

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION, <u>et al.</u>	:	Case No. 02-43582-H4-11
	:	
Reorganized Debtors.	:	JOINTLY ADMINISTERED
	:	

**COVER SHEET FOR FINAL APPLICATION OF APEX PARTNERS, LLC AS
FINANCIAL ADVISORS FOR DEBTORS FOR ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
FROM NOVEMBER 22, 2002 THROUGH JUNE 9, 2003**

Name of Applicant: Apex Partners, LLC

Authorized to Provide
Professional Services to: Encompass Services Corporation

Date of Retention: November 22, 2002

Compensation Period:

Period for which compensation
and reimbursement are sought: November 22, 2002 through June 9, 2003

Amount of compensation sought
as actual, reasonable, and necessary: \$ 80,000.00

Amount of expense reimbursement
sought as actual, reasonable, and necessary: \$ 1,177.62

If this is not the first application filed, disclose the following for each prior application:

Date Filed	Period Covered	Requested Compensation	Requested Expenses	Approved Compensation	Approved Expenses
April 14, 2003	November 22, 2002- February 28, 2003	\$60,000	\$699.25	\$60,000	\$699.25

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582-H4-11
<u>et al.</u>	:	
	:	
Reorganized Debtors.	:	JOINTLY ADMINISTERED

**FINAL APPLICATION OF APEX PARTNERS, LLC AS
FINANCIAL ADVISORS FOR DEBTORS FOR ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
FROM NOVEMBER 22, 2002 THROUGH JUNE 9, 2003**

A HEARING WILL BE CONDUCTED ON THIS MATTER ON SEPTEMBER 10, 2003 AT 11:00 A.M. IN COURTROOM 403, 515 RUSK AVENUE, HOUSTON, TEXAS. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING, UNLESS YOU DID NOT RECEIVE THIS NOTICE IN TIME TO DO SO. IN THAT SITUATION, FILE YOUR RESPONSE AS SOON AS POSSIBLE. IN ADDITION TO FILING YOUR RESPONSE WITH THE CLERK, YOU MUST GIVE A COPY OF YOUR RESPONSE TO THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

TO THE HONORABLE WILLIAM R. GREENDYKE,
UNITED STATES BANKRUPTCY JUDGE:

Apex Partners, LLC (“Apex”) hereby files its final application (the “Application”) for allowance of compensation for services rendered and reimbursement of actual and necessary expenses incurred by Apex during the period from November 22, 2002 through June 9, 2003 (the “Compensation Period”) pursuant to section 330 of title 11 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of

Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2016 of the Local Rules of the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Local Rules”) and respectfully represents as follows:

Jurisdiction and Venue

1. The Court has jurisdiction to consider 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). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On November 19, 2002 (the “Commencement Date”), Encompass Services Corporation and its direct and indirect subsidiaries (collectively, the “Debtors”) filed voluntary petitions for relief under the Bankruptcy Code.

3. On May 28, 2003, after notice and a hearing held on May 21, 2003, this Court entered an order approving and confirming the Second Amended Joint Plan of Reorganization of Encompass Services Corporation and its Affiliated Debtors Under Chapter 11 of the Bankruptcy Code, dated April 11, 2003, as modified by the Immaterially Modified Second Amended Joint Plan of Reorganization of Encompass Services Corporation and its Affiliated Debtors Under Chapter 11 of the Bankruptcy Code dated May 21, 2003, and as supplemented by the Debtors’ Plan Supplement dated May 8, 2003, the Debtors’ First Amended Plan Supplement dated May 14, 2003, and the Debtors’ Second Amended Plan Supplement dated May 19, 2003 (all of the foregoing collectively, the “Plan”).

4. On June 9, 2003, the Plan became effective, and Encompass Services Corporation and Encompass Services Holding Corp., as reorganized debtors (collectively, the ‘Reorganized Debtors’), emerged from chapter 11 of the Bankruptcy Code.

5. On January 22, 2003, the Bankruptcy Court approved the Debtors’ retention of Apex as their financial advisors, effective November 22, 2002. A copy of the Final Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of Apex Partners, LLC as the Debtors’ Financial Advisors and Investment Bankers (Docket #876) is attached hereto as Exhibit A. Attached hereto as Exhibit B is the Affidavit of Barry Harbour in Support of the Debtors’ Application for Order Pursuant to 11 U.S.C. §§ 328(a), 329 and 504 and Fed. R. Bankr. P. 2014(a) and 2016(b) Authorizing Employment of Apex Partners, LLC as Financial Advisors and Investment Bankers (Docket #376).

Compensation Requested

6. This is Apex’s final application for compensation in this case. Section 330 of the Bankruptcy Code allows a court to award a professional (a) “reasonable compensation for actual, necessary services” rendered by a professional, based on “the nature, the extent, and the value of such services” and taking into account factors such as the “time spent on such services” and whether the services were necessary and beneficial to the estate, and (b) “reimbursement for actual, necessary expenses.” 11 U.S.C. § 330.

7. By this Application and in accordance with section 330 of the Bankruptcy Code, Apex requests final allowance of \$81,177.62 for the Compensation

Period, representing \$80,000.00 as compensation for professional services rendered during the Compensation Period and \$1,177.62 as reimbursement for actual and necessary expenses Apex incurred during the Compensation Period.

8. Since the Commencement Date, in accordance with the Court's December 18, 2002 order (Docket #389), Apex has submitted monthly statements to the Debtors requesting 80% of its fees and 90% of expense disbursements for the month. On April 14, 2003 Apex submitted the Interim Application of Apex Partners, LLC as Financial Advisor for Debtors for Allowance of Compensation for Professional Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from November 22, 2003 Through February 28, 2003 (the "Interim Application") (Docket # 2109) requesting interim allowance of \$60,699.25 for the interim period of November 22, 2002 through February 28, 2003, comprising \$60,000 as compensation for professional services rendered and \$699.25 as reimbursement for actual and necessary expenses Apex incurred during this interim period. The Court entered an order approving the Interim Application in full on May 7, 2003 (Docket # 2326). As of the date hereof, Apex has received payment of \$76,925.62 for fees and expenses incurred from the Commencement Date through June 9, 2003. Other than these payments, Apex has received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with the matters covered by this Application.

9. There is no agreement or understanding between Apex and any person for the sharing of compensation to be received for services rendered in this case.

10. Apex's charges for professional services rendered in this case are billed in accordance with Apex's existing billing procedures. The rates Apex charged for

the services rendered by its professionals in this chapter 11 case are the same rates Apex charges for professional services rendered in comparable nonbankruptcy-related matters and are reasonable based on the customary compensation charged by comparably skilled professionals in comparable nonbankruptcy cases in a competitive national investment banking and financial advisory services market.

11. Apex submits that this Application complies with section 330 of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, and the guidelines adopted by the Executive Office for the United States Trustee.

Time Records

12. A summary of services billed by Apex is attached hereto as Exhibit C, and is incorporated herein by reference.

Summary of Services

13. Pursuant to Rule 2016(d)(3) of the Bankruptcy Local Rules, fee applications must include a detailed description of each major task performed by the applicant. Accordingly, the following is a summary of certain of the significant professional services rendered by Apex during the Compensation Period, as well as the compensation sought for such services. These summaries are organized in accordance with Apex's internal system of project or work codes.

14. During the Compensation Period, Apex has consulted with and advised the Debtors on matters involving the divestiture of certain non-core operations. Apex rendered professional services in furtherance of these activities including, *inter alia*, (a) acting as an intermediary and negotiator for the Debtors, (b) entertaining and screening all inquiries regarding potential transactions, (c) securing confidentiality

agreements on the Debtors' behalf, (d) structuring acceptable transaction terms, and (e) working with the Debtors' legal counsel to document the desired transactions in the most efficient and effective manner. Specifically, Apex rendered professional services as reflected below:

(1) Divestiture of EET's South Florida Operations. Apex acted as an intermediary and negotiator for the Debtors, structured acceptable transaction terms, and worked with the Debtors' legal counsel to document and close the desired transaction.

(2) Divestiture of Merritt Island Heat & Air Operations. Apex acted as intermediary and negotiator for the Debtors, structured acceptable transaction terms, and worked with the Debtors' legal counsel to document and close the desired transaction.

(3) Divestiture of Sun Plumbing Operations. Apex acted as intermediary and negotiator for the Debtors, structured acceptable transaction terms, and worked with the Debtors' legal counsel to document and close the desired transaction.

(4) Divestiture of EET Salt Lake. Apex acted as intermediary and negotiator for the Debtors, structured acceptable transaction terms, and worked with the Debtors' legal counsel to document and close the desired transaction.

15. Apex submits that the foregoing services were necessary to the administration of this chapter 11 cases, were necessary and beneficial to the estates at the time at which such services were rendered, and were performed without unnecessary duplication of effort or expense. Apex's request for compensation for the foregoing services is reflective of a reasonable and appropriate amount of time expended in

performing such services commensurate with the complexity, importance, and nature of the problem, issue or task involved.

First Colonial Factors

16. Pursuant to Bankruptcy Local Rule 2016(a), fee applications must include a discussion of the factors considered in *American Benefit Life Ins. Co. v. Baddock (In re First Colonial Corp. of America)*, 544 F.2d 1291, 1298-99 (5th Cir.), *cert. denied*, 431 U.S. 904 (1977). Consideration of the factors listed in *First Colonial Corp.* indicates that the compensation requested by Apex for the services rendered during the Compensation Period is reasonable:

(a) Time and Labor Required: Apex was retained for four months during the Compensation Period to perform professional services on behalf of the Debtors.

(b) Novelty and Difficulty of the Questions: Although the majority of the issues in these cases were not novel, these cases have presented a variety of transactional issues.

(c) Skill Requisite to Perform the Service Properly: Bankruptcy is a specialized area of federal practice, requiring knowledge of the Bankruptcy Code and other related federal statutes. In order to address the range of issues presented, Apex was required to draw upon its skill and experience in bankruptcy and transactional matters.

(d) Preclusion of Other Employment Due to the Acceptance of the Case: Although Apex's representation of the Debtors has consumed a significant

portion of the time of several of the professionals who have worked on this matter, Apex was not precluded from taking other employment as a result of these cases.

(e) Customary Fee: As set forth in Exhibit B attached hereto, Apex's customary fees, as of June 9, 2003 were \$15,000 monthly as a retainer, and \$5,000 due upon the closing of each transaction pursuant to a definitive written agreement. Apex represents that these fees are reasonable, fair, and customary for the degree of skill and expertise required in this case.

(f) Whether the Fee is Fixed or Contingent: Apex's fee is fixed. As set forth above, Apex receives an agreed upon monthly retainer of \$15,000 and a success fee of \$5,000 contingent upon the closing of a transaction pursuant to a definitive written agreement. In addition, Apex is reimbursed for reasonable out-of-pocket expenses.

(g) Time Limitations: Generally, in bankruptcy cases, there are numerous deadlines. During the Compensation Period, Apex assisted the Debtors in (1) gathering information relevant to the proceedings; (2) preparing reports; and (3) facilitating transactions. Apex worked within the relevant time limitations with respect to assisting in the preparation and/or filing of documents, reports, motions, or objections.

(h) Amount Involved and Results Obtained: Apex has worked with the Debtors on a number of issues during the Compensation Period, including, but not limited to, the divestiture or sale of certain assets related to (1) EET Florida's South Florida operations, (2) Merritt Island Heat & Air operations, (3) Sun Plumbing operations, and (4) EET Salt Lake operations. Apex's activities have contributed to the

administration of the Debtors' estates and paved the way for the quick approval of the disclosure statement and confirmation of a plan of reorganization on May 28, 2003, less than seven months from the Commencement Date.

(i) Experience, Reputation and Ability of Professionals:

The Debtors selected Apex as their financial advisors because of Apex's background, expertise, and past representation of the Debtors with respect to the divestiture of various operating units.

(j) Undesirability of the Case: Whenever a professional agrees to represent a chapter 11 debtor, there is an inherent risk that the firm's professionals' fees and expenses will not get paid. Due to this uncertainty, professionals frequently choose not to represent debtors.

(k) Nature and Length of the Professional Relationship with the Client: Apex has provided services to Encompass Services Corporation since September 3, 2002. Apex has not represented the Debtors in any other matters.

(l) Awards in Similar Cases: Apex's requested fees and expenses are similar to fees and expenses paid in other chapter 11 bankruptcy cases of this nature, length of time, and complexity.

17. The Application does not include fees or expenses for the preparation of this Application.

Actual and Necessary Expenses

18. Attached hereto as Exhibit D and incorporated herein by reference is a detailed description of the actual and necessary expenses incurred by Apex in connection with its employment with the Debtors during the Compensation Period. Apex

seeks reimbursement of actual and necessary expenses incurred by Apex during the Compensation Period in the aggregate amount of \$1,177.62.

19. Regarding these expenses, Apex charges for the expenses incurred (e.g., long distance call, internal copying charges, fax charges) at the provider's cost without markup. The basis for these rates is Apex's calculation of the actual cost of these expenses.

Conclusion

WHEREFORE Apex respectfully requests (a) final allowance of \$81,177.62 for the Compensation Period, representing \$80,000.00 as compensation for professional services rendered during the Compensation Period and \$1,177.62 as reimbursement for actual and necessary expenses Apex incurred during the Compensation Period; (b) authorization for the Reorganized Debtors to pay Apex such sums to the extent that such sum has not previously been paid; and (c) for such other and further relief as is just.

Dated: AUGUST 8, 2003
Houston, Texas

Respectfully submitted,

Apex Partners, LLC

By: 

7420 NW 5th Street, Suite 112
Fort Lauderdale, Florida 33317
Telephone: (954) 321-8001
Facsimile: (954) 321-8282

**FINANCIAL ADVISORS FOR THE
REORGANIZED DEBTORS AND THE
DEBTORS IN POSSESSION**

EXHIBIT A

Order Approving Retention

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION, <u>et al.</u>	:	Case No. 02-43582-H4-11
	:	
Debtors.	:	JOINTLY ADMINISTERED

**FINAL ORDER PURSUANT TO SECTIONS 327(a) AND 328(a)
OF THE BANKRUPTCY CODE AUTHORIZING THE EMPLOYMENT
AND RETENTION OF APEX PARTNERS, LLC AS THE DEBTORS'
FINANCIAL ADVISORS AND INVESTMENT BANKERS**

[This instrument pertains to Docket #376 & #628]

Upon consideration of the application (the "Application") of Encompass Services Corporation and its direct and indirect subsidiaries (collectively, the "Debtors") for an order pursuant to sections 327(a) and 328(a) of title 11 of the United States Code for authorization to retain and employ Apex Partners, LLC ("Apex") as financial advisors and investment bankers to the Debtors and for the approval of the proposed terms of such employment set forth in the letter agreement dated as of November 22, 2002, attached as Exhibit B to the Application (the "Agreement"); and upon the Affidavit of Barry Harbour (the "Harbour Affidavit") in support of the Application attached as Exhibit A to the Application; and the Court having entered an Interim Order Pursuant To Sections 327(a) and 328(a) Of The Bankruptcy Code Authorizing the Employment of Apex Partners, LLC as the Debtors' Financial Advisors and Investment Bankers (the "Apex Interim Retention Order") on January 8, 2003; and in consideration of the filed objections; and the Court being satisfied, based on the representations made in the Application and the Harbour Affidavit, that Apex represents or holds no interest adverse to the Debtors or to

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their estates as to the matters upon which it is to be engaged and is disinterested under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code; and the Court being satisfied that the relief requested in the Application is in the best interests of the Debtors and their estates as modified and limited herein; and certain interested parties having requested clarification of the particular asset sales for which Apex was being retained and it appearing that such clarification has now been provided; and it appearing that due notice of this Application has been given and that no other or further notice be given and sufficient cause appearing therefor, it is

ORDERED that the Application is granted on a final basis; and it is further

ORDERED that, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure, the Debtors are authorized on a final basis to retain and employ Apex as their financial advisors and investment bankers for the purpose of providing financial advisory, investment banking, and other related services in connection with asset sales consummated prior to the date of the Apex Interim Retention Order in accordance with the terms of the Agreement, as clarified and limited herein, and the Apex Interim Retention Order, effective as of the commencement of these cases; and it is further

ORDERED that the retention of Apex in connection with asset sales occurring subsequent to the date of the Apex Interim Retention Order with respect to the following Debtors: Encompass Electrical Technologies of Utah and Encompass Electrical Technologies of Nevada, Inc. is authorized on a final basis on the same terms as those set forth in the Apex Interim Retention Order; and it is further

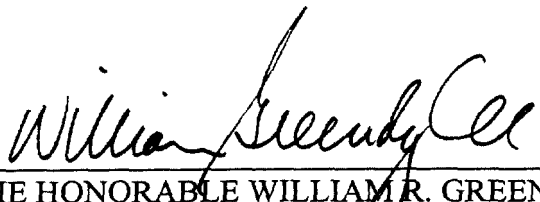
ORDERED that, prior to any retention of Apex with respect to work to be performed subsequent to the date of this Order, and not identified in the preceding paragraph, and any prospective fees to be earned by Apex subsequent to the date of this Order, and not attributable to the asset sales identified in the preceding paragraph, the Debtors shall give notice of any proposed services to be rendered by Apex, including the identification of any business interests or assets to be sold or exchanged and the reasons therefor, to counsel to the Committee, and if the Committee objects to such employment within three (3) business days, then any further services to be rendered by Apex shall be considered by the Court at the next available hearing date in these cases; and it is further

ORDERED that if the Committee does not object to the employment of Apex in accordance with the terms of the preceding paragraph, the retention of Apex shall be authorized on a final basis on the same terms as those set forth in the Apex Interim Retention Order; and it is further

ORDERED that subject to the foregoing and the standards imposed by section 328(a) of the Bankruptcy Code, Apex shall seek approval of its compensation and expenses by applications submitted in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, and the rules and orders of this Court; and it is further

ORDERED that this Court will retain exclusive jurisdiction to construe and enforce the terms of the Application, the Agreement, the Apex Interim Retention Order and this Order.

Dated: 1/22, 2003
Houston, Texas



THE HONORABLE WILLIAM R. GREENDYKE
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Affidavit

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582-H4-11
<u>et al.</u>	:	
	:	
Debtors.	:	JOINTLY ADMINISTERED
	:	

**AFFIDAVIT OF BARRY HARBOUR IN SUPPORT OF THE DEBTORS’
APPLICATION FOR ORDER PURSUANT TO 11 U.S.C. §§ 328(a), 329 AND 504 AND
FED. R. BANKR. P. 2014(a) and 2016(b) AUTHORIZING EMPLOYMENT
AND RETENTION OF APEX PARTNERS, LLC AS FINANCIAL ADVISORS AND
INVESTMENT BANKERS**

STATE OF FLORIDA)
) ss:
COUNTY OF BROWARD)

Barry Harbour, being duly sworn upon his oath, states and affirms as follows:

1. I am a member of Apex Partners, LLC (“Apex”) an investment bank with an office located at 7420 NW 5th Street, Suite #112, Fort Lauderdale, Florida 33317. I make this declaration (the “Declaration”) on behalf of Apex in support of the Application under sections 327(a) and 328(a) of the Bankruptcy Code for an Order authorizing the employment and retention of Apex as financial advisors and investment bankers for Encompass Services Corporation, et al. (the “Debtors”) in these chapter 11 cases, pursuant to the terms and conditions set forth in the agreement dated November 22, 2002 (the “Agreement”), a copy of which is attached to the Application as Exhibit B. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

2. Apex is a recognized boutique investment banking/financial advisory firm with two (2) principal offices and satellite offices throughout the eastern United States. The firm

provides business valuation and merger and acquisition advisory services to clients in the lower middle market. The firm has substantial experience in the facility services industry.¹

3. Apex has agreed to provide financial advisory services to the Debtors in the above-captioned chapter 11 cases before this Court, pursuant to the terms and conditions of the Agreement. No agreement exists to share any compensation received by Apex for its services with any person or firm.

4. The terms and conditions of the Agreement were negotiated between the Debtors, Apex and their respective legal advisors, and reflected the parties' mutual agreement as to the substantial efforts that will be required in this engagement. As is customary in similar engagements, both in and outside of bankruptcy, the Agreement provides for Apex to receive a Retainer Fee and a fee upon the successful consummation of a transaction. Taking into account the complex nature of this engagement and the time constraints being imposed, the terms contained in the Agreement are similar to the terms agreed to by Apex and other financial advisory firms in similar restructuring engagements, both in and outside of bankruptcy.

5. Apex is a "disinterested person" as that term is defined in section 101(14) of the Bankruptcy Code in that Apex:

- (a) is not a creditor, equity security holder or insider of the Debtors;
- (b) is not and was not an investment banker for any outstanding security of the Debtors;
- (c) has not been, within three (3) years before the date of the filing of the Debtors' chapter 11 petition, (i) an investment banker for a security of the Debtors, or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtors; and

¹ The name, position and resident office of the Apex professional currently expected to have primary responsibility for providing services to the Debtors is listed on Schedule 1 attached hereto and incorporated herein by reference.

- (d) is not and, was not, within two (2) years before the date of the filing of the Debtors' chapter 11 petition, a director, officer, or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph.

6. Moreover, to the best of my knowledge, information and belief formed after reasonable inquiry, Apex and its affiliates, professionals and employees have no materially adverse interest to the Debtors' estate or the creditors in these cases.

7. To the best of my knowledge, information and belief formed after reasonable inquiry, neither I, Apex and its affiliates, nor any of our professionals or employees, have any connection with the Debtors, their creditors, any other party with an actual or potential interest in this chapter 11 case, the Debtors' respective attorneys, accountants and other professionals, the United States Trustee, or the United States Bankruptcy Court except as set forth below:

- (a) Apex provides services in connection with numerous cases, proceedings and transactions unrelated to these chapter 11 cases, including representing debtors and creditors' committees in chapter 11 proceedings and in out-of-court restructurings. All of these matters involve numerous attorneys, professionals and creditors, some of whom are, or may be, attorneys, professionals and creditors of the Debtors in these chapter 11 cases;
- (b) Apex has hundreds of clients, past and present, who are located throughout the United States and Canada, in a variety of industries. While Apex has not advised any of these parties in connection with this chapter 11 case, it is possible that certain of these parties, their creditors and the related professionals may have some relationship to the Debtors or their creditors in these cases; and
- (c) Apex has certain members who have personal interests in the Debtors. The aggregate number of common shares held by such members is less than 500 shares. Apex has placed the Debtors on their "restricted list," which precludes any employee from trading in the securities of the Debtors.

8. To determine its relationship with parties-in-interest in these cases, Apex has begun to research its client databases to determine whether it has any relationships with the

following entities (collectively, the “Interested Parties”) that were identified to Apex by the Debtors:

- (a) The Debtors and their affiliates as identified to Apex by the Debtors;
- (b) The Debtors’ directors and senior officers and certain of their major business affiliations, as identified by the Debtors;
- (c) The Debtors’ key creditors, including participants in the Debtors’ term loans and holders of bonds issued by the Debtors, as identified to Apex by the Debtors;
- (d) The Debtors’ trade creditors with claims over \$500,000, as identified to Apex by the Debtors; and
- (e) The attorneys and other professionals that the Debtors have identified for employment in these chapter 11 cases in applications filed on the Commencement Date or anticipated to be filed shortly thereafter.

This disclosure will be supplemented from time to time, as appropriate, in the event affiliated entities are added to the Interested Party list by the Debtors and/or further investigation of the Interested Parties yields additional information material to this engagement.

9. As described in the Application, prior to the filing of these cases, the Debtors paid to Apex a total of \$30,000 in fees relating to services pursuant to the Agreement. Accordingly, Apex is not a prepetition creditor of the Debtors.

10. Apex will apply to the Court for payment of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules of this Court, the Agreement, and pursuant to any additional procedures that may be established by the Court in these cases. Because Apex will be compensated through retainers with a potential transaction fee, and as Apex does not have the requisite systems in place to record its time, Apex should not be required to maintain or provide detailed time records in connection with any of its fee applications. In support of such

applications, Apex will establish those services provided on behalf of the Debtors during the applicable period, and those professionals (and their qualifications) who provided such services.

Certificate of Service

This is to certify that a true and correct copy of the foregoing Application was served upon the parties listed below by e-mail or by United States mail, first class, postage prepaid on this the 8th day of August, 2003.

Encompass Services Corporation
3 Greenway Plaza, Suite 2000
Houston, TX 77046
Attn: Todd Matherne

Weil, Gotshal & Manges LLP
700 Louisiana, Suite 1600
Houston, Texas 77002
Attn: Alfredo R. Pérez
Lydia T. Protopapas

Office of the United States Trustee
515 Rusk Street, 3rd Floor
Houston, TX 77002
Attn: Hector Duran, Jr.

Counsel for the Debtors' Prepetition
Lenders and Counsel for the Debtors'
Postpetition Lenders:

Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, TX 75270-2199
Attn: R. Michael Farquhar

Chairperson of and Counsel to the
Committee:

Philip Falcone - Co-chair
Harbert Management Corporation
555 Madison Avenue, 28th Floor
New York, NY 10022
Facsimile: 212-521-6972

John Pare - Chair
Hughes Supply, Inc.
20 North Orange Ave., Suite 200
Orlando, FL 32801
Facsimile: 407-649-3018

Andrews & Kurth L.L.P.
600 Travis Street, Suite 4200
Houston, TX 77002
Attn: Hugh M. Ray
Jim Donnell

/s/ Rene Olvera
Rene Olvera

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	:	CHAPTER 11
	:	
ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582-H4-11
<u>et al.</u>	:	
	:	
Reorganized Debtors.	:	JOINTLY ADMINISTERED

**ORDER APPROVING FINAL APPLICATION OF APEX PARTNERS, LLC AS
FINANCIAL ADVISORS FOR DEBTORS FOR ALLOWANCE OF
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
FROM NOVEMBER 22, 2002 THROUGH JUNE 9, 2003**

[This instrument pertains to Docket No. _____]

Upon consideration of the application (the “Application”) of Apex Partners, LLC (“Apex”) for an order approving the final application of Apex as financial advisors for Encompass Services Corporation and its direct and indirect subsidiaries for allowance of compensation for professional services rendered and for reimbursement of actual and necessary expenses incurred from November 22, 2002 through June 9, 2003; and the Court being satisfied that the relief requested in the Application is in the best interests of Encompass Services Corporation and Encompass Services Holding Corp. (collectively, the “Debtors”) and their estates; and it appearing that due notice of this Application has been given and that no other or further notice be given and sufficient cause appearing therefor, it is

ORDERED that the Application is granted; and it is further

ORDERED that Apex is entitled to a final allowance of \$81,177.62 for the period from November 22, 2003 through June 9, 2003 (the "Compensation Period"), representing \$80,000.00 as compensation for professional services rendered during the Compensation Period and \$1,177.62 as reimbursement for actual and necessary expenses Apex incurred during the Compensation Period; and it is further

ORDERED that the Debtors are authorized to pay Apex such sums, to the extent that such amounts have not previously been paid.

DATED: _____, 2003
Houston, Texas

HONORABLE WILLIAM R. GREENDYKE,
UNITED STATES BANKRUPTCY JUDGE