period for total fees of \$38,331.50.

B. Case Administration

22. Time spent in this category relates to case administrative matters including, but not limited to, preparing the Debtor's schedules and statements of financial affairs and related administrative matters.

23. Applicant spent a total of 3.5 hours on tasks in this category during the Second Interim Period for fees of \$1,328.50, and 49.6 hours during the Final Application Period for total fees of \$16,525.50.⁵

C. Professional Retention and Compensation

24. This category reflects time spent by Gray Reed performing services in connection with the retention of case professionals and related matters. These services include, but are not limited to, preparing the Debtor's applications to retain Equity Partners H.G. as the Debtor's investment banker and ASK LLP as the Debtor's special preference counsel, preparing monthly statements of fees and expenses in conformity with the Compensation Procedures Order, preparing Gray Reed's First Interim Fee Application and this Application, reviewing retention and fee applications filed by other parties in interest, and related matters.

25. Applicant spent a total of 28.2 hours on tasks in this category during the Second Interim Period for fees of \$10,456.00, and 58.8 hours during the Final Application Period for total fees of \$20,998.50.

⁵ There is a certain degree of overlap between the Case Administration and General categories.

D. Business Operations and Employee Issues

26. This category reflects time spent by Gray Reed performing services in connection with employee and related benefits matters, including seeking approval of payment of employee wages and commissions and evaluating and seeking approval to terminate the Debtor's 401(k) plan, as well as handling vendor issues, and correspondence and meetings with the Debtor's board of directors.

27. Applicant spent a total of 23.9 hours on tasks in this category during the Second Interim Period for fees of \$11,974.00, and 87.1 hours during the Final Application Period for total fees of \$40,578.00.

E. Cash Collateral and Related Issues

28. Services performed in this category relate to the Debtor's usage of FCC's cash collateral.

29. Applicant spent a total of 5.8 hours on tasks in this category during the Second Interim Period for fees of \$3,393.00, and 16.4 hours during the Final Application Period for total fees of \$8,811.00.

F. Claims and Related Issues

30. Time in this category relates primarily to addressing reclamation demands filed by creditors, establishing a procedure for determining legitimate reclamation demands, and analyzing and objecting to claims filed against the Debtor.

31. Applicant spent a total of 12.7 hours on tasks in this category during the Second Interim Period for fees of \$4,456.00, and 37.7 hours during the Final Application Period for total fees of \$13,563.00.

G. Plan and Disclosure Statement

32. Time in this category relates to preparing the Debtor's plan, disclosure statement and supporting materials, negotiations and meetings with the Committee and the Debtor's secured lender (FCC LLC d/b/a First Capital ("FCC")) in connection therewith, drafting solicitation materials and analyzing solicitation issues, resolving Plan objections, preparing the confirmation order, and other matters related thereto.

33. Applicant spent a total of 123.1 hours on tasks in this category during the Second Interim Period for fees of \$57,102.00, and 146.4 hours during the Final Application Period for total fees of \$67,335.00.

H. Sales and Related Issues

34. Time in this category relates to matters concerning sales of the Debtor's inventory and property. To begin, the Debtor filed its *Motion to Establish and Approve Procedures for the Sale of Certain Assets* [Docket No. 13] (the "Sales Procedures Motion"), to streamline and reduce fees and expenses in connection with smaller sales of assets. As of the date of this Application, the Debtor has received proceeds of approximately \$2 million in connection with assets sold pursuant to the Sales Procedures Motion. The Debtor also separately sold its assets in Houston and Brownsville, Texas, to a third party for total consideration in excess of \$900,000 (including assuming liabilities). *See* Docket No. 186.

35. In addition, the Debtor filed a motion to approve bidding procedures and a sale of substantially all of its assets [Docket No. 159]. Although the Debtor named a stalking horse bidder for the sale, that bidder backed out at the last minute. As a result, the Debtor conducted an open auction with two bidders on July 29, 2015. After several rounds of bidding, the Debtor determined,

with the input of FCC and the Committee, that none of the bids received were sufficient. All bids were, therefore, rejected and the auction was concluded.

36. Debtor also sold its IT assets to Caliber. [Docket No. --].

37. After Debtor liquidated its valuable assets, Debtor sought to abandon scrap and obsolete inventory.

38. As a result of the sale of assets and other collections, the Debtor has been able to pay down the prepetition debt owing to FCC by approximately \$4.2 million since the Petition Date.

39. Applicant spent a total of 25.6 hours on tasks in this category during the Second Interim Period for fees of \$12,310.00, and 167.5 hours during the Final Application Period for total fees of \$76,987.00.

I. Attendance at Hearings

40. This category reflects time spent by Gray Reed preparing for, attending, and following up after various hearings on the Debtor's behalf.

41. Applicant spent a total of 23.9 hours on tasks in this category during the Second Interim Period for fees of \$13,882.50, and 93.0 hours during the Final Application Period for total fees of \$49,905.50.

J. General Litigation

42. This category reflects time spent addressing litigation to which the Debtor is a party that existed prior to the Petition Date and litigation initiated post-petition by the Debtor against certain affiliates.

43. Applicant spent a total of 22.8 hours on tasks in this category during the Second Interim Period for fees of \$12,976.00, and 24.1 hours during the Final Application Period for total fees of \$13,476.50.

K. Tax Matters

44. This category relates to time spent working on various tax issues raised by the Debtor's chapter 11 case.

45. Applicant spent a total of 4.1 hours on tasks in this category during the Second Interim Period for fees of \$1,733.50, and 4.3 hours during the Final Application Period for total fees of \$1,850.50.

L. Communications with Constituents

46. This category relates to time spent communicating with creditors, the Committee and other constituents regarding various aspects of the Debtor's chapter 11 case, including answering questions about the general status and effect of the case, deadlines, and related matters.

47. Applicant spent a total of 2.0 hours on tasks in this category during the Second Interim Period for fees of \$610.00, and 14.5 hours during the Final Application Period for total fees of \$7,084.50.

M. Leases and Contracts

48. This category relates to time spent communicating with the Debtor's landlords and analyzing related lease issues.

49. Applicant spent a total of 4.0 hours on tasks in this category during the Second Interim Period for fees of \$2,340.00, and 6.2 hours during the Final Application Period for total fees of \$3,405.00.

STANDARD FOR ALLOWANCE OF FEES AND EXPENSES

50. Section 330 of the Bankruptcy Code authorizes the Court to award an applicant, as counsel for a trustee, debtor, creditors' committee or other professional employed pursuant to 11 U.S.C. § 327, reasonable compensation for its services and reimbursement of its expenses.

Specifically, section 330 of the Bankruptcy Code states as follows:

(a)(1) After notice to the parties in interest and the United States Trustee and a hearing, and subject to sections 326, 328, and 329, the court may award to a . . . professional person employed under section 327 or 1103 —

- (A) reasonable compensation for actual, necessary services rendered by the . . . professional person, or attorney and by any paraprofessional person employed by any such person; and
- (B) reimbursement for actual, necessary expenses.

11 U.S.C. § 330(a)(1).

51. Section 330(a)(3) of the Bankruptcy Code provides that in determining the amount of reasonable compensation to be awarded, the Court should consider the nature, extent and value of the services rendered to the estate, taking into account all relevant factors, including:

- (A) the time spent on such services;
- (B) the rates charges for such services;
- (C) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under [the Bankruptcy Code];
- (D) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;
- (E) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and
- (F) whether the compensation is reasonable, based on the customary compensation charged by comparably skilled practitioners in cases other than cases under [the Bankruptcy Code].

11 U.S.C. § 330(a)(3).

52. As analyzed below, Applicant believes that the elements governing awards of compensation justify the allowance prayed for herein.

(a) Time Spent on Services. As more specifically described in the Application, a total of 331.4 hours of professional services were rendered by Gray Reed on behalf of the Debtor during the Second Interim Period and 802.4 hours during the Final Application Period. Gray Reed respectfully submits that its time spent performing services for the Debtor was reasonable. Gray Reed's records of the time expended for rendition of professional services to the Debtor, as well as for rendition of services to all of Gray Reed's other clients, consist of handwritten or computer generated time entries by individual attorneys and paraprofessionals which have been placed in computer records maintained by Gray Reed. All professionals rendering services in the case have made a deliberate effort to avoid any unnecessary duplication of work and time expended. When more routine tasks were involved, Gray Reed utilized the talents of its less experienced attorneys or paraprofessionals to reduce the overall fees in this matter without sacrificing the quality of services rendered.

(b) Rates Charged for the Services. Applicant represents and would demonstrate that the hourly rates charged by Gray Reed for the services performed in these proceedings are competitive and customary for the degree of skill and expertise required in the performance of similar services rendered by other experienced bankruptcy counsel and other professionals in matters of this type. The fees requested herein have been computed in accordance with Gray Reed's standard hourly rates for services rendered to non-insolvency clients. The blended hourly rate for professional services, including paraprofessionals, performed and billed by Gray Reed during the Second Interim Period was \$461.45 and during the Final Application Period was \$447.22. Not including paraprofessionals, Gray Reed's blended hourly rate was \$487.70 for the Second Interim Period and \$470.51 for the Final Application Period.

(c) Benefit of the Services. Applicant respectfully submits that its services to date have been beneficial to the Debtor and its estate. As a result of Gray Reed's efforts, the Debtor has complied with its fiduciary and Bankruptcy Code-imposed duties, sold assets and otherwise paid down the FCC prepetition debt by approximately \$4.2 million, negotiated with the Committee and FCC towards a consensual resolution of these chapter 11 cases, obtained confirmation of the Plan, and otherwise acted in a manner designed to achieve maximum value for all stakeholders. All of these efforts benefitted the estate at the time the services were rendered, and otherwise provided benefits that are tangible and material.

(d) Whether Services Were Performed in a Reasonable Amount of Time. Applicant represents and would demonstrate to this Court that the services were performed in a reasonable amount of time given the issues involved in this case and the timing of various matters in this case as a whole.

(e) Board Certification and/or Skill and Experience. Although only one of the Gray Reed attorneys working on this case is board certified, all attorneys who worked on this engagement are skilled and experienced practitioners.

(f) Whether Compensation Is Reasonable. Applicant represents and would demonstrate that the compensation sought in connection with the services rendered and expenses incurred in connection with this case during the First Interim Period is reasonable and is commensurate with those rates charged by comparable, skilled practitioners at national and Texas-based law firms handling matters of this type. Each professional at Gray Reed who rendered services to the Debtor, the hourly billing rate for each individual, and the number of hours worked by the individuals during the First Application Period is set out in the Summary included in the front of this Application. Applicant's fees are based upon the normal hourly rates that Gray Reed charges non-insolvency clients. Taking

into consideration the time and labor spent, the nature and extent of the representation and the nature of these proceedings, Gray Reed believes the allowance prayed for herein is reasonable, in light of the rates charged, the services performed, and the results achieved.

53. Furthermore, under the lodestar approach to fee calculation, which was first articulated by the Third Circuit in *Lindy Bros. Builders, Inc. v. American Radiator & Standard Sanitary Corp.*, 487 F.2d 161, 167 (3d Cir. 1973), and is now the settled method for calculating reasonable attorneys' fees in the federal courts, *see generally Perdue v. Kenny A. ex rel. Winn*, 559 U.S. 542 (2010); *Louisiana Power & Light Co. v. Kellstrom*, 50 F.3d 319, 323-24 (5th Cir. 1995), *cert. denied*, 516 U.S. 862 (1995); *Harman v. Lyphomed, Inc.*, 945 F.2d 969, 973-74 (7th Cir. 1991), the Court must make an initial objective determination of attorneys' fees by multiplying Gray Reed's reasonable hourly rate by the number of hours reasonably expended by Gray Reed in performing services. The lodestar amount may then be adjusted by taking the twelve (12) subjective factors set forth in *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974), into consideration, even though the *Johnson* factors are generally subsumed within the lodestar calculation. *Pennsylvania v. Delaware Valley Citizen's Council for Clean Air*, 478 U.S. 546, 563-64 (1986).

54. The *Johnson* factors are: (1) the time and labor required; (2) the novelty and complexity of the issues presented; (3) the skill required to properly perform the legal services rendered; (4) preclusion of other employment due to acceptance of the engagement; (5) customary fee charges for like work; (6) whether the fee is fixed or contingent; (7) time limitations imposed by circumstances or the client; (8) the amount in controversy and results obtained; (9) the experience, reputation and ability of counsel; (10) the undesirability of the case; (11) the nature and length of the professional relationship between counsel and client; and (12) fee awards in similar cases. *See*

Johnson, 488 F.2d at 717-19. Most of the *Johnson* factors were previously discussed in this Application (*i.e.*, factors 1, 2, 3, 5, 6, 8 and 9). With respect to the remaining factors, Gray Reed states that: it was not precluded from accepting other employment (factor 4); the only time limitations imposed on Gray Reed were those imposed by Court order, the Local Rules, the Bankruptcy Rules, or that were otherwise existing at the time of Gray Reed's retention (factor 7); this representation was not undesirable (factor 10); as disclosed in its retention application, Gray Reed has represented the Debtor on general matters since 2012 (factor 11); and the fees sought herein are modest in comparison to fees awarded in other chapter 11 cases of this size in the United States and in this District (factor 12). Given the limited resources in this case, and given that the Debtor ultimately liquidated its business, Gray Reed has made every effort to be prudent in its expenditure of time and money, to ensure that neither resources nor value was squandered. Gray Reed respectfully submits that, based upon the objective and subjective factors, the fees sought herein are reasonable.

55. A reasonable hourly rate is the prevailing market rate in the community for similar services rendered by attorneys of comparable skill, experience and reputation. *Blum v. Stenson*, 465 U.S. 886, 895 (1984). Applicant respectfully submits that its rates are generally comparable to those of other firms of a similar size with comparable bankruptcy practices and similar expertise that have a national presence, as well as presence in the Northern District of Illinois.

56. Gray Reed has done its best to minimize the number of professionals and paraprofessionals working on these cases to ensure that these cases proceeded smoothly, expeditiously and in a cost effective and efficient manner.

57. Accordingly, for all of the above reasons, Applicant respectfully submits that the fees sought in this Application are reasonable under section 330 of the Bankruptcy Code and applicable case law standards, and should be awarded in full.

SUMMARY OF EXPENSES

58. Applicant has incurred actual expenses on the Debtor's behalf in the amount of \$5,026.87 in providing professional services during the Second Interim Period and \$11,080.93 during the Final Application Period.⁶ Records for long distance telephone calls, telecopy charges, overnight delivery, other air freight and messenger services, postage, computer research and other expenses are those charged to Applicant and maintained by Applicant's accounting personnel. There is no minimum dollar charge with respect to any expense item and the charges set forth are those charged routinely to other clients. With respect to in-house photocopying charges, Gray Reed charges at a rate of 20¢ per page. These charges are intended to cover Applicant's costs for the services; Applicant does not believe that the charges constitute a profit. A determination of the actual expense per page for photocopying services is dependent on both the volume of copies or facsimiles and the total expense attributable to photocopying and facsimiles on an annual basis. Outside copy service charges, delivery expenses and computer research time are billed at actual rates charged to the Applicant. Postage is charged at the actual rate charged by the U.S. Postal Service or at any lesser rate charged to Gray Reed by Gray Reed's postal vendor(s). A breakdown of expenses, by category, is attached hereto as Exhibit "J."

⁶ Expenses incurred during the Final Application Period includes \$128.00 in expenses struck by the Court in its First Fee Order.

NOTICE

59. Notice of this Application has been provided to the U.S. Trustee, the Committee and FCC, all in accordance with the Court's Compensation Procedures Order.

CONCLUSION

WHEREFORE, Gray Reed & McGraw, P.C. respectfully requests this Court enter an order (i) allowing Gray Reed second interim compensation of \$152,923.50 for services rendered to the Debtor during the Second Interim Period; (ii) allowing Gray Reed final compensation of \$355,848.50 for services rendered to the Debtor during the Final Application Period; (iii) allowing Gray Reed \$5,026.87 as reimbursement for expenses incurred during the Second Interim Period; (iv) allowing Gray Reed final approval of \$10,952.93 in expenses incurred during the Final Application Period; (v) allowing Gray Reed to draw \$8,472.78 from its pre-petition retainer for services rendered to the Debtor during the Second Interim Period; (vi) granting Gray Reed an allowed priority claim of \$94,243.51 for its unpaid fees and expenses; and (vii) granting such other and further relief as may be just and proper.

Respectfully submitted this 22nd day of February, 2016.

GRAY REED & MCGRAW, P.C.

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COUNSEL TO THE DEBTOR

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 22nd day of February, 2016, he caused a true and correct copy of the foregoing document to be served on the U.S. Trustee, counsel to the Committee and counsel to FCC, as well on the parties who have subscribed for notice via the Court's CM-ECF notification system.

/s/ Jason S. Brookner

Jason S. Brookner

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

)				
In re:)				Chapter 11
)				
GULF PACKAGING, INC.,)				Case No. 15-15249 (PSH)
)				
Debtor.)				
)				

**ORDER GRANTING SECOND INTERIM AND FINAL APPLICATION OF
GRAY REED & McGRAW, P.C. FOR ALLOWANCE OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES**

Upon the Second Interim and Final Application of Gray Reed & McGraw, P.C. for Allowance of Compensation and Reimbursement of Expenses (the “Application”); and the Court having jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334; and the Application being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that good and sufficient notice of the Application has been given and no other or further notice is required; and upon the hearing on the Application and argument of counsel thereat; and after due deliberation and good cause appearing therefor, it is

ORDERED that the Application be, and it hereby is, granted as set forth herein; and it is further

ORDERED that second interim compensation to Gray Reed is hereby approved in the amount of \$152,923.50 in fees and \$5,026.87 in expenses for the Second Interim Period;¹ and it is further

ORDERED that final compensation to Gray Reed is hereby approved in the amount of \$355,848.50 in fees and \$10,952.93 in expenses for the Final Application Period; and it is further

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Application.

ORDERED that the is authorized to draw \$8,472.78 from its pre-petition retainer to pay for fees incurred during the Second Interim Period; and it is further;

ORDERED that Gray Reed is granted an allowed priority claim of \$94,243.51 for its unpaid fees and expenses; and it is further

ORDERED that the Court retains jurisdiction over this Order and the matters addressed herein.

Signed on _____, 2016

Honorable Pamela S. Hollis
United States Bankruptcy Judge