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Real Estate Consultant
for BCI WEST, LP, et al.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA

10	In re:)	Case No. 98-12547-12570 ECF CGC
11)	
12	BCI WEST, LP, et al.,)	Chapter 11
	Debtors.)	
13)	FINAL APPLICATION OF
14	EID 38-3196719)	HUNTLEY FINANCIAL GROUP,
15)	LTD., REAL ESTATE
16)	CONSULTANT TO THE DEBTORS
17)	FOR APPROVAL OF
18)	COMPENSATION AND
)	REIMBURSEMENT OF
)	EXPENSES; DECLARATION OF
)	DAVID A. SPARGO

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3 **GENERAL CASE INFORMATION**

- 4 1. Name of Applicant: Huntley, Mullaney & Spargo, LLC dba Huntley Financial Group, Ltd.
5 2. Role of Applicant: Real Estate Consultant
6 3. Name of Applicant's Clients: All Debtors
7 4. Date of Order Authorizing Employment: October 27, 1998
8 5. Dates of Services Rendered During Entire Case: October 5, 1998 through December 31,
9 1999

10 **FEEES REQUESTED**

11

Fees – Monthly Fees	\$180,000
Fees – Incentive Fees: Lease Restructures	\$380,755
Fees – Incentive Fees: Claim Negotiations – Cash Proceeds	\$16,723
Fees – Incentive Fees: Claim Negotiations – Claim Avoidance	\$271,684
TOTAL FEES REQUESTED	\$849,162
Payment Received to Date	\$387,101
BALANCE DUE	\$462,061

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19 **COSTS REQUESTED**

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Costs Relating to Final Fee Application Period	\$86,251
TOTAL COSTS REQUESTED	\$86,251
Payments Received to Date	\$86,251
BALANCE DUE	\$0

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1 Huntley, Mullaney & Spargo, LLC dba Huntley Financial Group, Ltd. (“Huntley” or the
2 “Company”) hereby submits its Final Application for Approval of Compensation and
3 Reimbursement of Expenses (the “Application”) for the period from October 5, 1998 through
4 December 31, 1999 (the “Final Application Period”). In support of the Application, Huntley
5 respectfully represents as follows:
6

7 **I.**

8 **INTRODUCTION**

9 Through this Application, Huntley seeks approval of fees and expenses incurred in
10 connection with the work Huntley performed for BCI West, LP and related entities (collectively, the
11 “Debtors”). Huntley is a real estate consulting firm that specializes in restructuring debt and lease
12 liabilities of retail and restaurant companies. Huntley’s principals have extensive experience in the
13 areas of lease restructuring, terminations, pre-bankruptcy workouts, bankruptcy related claims and
14 property sales.
15

16 **A. Huntley’s Role in the Debtors’ Bankruptcy Cases**

17 On July 7, 1998, the Debtors retained Huntley to act as the Debtors’ real estate consultants
18 to perform various real estate lease renegotiations and pre-bankruptcy workouts. After filing for
19 Chapter 11 bankruptcy protection on October 5, 1998, the Debtors obtained authorization from this
20 Court to employ Huntley in these bankruptcy cases to perform the following services:
21

- 22 1. Advise on selling excess fee properties;
- 23 2. Advise the Debtors as to which of their tenancy interests in leases should be assumed
24 or rejected;
- 25 3. Negotiate rental reductions and other concessions from the Debtors’ landlords under
26 the Debtor’ assumed leases;
- 27 4. Maximize the value or minimize the Debtors’ liability in leasehold interests by
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1 assisting with selling or assigning selected leases;

2 5. Negotiate claims under Section 502(b)(6) of the Bankruptcy Code of the landlords
3 whose leases were rejected or were to be rejected during these cases.

4
5 **B. Results Achieved by Huntley in the Debtors' Cases**

6 Huntley's efforts generated approximately \$3.0 million in cash proceeds and rent reduction
7 savings on Debtors' lease liabilities. Huntley also negotiated the reduction of \$4.5 million in
8 Bankruptcy Code Section 502(b)(6) rejection claims.

9 During this case, Huntley earned total fees of \$849,162 and incurred total expenses of
10 \$86,251. Huntley hereby seeks approval for these fees and expenses and requests an order
11 compelling the Debtors to pay the unpaid balance of \$462,061 within thirty (30) days after the
12 effective date of Debtors' plan of reorganization.

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14 **II.**

15 **SUMMARY OF COMPENSATION REQUEST**

16 This Application is Huntley's final application submitted pursuant to this Court's order
17 authorizing the employment of Huntley, entered on October 27, 1998. Huntley seeks approval of
18 final compensation and reimbursement of expenses for services rendered to the Debtors, in amounts
19 which have been invoiced to the Debtors for the period from October 5, 1998 through December 31,
20 1999. Pursuant to Huntley's employment agreement, Huntley is compensated and reimbursed for
21 its expenses in various ways, depending upon the type of service provided. The following is a
22 summary of Huntley's fees and expenses:
23

24 **A. Monthly Fees**

25 Pursuant to Paragraph 1 on Page 2 of the retention agreement dated September 29, 1998 (see
26 Exhibit A), Huntley was paid a monthly fee of \$15,000 for the months of November and December
27 1998 and paid a monthly fee of \$12,500 thereafter (see monthly invoices in Exhibit B). The
28

1 monthly fees during the final fee application period total \$180,000. These fees have been paid by
2 Debtors on an interim basis.

3 **B. Monthly Expenses**

4 Pursuant to Paragraph 3 on Page 6 of the retention agreement dated September 29, 1998,
5 Huntley is reimbursed for the expenses it incurs on a monthly basis (see monthly invoices in Exhibit
6 B). The monthly expenses during the final fee application period total \$86,251. These expenses
7 have been paid by Debtors on an interim basis.

9 **C. Lease Restructures**

10 Pursuant to Paragraph 2(a) on Page 2 of the retention agreement dated September 29, 1998,
11 Huntley is to be paid a success fee equal to fifteen percent (15%) of the lease restructure "savings."
12 The "savings" is defined as the difference between the original lease obligation required under the
13 lease and the modified lease obligation as amended over the remaining lease term, applying a
14 discount rate of six percent (6%) per annum to said savings (see Exhibit C). The incentive fees
15 attributable to lease restructures total \$380,755.
16

17 These transactions were approved at Court hearings on the dates indicated on Exhibit C.
18 Pursuant to the retention agreement, fifty percent (50%) of these fees have been paid on an interim
19 basis and fifty percent (50%) is to be paid within thirty (30) days of the effective date of Debtors'
20 plan of reorganization. In the event that a lease restructure transaction occurs within six months of
21 Huntley's engagement pursuant to Paragraph 4 of the retention agreement, Huntley reserves the
22 right to submit a future fee application for those transactions.
23

24 **D. Landlord Rejection Claim Negotiations**

25 Pursuant to Paragraph 2(c) of the retention agreement dated September 29, 1998, Huntley
26 shall be paid a success fee of six percent (6%) of the landlord's claims that are waived, released,
27 negotiated or otherwise reduced from the "reasonable" claim a landlord is entitled to under
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1 Bankruptcy Code Section 502(b)(6) (see Exhibit D). These claim avoidance fees are to be paid
 2 within thirty (30) days of the effective date of Debtors' plan of reorganization. In addition to
 3 landlord negotiations to waive the landlord's rejection claims ("Claim Avoidance"), Huntley
 4 negotiated with landlords to contribute cash ("Cash Proceeds") in consideration of the early return
 5 of the premises to the landlord, and Debtors leaving some or all of the remaining equipment in the
 6 premises. The fee for generating cash proceeds were paid on an interim basis within 30 days of
 7 Court approval. The total fees attributable to landlord claim negotiations are \$288,407, as shown
 8 below:
 9

Fees For	Total Fees During Final Fee Application Period	Fees Already Paid	Total Fees Unpaid
Claim Negotiations - Cash Proceeds	\$16,723	\$16,723	\$0
Claim Negotiations - Claim Avoidance	\$271,684	\$0	\$271,684
TOTALS	\$288,407	\$16,723	\$271,684

15 **E. Balance Due After Payments**

16 When taking into account the fees and costs already paid to Huntley, the following sum
 17 remains due and unpaid:
 18

Description	Total Fees and Costs During Final Fee Application Period	Fees and Costs Already Paid	Total Fees Unpaid
Fees - Monthly	\$180,000	\$180,000	\$0
Fees - Lease Restructures	\$380,755	\$190,377	\$190,377
Fees - Claim Negotiations - Cash Proceeds	\$16,723	\$16,723	\$0
Fees - Claim Negotiations - Claim Avoidance	\$271,684	\$0	\$271,684
Cost Relating to Final Fee Application Period	\$86,251	\$86,251	\$0
TOTAL	\$935,413	\$473,351	\$462,061

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III.

**THE FEES AND EXPENSES REQUESTED
SHOULD BE AWARDED BASED UPON APPLICABLE LAW**

The fees and expenses requested in this Application are an appropriate award for Huntley's services as real estate consultants to the Debtors.

A. Factors in Evaluating Requests for Compensation

Pursuant to Section 330 of the Bankruptcy Code, the Court may award to a professional person, reasonable compensation for actual, necessary services rendered, and reimbursement for actual, necessary expenses incurred. As set forth above, the fees for which Huntley requests compensation and the expenses incurred for which Huntley requests reimbursement are for actual and necessary services rendered and costs incurred.

The professional services rendered by Huntley have required an expenditure of substantial time and effort.

Moreover, time and labor devoted to these cases is only one of many pertinent factors in determining an award of fees and costs. Based on the skill and actual results brought to bear in these cases by Huntley and the results obtained for the estate (i.e., \$3 million savings from lease restructures and cash proceeds, and \$4.5 million from claim negotiations), Huntley submits that the compensation requested herein is reasonable and appropriate.

IV.

CONCLUSION

The compensation sought in this Application by Huntley is Huntley's final fee request. There are no claims against, or interest of, the Debtors in which a beneficial interest has been acquired or transferred by Huntley for its account after becoming real estate consultant to the Debtors.

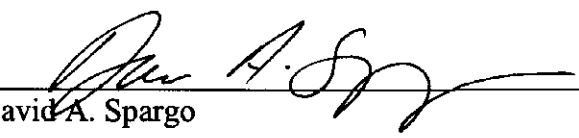
1 Huntley believes that the services it rendered for which compensation is sought in this
2 Application have been beneficial to the Debtors' estates, that the costs incurred have been necessary
3 and proper, and that the sums requested for the services rendered to the Debtors and the costs
4 incurred in relation thereto are fair and reasonable.
5

6 WHEREFORE, Huntley respectfully requests that this Court authorize allowance, on a final
7 basis, and payment by the Debtors within thirty (30) days of the effective date of Debtors' plan of
8 reorganization as follows:

Description	Total Fees and Costs During Final Fee Application Period	Fees and Costs Already Paid	Total Fees Unpaid
Fees - Monthly	\$180,000	\$180,000	\$0
Fees - Lease Restructures	\$380,755	\$190,377	\$190,377
Fees - Claim Negotiations - Cash Proceeds	\$16,723	\$16,723	\$0
Fees - Claim Negotiations - Claim Avoidance	\$271,684	\$0	\$271,684
Cost Relating to Final Fee Application Period	\$86,251	\$86,251	\$0
TOTAL REMAINING AMOUNT DUE	\$935,413	\$473,351	\$462,061

18 Dated: April 26, 2000

19 HUNTLEY, MULLANEY & SPARGO, LLC
20 dba HUNTLEY FINANCIAL GROUP, LTD.

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23 By: 
24 David A. Spargo

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2 **DECLARATION OF DAVID A. SPARGO**
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4 I, David A. Spargo declare as follows:

5 1. I am a member of Huntley, Mullaney & Spargo, LLC dba Huntley Financial Group,
6 Ltd. ("Huntley").

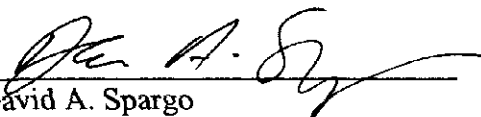
7 2. The Final Application fees and costs have been reviewed and approved by the client.
8

9 3. I prepared the Final Application of Huntley Financial Group, Ltd. for Approval of
10 Compensation and Reimbursement of Expenses (the "Fee Application"), and the matters stated in
11 the Fee Application are true to the best of my knowledge, information and belief.

12 4. The amounts requested in the Fee Application for fees and costs are based on the
13 records assembled and kept in the ordinary course of the Company's business.

14 5. Notice of this Fee Application has been given to creditors pursuant to the Order
15 limiting notice in these cases.
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18 Executed this 26 day of April, 2000, at Sacramento, California.

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20 
21 David A. Spargo
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UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA

NOTICE THAT EXHIBITS TO THIS ELECTRONICALLY FILED DOCUMENT ARE NOT ATTACHED.

There were one or more exhibits and/or other attachments filed with this pleading that consisted of pages too numerous for the clerk to scan and electronically file as part of the pleading. Paper copies of these exhibits are maintained at the Office of the Clerk. They may be reviewed at that office 9:00 a.m. to 4:00 p.m., Monday to Friday, at 2929 North Central Avenue, Ninth Floor, Phoenix, Arizona, or you may arrange to obtain copies from the filing attorney.

KEVIN E. O'BRIEN
CLERK OF COURT