

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,<sup>1</sup>

Reorganized Debtor.

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

Hearing Date: September 22, 2015 at 11:45 a.m. (ET)

Objection Deadline: August 31, 2015 at 4:00 p.m. (ET)

**REORGANIZED DEBTOR'S MOTION FOR ENTRY OF A FINAL DECREE CLOSING  
THE REMAINING CASE AND TERMINATING THE SERVICES OF KURTZMAN  
CARSON CONSULTANTS, LLC AS CLAIMS AND NOTICING  
AGENT IN THE DEBTORS' CHAPTER 11 CASES**

School Specialty, Inc. (the "Reorganized Debtor"),<sup>2</sup> by and through its undersigned counsel, hereby submits this motion (this "Motion") pursuant to sections 105 and 350(a) of title 11 of the United States Code (the "Bankruptcy Code"), rule 3022 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and rule 3022-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), for entry of a final decree and order, substantially in the form attached hereto as Exhibit A (the "Proposed Order"), (a) closing these chapter 11 cases (the "Chapter 11 Cases") and (b) terminating the services of Kurtzman Carson Consultants LLC ("KCC") as claims and noticing agent in the Chapter 11 Cases. In support of this Motion, the Reorganized Debtor respectfully represents as follows:

<sup>1</sup> The Reorganized Debtor in this case, along with the last four digits of the Reorganized Debtor's federal tax identification number and state of incorporation is School Specialty, Inc. (Del.; 1239. The address of the Reorganized Debtor's corporate headquarters is W6316 Design Drive, Greenville, Wisconsin 54942. The chapter 11 cases of the Reorganized Debtor's affiliated debtors have been closed.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Plan (as defined below).



## **JURISDICTION**

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware* dated as of February 29, 2012. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

2. The statutory predicates for the relief requested herein are sections 105 and 350(a) of the Bankruptcy Code, Bankruptcy Rule 3022, and Local Rule 5009-1(a).

## **BACKGROUND**

### **A. Introduction**

3. On January 28, 2013 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code thereby commencing the instant cases (the “Chapter 11 Cases”).

4. On February 5, 2013, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors [Docket No. 110] (the “Initial Creditors’ Committee”). On February 27, 2013, the U.S. Trustee reconstituted the Initial Creditors’ Committee [Docket No. 330] (the “Creditors’ Committee”). No trustee or examiner was appointed in the Chapter 11 Cases.

5. Information regarding the Debtors’ businesses, their capital and debt structure, and the events leading to the filing of these Chapter 11 Cases is contained in the *Declaration of Gerald T. Hughes in Support of Chapter 11 Petition and First Day Motions* [Docket No. 2].

**B. Plan Process**

6. On April 23, 2013, the Debtors filed the *Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 862] (the "Initial Plan") and the *Disclosure Statement for the Debtors' Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 864] (the "Disclosure Statement"). Conditional approval of the Disclosure Statement was granted by the Court on April 24, 2013 [Docket No. 902].

7. Following the Court's conditional approval of the Disclosure Statement, the Debtors continued extensive negotiations with various constituencies and on May 23, 2013, the Debtors filed the *Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* [Docket No. 1158] (the "Plan"). A corrected order confirming the Plan was entered on June 3, 2013 [Docket No. 1186] (the "Confirmation Order"). The Plan became effective on June 11, 2013 [Docket No. 1258] (the "Effective Date").

**C. Closing of Certain Cases**

8. On August 26, 2013, the Reorganized Debtors filed the *Motion for Entry of Final Decree Closing Certain Cases and Amending Caption of Remaining Case* [Docket No. 1420]. Through this motion the Reorganized Debtors requested an order closing all cases but that of the lead debtor, School Specialty, Inc. (the "Remaining Case"). On September 10, 2013, the Court entered an order closing all chapter 11 cases but the Remaining Case [Docket No. 1461].

**RELIEF REQUESTED**

9. Pursuant to this Motion, the Reorganized Debtor seeks entry of the Proposed Order: (a) closing the Chapter 11 Cases, without prejudice to the Reorganized Debtor's right to seek to reopen the Chapter 11 Cases at a later time should the need to reopen

the Chapter 11 Cases arise and (b) terminating the services of KCC as claims and noticing agent in the Chapter 11 Cases.

**BASIS FOR RELIEF**

10. After the estate is fully administered, the court, on its own motion or on motion of a party-in-interest, must grant a final decree closing a chapter 11 case pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022. Local Rule 5009-1(a) further provides that “upon written motion, a party in interest may seek the entry of a final decree at any time after the confirmed plan has been substantially consummated provided that all required fees due under 28 U.S.C. § 1930 have been paid.” Del. Bankr. LR 5009-1(a).

11. According to the 1991 Advisory Committee Note to Bankruptcy Rule 3022, factors that the court should consider in determining whether an estate has been fully administered include: (1) whether the order confirming the plan has become final, (2) whether deposits required by the plan have been distributed, (3) whether the property proposed by the plan to be transferred has been transferred, (4) whether the debtor or the successor of the debtor under the plan has assumed the business or the management of the property dealt with by the plan, (5) whether payments under the plan have commenced, and (6) whether all motions, contested matters, and adversary proceedings have been finally resolved.

12. These factors are a guide to determine whether a case has been fully administered, and not all of the factors need to be present before a case is closed. See In re SLI, Inc., 2005 Bankr. LEXIS 1322, at \*5 (Bankr. D. Del. June 24, 2005); see also In re Mold Makers, Inc., 124 B.R. at 768 (1990) (“[A]ll of the factors in the Committee Note need not be present before the court will enter a final decree. Instead, the Committee Note and the factors therein merely serve as a guide in assisting the court in its decision to close a case.”).

13. With respect to the Remaining Case, all of the factors have been satisfied. First, the Confirmation Order is final. Second, any required deposits and/or allocations of assets under the Plan have been made. Third, the Reorganized Debtors have assumed the business and management of the property under the Plan. Fourth, all initial payments under the Plan have been made, and any remaining payments will be completed as required under the Plan. Finally, all motions, contested matters and adversary proceedings have been resolved. Additionally, all U.S. Trustee post-confirmation reports and payments required under 28 U.S.C. § 1930 as of the date of this Motion have been made or will be completed within 30 days of closure of the Remaining Case.

14. As evidenced by the above, there is nothing remaining to be resolved in the Remaining Case. As such, closing the Remaining Case is appropriate at this time, subject to all parties' rights to reopen the case under Section 350(b) of the Bankruptcy Code, should it be necessary.

15. Accordingly, as of the date hereof, the Plan has been substantially consummated with respect to the Remaining Case, and the Reorganized Debtor requests entry of a final decree at this time.

### **FINAL REPORT**

16. The Final Report required by Local Rule 5009-1(c) is attached hereto as Exhibit B.

### **NOTICE**

17. Notice of this Motion will be provided to: (i) the United States Trustee; (ii) the indenture trustee for the Debtors' convertible debentures; (iii) counsel to the Creditors' Committee; (iv) counsel to the agents for the ABL Exit Facility and the Term Loan Exit Facility

and (v) all parties that have filed a notice of appearance in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Reorganized Debtor submits that no other or further notice is necessary.

WHEREFORE, the Reorganized Debtor respectfully request that this Court enter an order, substantially in the form attached hereto (a) closing the Remaining Case by issuance of a final decree, and (b) granting such other and further relief as is just and proper

Dated: Wilmington, Delaware  
August 17, 2015

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Laurel D. Roglen

Pauline K. Morgan (No. 3650)  
Maris J. Kandestin (No. 5294)  
Laurel D. Roglen (No. 5759)  
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- and -

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

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*Counsel to the Reorganized Debtor*

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

SCHOOL SPECIALTY, INC., *et al.*,<sup>1</sup>

Reorganized Debtor.

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

Hearing Date: September 22, 2015 at 11:45 a.m. (ET)

Objection Deadline: August 31, 2015 at 4:00 p.m. (ET)

**NOTICE OF MOTION**

TO: (I) THE UNITED STATES TRUSTEE; (II) THE INDENTURE TRUSTEE FOR THE DEBTORS' CONVERTIBLE DEBENTURES; (III) COUNSEL TO THE CREDITORS' COMMITTEE; (IV) COUNSEL TO THE AGENTS FOR THE ABL EXIT FACILITY AND THE TERM LOAN EXIT FACILITY AND (V) ALL PARTIES THAT HAVE FILED A NOTICE OF APPEARANCE IN THESE CHAPTER 11 CASES PURSUANT TO BANKRUPTCY RULE 2002.

PLEASE TAKE NOTICE that the reorganized debtor in the above-captioned case (the "Reorganized Debtor") has filed the attached **Reorganized Debtor's Motion for Entry of a Final Decree Closing the Remaining Case and Terminating the Services of Kurtzman Carson Consultants, LLC as Claims and Noticing Agent in the Debtors' Chapter 11 Cases** (the "Motion") with the United States Bankruptcy Court for the District of Delaware (the "Court").

PLEASE TAKE FURTHER NOTICE that responses to the Motion, if any, are required to be filed on or before **August 31, 2015 at 4:00 p.m. (ET)** (the "Objection Deadline") with the United States Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801. At the same time, you must also serve a copy of the response upon the Reorganized Debtor's undersigned counsel so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON **SEPTEMBER 22, 2015 AT 11:45 A.M. (ET)**, BEFORE THE HONORABLE KEVIN J. CAREY AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 NORTH MARKET STREET, 5TH FLOOR, COURTROOM #5, WILMINGTON, DELAWARE 19801.

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PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED BY THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: August 17, 2015  
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Laurel D. Roglen

Pauline K. Morgan (No. 3650)

Maris J. Kandestin (No. 5294)

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*Counsel to the Reorganized Debtor*



**EXHIBIT A**

**Proposed Order**

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

In re:

SCHOOL SPECIALTY, INC., *et al.*,<sup>1</sup>

Reorganized Debtor.

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

Docket Ref. No. \_\_\_\_

**FINAL DECREE CLOSING REMAINING CASE**

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned reorganized debtor (the “Reorganized Debtor”) for entry of an order closing the Remaining Case; and upon consideration of the Motion and all pleadings related thereto; and the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware* dated as of February 29, 2012, (b) this matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and (c) notice of the Motion was due and proper under the circumstances; and it appearing that the relief requested in the Motion is in the best interest of the Reorganized Debtor’s estate, its creditors and other parties-in-interest; and after due deliberation, and good and sufficient cause appearing therefor:

IT IS HEREBY ORDERED, ADJUDGED and DECREED that:

1. The Motion is GRANTED as set forth herein.
2. The chapter 11 case of School Specialty, Inc., Case No. 13-10125 (KJC),

shall be closed, effective as of the date of this Order.

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<sup>1</sup> The Reorganized Debtor in this case, along with the last four digits of the Reorganized Debtor’s federal tax identification number and state of incorporation is School Specialty, Inc. (Del.; 1239. The address of the Reorganized Debtor’s corporate headquarters is W6316 Design Drive, Greenville, Wisconsin 54942. The chapter 11 cases of the Reorganized Debtor’s affiliated debtors have been closed.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

3. The entry of this Order is without prejudice to the rights of any Debtor or other party in interest to seek to reopen the Remaining Case pursuant to section 350(b) of the Bankruptcy Code.

4. The Reorganized Debtor and its agents are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Decree and Order in accordance with the Motion.

5. Notwithstanding anything to the contrary, the terms and conditions of this Final Decree and Order shall be immediately effective and enforceable upon its entry.

6. KCC is hereby discharged as the claims and noticing agent of this Court in this case as of the date hereof.

7. To the extent that it has not already done so, KCC shall promptly transfer all original proofs of claim and other documents filed on the claims register as of the Effective Date, as well as a claims register, in accordance with Local Rule 2002-1(f).

8. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Final Decree and Order.

Dated: Wilmington, Delaware  
\_\_\_\_\_, 2015

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Kevin J. Carey  
United States Bankruptcy Judge

**EXHIBIT B**

Verified Final Report

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

In re:

SCHOOL SPECIALTY, INC., *et al.*,<sup>1</sup>

Reorganized Debtor.

Chapter 11

Case No. 13-10125 (KJC)

Jointly Administered

**VERIFIED FINAL REPORT**

I, Jay Herriman, a Managing Director for Alvarez & Marsal, one of the restructuring advisors to the above-captioned Reorganized Debtor (the “Debtors”),<sup>2</sup> do hereby declare that, to the best of my knowledge, information, and belief, the following is a breakdown of the results in the above-captioned cases:

1. The Debtors and their estates incurred the following expenses of administering their chapter 11 cases:

<b><u>CHAPTER 11 EXPENSES</u></b>		
<b><u>Attorneys for Debtor-in-Possession</u></b>	<b><u>Allowed Fees</u></b>	<b><u>Allowed Expenses</u></b>
Young Conaway Stargatt & Taylor, LLP	\$931,566.50	\$48,927.03
Paul, Weiss, Rifkind, Wharton & Garrison, LLP	\$5,464,180.55	\$89,270.40
<b><u>Other Professionals</u></b>	<b><u>Allowed Fees</u></b>	<b><u>Allowed Expenses</u></b>
Direct Fee Review LLC	\$22,173.00	
Godfrey & Kahn, S.C.	\$749,224.50	\$40,876.63
Deloitte & Touche LLP	\$430,758.60	\$15,029.80
Perella Weinberg Partners LP	\$2,555,000.00	\$10,310.87
Venable LLP	\$377,321.50	\$17,158.93

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<sup>2</sup> Prior to the closure of their cases, the following affiliates of the Debtors had their chapter 11 cases jointly administered with the Debtors: Bird-In-Hand Woodworks, Inc. (N.J.; 8811), Califone International, Inc. (Del.; 3578), Childcraft Education Corp. (N.Y.; 9818), ClassroomDirect.com, LLC (Del.; 2425), Delta Education, LLC (Del.; 8764), Frey Scientific, Inc. (Del.; 3771), Premier Agendas, Inc. (Wash.; 1380), Sax Arts & Crafts, Inc. (Del.; 6436), and Sportime, LLC (Del.; 6939).

Brown Rudnick LLP	\$2,673,633.50	\$94,021.89
Blackstone Advisory Partners LP	\$2,027,976.19	\$5,560.13
Deloitte Tax LLP	\$107,244.00	\$95.95
Kurtzman Carson Consultants LLC	\$25,629.45	\$0.00
	<b><u>Allowed Fees &amp; Expenses</u></b>	
Alvarez and Marsal	\$2,440,255.04	
<b><u>Ordinary Course Professionals</u></b>	<b><u>Allowed Fees &amp; Expenses</u></b>	
Franzoi & Franzoi SC	\$136,784.23	
Grant Thornton, LLP	\$3,000.00	
Gonzalez Saggio and Harlan LLP	\$30,580.40	
FuchHs and Roselli Ltd.	\$7,768.50	
Higashi Advisors	\$30,271.03	
SC&H Group, Inc.	\$2,100.00	
Michael Best and Friedrich LLP	\$798.00	
Jackson Lewis LLP	\$1,087.50	
<b><u>Total Payments</u></b>	<b><u>\$18,017,352.49</u></b>	<b><u>\$321,251.63</u></b>

2. No trustee or examiner was appointed in these cases. Hence, no fees or expenses were incurred for a trustee or trustee's counsel.

3. The Debtors are current on all fees owed pursuant to 28 U.S.C. § 1930 ("U.S. Trustee Fees") through the first quarter of 2014. Within thirty days after the date of the entry of an order granting Debtors' motion for entry of a final decree, the Debtors will pay all U.S. Trustee Fees due for the current quarter through the closing of these cases.

4. The United States Bankruptcy Court for the District of Delaware entered a corrected order dated June 3, 2013 (the "Confirmation Order") [D.I. 1186], confirming the *Debtors' Second Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy*

*Code* (as confirmed, the “Plan”) [D.I. 1158].<sup>3</sup> The Plan became effective on June 11, 2013 (the “Effective Date”) [D.I. 1258].

5. Shortly following the Effective Date, the Debtors began making distributions to holders of: (i) Allowed Administrative Claims, (ii) Fee Claims, (iii) Allowed Priority Tax Claims, (iv) ABL DIP Financing Claims, (v) Bayside DIP Financing Claims, (vi) Ad Hoc DIP Financing Claims, (vii) Allowed Other Priority Claims, (viii) Prepetition ABL Facility Claims, (ix) Allowed Prepetition Term Loan Claims, (x) Allowed Other Secured Claims, and (xi) Convenience Class Claims. Holders of General Unsecured Claims that have not yet been paid shall be paid pursuant to the terms of the Plan.

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<sup>3</sup> Capitalized terms used, but not defined, herein shall have the meanings ascribed to them in the Plan.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

Executed this 17th day of August, 2015.

/s/ Jay Herriman

Jay Herriman