

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

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

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**COVER SHEET FOR FIRST AND FINAL APPLICATION OF HUNT, PATTON  
& BRAZEAL, INC. AS CONSULTANT FOR DEBTORS FOR ALLOWANCE OF  
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR  
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED  
FROM NOVEMBER 19, 2002, THROUGH DECEMBER 31, 2002**

Name of Applicant: Hunt, Patton & Brazeal, Inc.

Authorized to Provide Professional Services to: Encompass Services Corporation

Date of Retention: January 8, 2003 (effective November 19, 2002)

**Compensation Period:**

Period for which compensation  
and reimbursement are sought: November 19, 2002, through December 31, 2002

Amount of compensation sought  
as actual, reasonable, and necessary: \$139,000.00

Amount of expense reimbursement  
sought as actual, reasonable, and necessary: \$49.17

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

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

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**FIRST AND FINAL APPLICATION OF HUNT, PATTON & BRAZEAL, INC. AS  
CONSULTANT FOR DEBTORS FOR ALLOWANCE OF COMPENSATION  
FOR PROFESSIONAL SERVICES RENDERED AND FOR REIMBURSEMENT  
OF ACTUAL AND NECESSARY EXPENSES INCURRED FROM  
NOVEMBER 19 THROUGH DECEMBER 31, 2002**

A HEARING WILL BE CONDUCTED ON THIS MATTER ON MAY 7, 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:

Hunt, Patton & Brazeal, Inc. (“HPB”) hereby files its first and final application (the “Application”) for allowance of compensation for services rendered and reimbursement of actual and necessary expenses incurred by HPB during the period from November 19, 2002 (the “HPB Effective Retention Date”) through December 31, 2002 (the “Compensation Period”) pursuant to sections 330 and 331 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”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. These cases have been procedurally consolidated for administrative purposes only. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On November 25, 2002, the United States Trustee (“U.S. Trustee”) appointed a committee of unsecured creditors (the “Committee”) pursuant to section 1102 of the Bankruptcy Code.

4. As of the Commencement Date, Encompass Services Corporation (“Encompass”) and its direct and indirect subsidiaries (collectively, the “Company”), was one of the largest providers of facilities systems and solutions in the United States. With annual revenues in 2001 of approximately \$4 billion, the Company provides electrical and mechanical contracting to commercial, industrial and residential customers. As of

the Commencement Date, the Company had approximately 25,000 employees and operated from approximately 200 locations throughout the United States. The Company's headquarters are located in Houston, Texas.

5. The Company was formed on February 22, 2000 through the merger of Building One Services Corporation ("Building One") and Group Maintenance America Corp. ("GroupMAC"). GroupMAC and Building One were each formed two years prior to the merger in an effort to consolidate businesses in a fragmented industry. As a result of the merger, the Company is able to provide electrical and mechanical contracting, either alone or in combination with another service, in more locations than either constituent company could have performed on its own.

6. As of the Commencement Date, the Company operated in three primary business segments, namely, the Commercial/Industrial Services Group, the Residential Services Group and the Cleaning Services Group. The Commercial/Industrial Services Group designs, installs, maintains and repairs electrical, heating, ventilating, air conditioning ("HVAC"), plumbing, network infrastructure, lighting, power, security, sound and related systems to a variety of commercial customers, including manufacturing, processing and industrial facilities, chemical plants, data room servers, correctional facilities, hospitals, universities, hotels, retail stores and sports facilities. The Commercial/Industrial Services Group accounted for approximately 80% of the Company's revenues prior to the Commencement Date.

7. The Residential Services Group installs and maintains HVAC and plumbing in residences and small commercial buildings. The Residential Services Group markets its services to local, regional, and national homebuilders. The Cleaning Services

Group provided cleaning and maintenance management services to 8,000 locations nationwide, including, retail chain stores, supermarket chains, office buildings, industrial plants, banks and airports. The Company has recently divested its Cleaning Services Group as well as several non-core and/or non-performing subsidiaries.

8. Excluding its unsecured trade obligations, the Company has prepetition obligations in the approximate amount of \$1.237 billion. That indebtedness includes secured credit facility obligations in the approximate amount of \$589 million, unsecured bonds and note obligations in the face amount of \$339 million, and accrued and unpaid mandatorily redeemable convertible preferred stock dividends in the approximate amount of \$309 million. The Company also has significant trade obligations.

9. HPB was originally retained by Encompass through an Agreement dated October 1, 2002, as a consultant to assist in locating prospective buyers and closing on the sale of Encompass Power Services (“EPS”) and Encompass Design Group (“EDG”), two subsidiary companies of Encompass. Postpetition retention of HPB was approved January 8, 2003, effective November 19, 2002, by an Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of Hunt, Patton & Brazeal, Inc. as the Debtors’ Consultants (Docket No. 627), a copy of which is attached hereto as Exhibit A. Attached hereto as Exhibit B is a copy of the Affidavit of John Williams, Jr. 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 Hunt, Patton & Brazeal, Inc. as Consultants.

### Compensation Requested

10. This is HPB's first and 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.

11. By this Application and in accordance with section 330 of the Bankruptcy Code, HPB requests final allowance of \$139,049.17 for the Compensation Period, representing \$139,000.00 as compensation for professional services rendered during the Compensation Period and \$49.17 as reimbursement for actual and necessary expenses HPB incurred during the Compensation Period.

12. Since the Commencement Date, in accordance with the Court's December 18, 2002 order (Docket #389), HPB has submitted monthly statements to the Debtors requesting 80% of its fees and 90% of expense disbursements for the month. As of the date hereof, HPB has received payment of \$126,244.25 for fees and expenses incurred from the Commencement Date through December 31, 2002.<sup>1</sup> Other than these payments, HPB 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.

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<sup>1</sup> The amount of compensation remaining to be paid is less than 20% of the total amount because Encompass inadvertently overpaid HPB \$15,000 in addition to the \$111,244.25 requested in HPB's first monthly fee statement.

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

14. HPB's charges for professional services rendered in this case are billed in accordance with HPB's existing billing procedures and the Agreement approved by the Retention Order. The rates HPB charged for the services rendered by its professionals in this chapter 11 case are the same rates HPB 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 financial consulting market.

15. HPB 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**

16. Time records are not required in the Agreement between Encompass and HPB approved in the Retention Order.

17. 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 HPB during the Compensation Period, as well as the compensation sought for such services.

### Summary of Services

18. During the Compensation Period, HPB has primarily focused its efforts in the following areas: (a) locating potential buyers interested in considering purchase of EPS and EDG; (b) preparing and providing descriptive information on EPS and EDG to identified prospective buyers; and (c) facilitating prospective buyers' decision-making process through due diligence, the making of definitive offers, and closing on purchase of EPS and EDG. HPB rendered professional services in furtherance of these activities including, *inter alia*, preparing an information memorandum based on information provided by Encompass, obtaining approval of Encompass, obtaining confidentiality agreements from interested prospective buyers identified by HPB prior to distributing information memoranda, gathering additional information from EPS and EDG personnel as requested by prospects to facilitate and expedite due diligence, preparation of definitive offers in accordance with Court-approved guidelines, and closing on the sale of EPS and EDG prior to year end 2002 as requested by Encompass. Specifically, HPB rendered these professional services in accordance with the court approved engagement agreement with Encompass which provides for payment of \$15,000.00 in unpaid retainer postpetition as reflected in HPB Invoice 9360A and for payment of \$124,000.00 upon a successful closing on the sale of EPS and EDG, based on the price received by Encompass, as reflected in HPB Invoice 9368, in compensation for the above-described services.

19. HPB submits that the foregoing services were necessary to the administration of this chapter 11 case, 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. HPB's request for compensation for the foregoing services is in accordance with the compensation provided in the Agreement approved in the Retention Order and is reflective of a reasonable and appropriate amount of time expended in performing such services commensurate with the complexity, importance and nature of the task involved.

### **First Colonial Factors**

20. 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 HPB for the services rendered during the final Compensation Period is reasonable:

(a) Time and Labor Required: Although HPB's billing is not based on hours, considerable time and effort was expended by three principals of HPB, Pat Patton, Richard Daerr and John Williams, in locating and talking with over 50 initially interested prospects in acquiring EPS and EDG, answering questions, supplying information, and attempting to encourage participation in the mandated auction process.

(b) Novelty and Difficulty of the Task: Although the majority of the issues and tasks in this case were not novel, this task was unusual and difficult in that the bankruptcy filing of Encompass, the shortened time frame requiring closing by year end 2002 (hence drastically shortened due diligence), and the required auction process caused many prospects to lose interest; the challenge was to encourage continued interest and willingness to participate in the process.

(c) Skill Requisite to Perform the Service Properly: Finding buyers for companies in a bankruptcy context is a specialized area of M&A work. In order to address the range of issues and challenges presented, HPB was required to draw upon its skill and experience in bankruptcy procedures as well as in marketing and selling companies.

(d) Preclusion of Other Employment Due to the Acceptance of the Case: Although HPB's representation of Encompass in this area has consumed a significant portion of the time of several of the professionals who have worked on this matter, HPB was not precluded from taking other employment as a result of these cases.

(e) Customary Fee: HPB's fees are not hourly fees. The retainer varies by the complexity, difficulty and extent of the project; the contingent portion is the industry standard lehman formula based on sales price achieved, which is HPB's customary fee. For this project HPB's fees are as presented in the engagement agreement attached to the Retention Order, which is attached hereto as Exhibit A. HPB represents that these hourly rates are reasonable, fair, and customary for the degree of skill and expertise required in this case.

(f) Whether the Fee is Fixed or Contingent: HPB's fee is partly a fixed retainer and partly a contingent fee, plus extraordinary out of pocket expenses. HPB did not charge for telephone, copying, postage or delivery costs it incurred; these were included in the retainer.

(g) Time Limitations: Generally, in bankruptcy cases, there are numerous deadlines imposed. In this case the major time factors were dictated by the requirement to close the sale of the two companies prior to year end 2002. With respect

to meeting the time objective, HPB worked within the relevant time limitations created by each deadline required to meet the objective.

(h) Amount Involved and Results Obtained: HPB, on behalf of Encompass, has worked with the Debtors on a number of issues and tasks during the Compensation Period, including, but not limited to, selling two of Debtors' subsidiary companies to raise cash for Debtors' estate. HPB'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. The Debtors' disclosure statement was approved on April 9, 2003 and a hearing on confirmation of the Debtors' plan of reorganization is currently scheduled for May 21, 2003, just six months after the Commencement Date.

(i) Experience, Reputation and Ability of Professionals: Encompass selected HPB as its professional consultant because of HPB's successful work with Encompass previously, its knowledge of the industries in which EPS and EDG worked and the likely strategic players who might be interested in acquiring them, and its past history with and knowledge of EPS and EDG, as well as the extensive background of HPB principals.

(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: HPB has provided services to Encompass on this matter since October 21, 2002. HPB has not represented Encompass in any other matters during 2002 or 2003.

(l) Awards in Similar Cases: HPB'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.

21. The Application does not include fees or expenses for the preparation of this Application. HPB reserves the right to seek additional compensation for preparing this Application.

#### **Actual and Necessary Expenses**

22. The actual and necessary expenses incurred by HPB in connection with its employment with the Debtors during the Compensation Period were for a meal for the due diligence team of a prospective buyer on their trip to Tulsa to meet with EPS and EDG personnel. HPB seeks reimbursement of actual and necessary expenses incurred by HPB during the Compensation Period in the aggregate amount of \$49.17.

23. HPB states as follows regarding expenses: HPB charged the \$49.17 at its cost without markup. HPB has not charged for telephone, copying, postage or delivery expense.

#### **Conclusion**

WHEREFORE HPB respectfully requests (a) final allowance of \$139,049.17 for the Compensation Period, representing \$139,000.00 as compensation for professional services rendered during the Compensation Period and \$49.17 as reimbursement for actual and necessary expenses HPB incurred during the Compensation



**EXHIBIT A**



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, 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 to retain and employ Hunt Patton as their consultants for the purpose of providing consulting services in connection with the Debtors' chapter 11 cases in accordance with the terms of the Agreement, effective as of the commencement of these cases; and it is further

ORDERED that the Debtors are authorized to pay Hunt Patton all fees earned and accrued as of the date of this Order in accordance with the terms of the Agreement and such fees are hereby approved, subject to the standard of review provided in section 328(a) of the Bankruptcy Code but not subject to any other standard of review under section 330 of the Bankruptcy Code; and it is further


ORDERED that the terms of any retention of Hunt Patton with respect to work to be performed by Hunt Patton subsequent to the date of this Order and any prospective fees to be incurred by Hunt Patton subsequent to the date of this Order, shall be subject to further application and approval by the Court; and it is further

ORDERED that, subject to the foregoing, awards of compensation and expenses will be sought by Hunt Patton pursuant to 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, and this Order.

Dated: 1/8, 2003  
Houston, Texas

  
UNITED STATES BANKRUPTCY JUDGE

**AGREEMENT (Option A)**

This Agreement (herein "Agreement") is entered into this 1<sup>st</sup> day of October, 2002, between Encompass Services Corporation with offices at Three Greenway Plaza, Suite 2000, Houston, Texas 77046, (herein "Client"), and Hunt, Patton & Brazel, Inc., whose office is at Three Riverway, Suite 170, Houston, TX 77056, (herein "Company").

Whereas, Client is seeking to dispose of its Encompass Design Group and Encompass Power Services operations headquartered in Tulsa, Oklahoma (herein "Opportunity" or "Opportunities"); and

Whereas, Company has valuable contacts (each a "Contact" and collectively "Contacts") which could provide Client a buyer for its Opportunities; and

Whereas, Client desires to engage Company, on a best efforts basis, to provide Client with information on suitable possible Contacts, and to arrange introductions as may be appropriate, and to provide such other services as Client may request;

Now, Therefore in consideration of the foregoing premises, the agreements and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned Parties hereby agree as follows:

1. When Company becomes aware of a Contact, which Company believes may be of interest to Client, Company shall contact Client to determine Client's interest in pursuing the Contact. Upon receipt of Client's interest in the Contact, Company shall provide a conduit of information exchange and assist in arranging meetings between Client and the Contact, which Client may reasonably request.
2. Company shall be paid fees and expenses for its services of identifying Opportunities and Contacts, obtaining information for preliminary evaluation, making introductions, and otherwise assisting Client as requested. Said fees and expenses shall consist of:
  - A Monthly Retainer Fee, as provided in Paragraph 3 below;
  - A Transaction Fee, as provided in Paragraph 4 below, should a Transaction be completed;
  - Such other fees as mutually agreed for additional acquisition support requested by Client; and
  - Expenses for travel, communications, and the like while performing services under the monthly Retainer Fee arrangement.
3. For retained Acquisition Services, Client shall pay Company a Retainer Fee of twenty-five thousand dollars (\$ 25,000.00) per month for a period of three (3) months from the date of this Agreement, or for such extended period as mutually agreed in writing by the Parties, or until terminated upon consummation of a Transaction. The first Retainer Fee payment shall be due and paid within ten (10) days of the date of this Agreement and subsequent payments due monthly thereafter. Should a Transaction be consummated, Company shall receive a Transaction Fee as delineated in Paragraphs 4 through 7 below.
4. If the Opportunity is purchased, acquired, merged with (in whole or in part) by a Contact identified and introduced by Company, Company shall receive a Transaction Fee, which is Company's standard remuneration, equal to the sum of:

5% on the first million dollars (or less), plus  
 4% on the second million dollars (or fraction), plus  
 3% on the third million dollars (or fraction), plus  
 2% on the fourth million (or fraction), plus  
 1% of the amount in excess of \$4 million, of

the total amount invested, or the total acquisition/purchase price including any cash monies taken out and/or retained by seller and including any debt assumed by buyer as part of the purchase price. The minimum Transaction Fee is \$50,000.00.

5. Company's Transaction Fee shall be a requisite part of the purchase/sale and Company shall receive said Transaction Fee from Client at closing or on the same day that investment funds are provided to the Client by the Contact.
6. In the event deferred payments represent some portion of the investment or purchase price, and said deferred payments are contingent on future events, the Transaction Fee, as determined in Paragraph 4 above, shall apply to such deferred payments, and shall be paid to Company. A promissory note of fixed amount shall be considered a deferred payment, and the Transaction Fee on that portion of the investment or purchase price which is represented by such a note shall be payable as the note is paid. If the deferred payment terms include interest payments, the basis for the Transaction Fee balance due Company shall be at a rate equivalent to that which is paid by the Contact to the Client.
7. Client acknowledges and agrees that Company has a proprietary interest in introductions and arrangements it makes for Client in that Company spends time, money, and effort in developing these Contacts for its clients. Therefore, for a period of twelve (12) months from the date Client notifies Company that it is no longer pursuing a Contact, in the event that Client or any group in which Client has a 10% or greater ownership interest initiates or receives investment funds or is involved in an acquisition transaction with such Contact, Client agrees to pay Company a Transaction Fee equal to the amount described in Paragraph 4 above for such transaction.
8. Company shall have the right to inspect Client's accounting and business records or such records of the surviving entity during normal business hours to verify that all fees due to Company have been paid by giving Client five (5) days advance written notice of its intent to make such an inspection. Company's inspection rights shall continue for a period of twelve (12) months following the expiration or cancellation of this Agreement.
9. Client and Company recognize and acknowledge each for and on behalf of itself, its shareholders, directors, officers, agents and other entities associated therewith that Company has developed and continues to develop many contacts, and that such contacts are good and valuable assets of Company and that Client and Contacts have proprietary and confidential data and information; and in that regard, each Party hereto hereby agrees individually and collectively for and on behalf of itself, its shareholders, directors, officers, agents and other entities associated therewith that it will not disclose to any third party any confidential data, documents and the like related to the business, contacts, sources, or know-how of the other Party or a Contact without the other Party's express written consent; and, if an offer is not made as a result of a Contact, then any such data received from the other Party will be returned and will not be reproduced for any purpose; provided, however, that such confidentiality and non-disclosure requirements shall not

apply to information in the public domain or received from third parties without restriction at the time of disclosure.

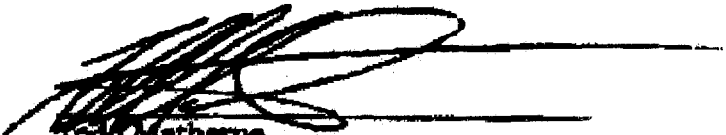
- 10. The Parties understand and agree that Company's responsibilities and role with respect to any transaction hereto are that of initial introductions and additional assistance and cooperation as may be requested by Client; and that, in no manner or respect shall Company have responsibility for matters relating to the viability of any investment, acquisition, merger, or purchase, or financing transactions, or tax consequences, or the like; and, in that regard, Client is responsible for its own counsel with respect to such matters.
- 11. This Agreement shall be effective from the date first above written until terminated by either Party by written notice to the other Sections 3, 4, 7, 8 and 9 shall survive any termination in accordance with their terms.
- 12. This Agreement is entered into in the State of Texas and shall be governed by the laws of Texas.
- 13. This Agreement constitutes the entire agreement between the Parties and supersedes any and all oral or written promises, understandings, proposals or communications, except as may be expressly incorporated herein; and the Parties hereto have made no representations, warranties or promises one to the other except as expressly contained herein.

*This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective heirs, executors, administrators, successors and assigns.*


*In Witness Whereof, the parties hereto have executed this Agreement to be effective on the date as first above written.*

**CLIENT  
ENCOMPASS SERVICES CORPORATION**

**COMPANY  
HUNT PATTON & BRAZEAL, INC.**



Todd Mathene  
Vice President, Treasurer



M. Pat Patton  
President

**EXHIBIT B**

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

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

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**AFFIDAVIT OF JOHN WILLIAMS, JR. 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 HUNT, PATTON & BRAZEAL, INC. AS CONSULTANTS**

STATE OF OKLAHOMA    )  
                                  )       ss:  
COUNTY OF TULSA     )

John Williams, Jr., being duly sworn upon his oath, states and affirms as follows:

1. I am Vice President and Secretary of Hunt, Patton & Brazeal, Inc. (“Hunt Patton”) a consulting firm with an office located at 7170 South Braden, Suite 185, Tulsa, Oklahoma 74136. I make this declaration (the “Declaration”) on behalf of Hunt Patton 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 Hunt Patton as consultants 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 October 1, 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. Hunt Patton is a nationally recognized consulting firm with three offices and more than ten professionals.<sup>1</sup> Hunt Patton provides consulting services in a variety of areas, including mergers, acquisitions and divestitures, where Hunt Patton is one of the leading consultants to engineering firms serving the power utility, petrochemical, oil and gas, commercial construction and environmental industries. Hunt Patton has consulted with both buyers and sellers in these industries, providing services in the areas of strategic planning, valuation analysis, growth consulting, restructuring, and executive search, as well as merger and acquisition work. Prior to employment with Hunt Patton, I have managed three previous unrelated chapter 11 bankruptcies as an officer of the debtor, two in Oklahoma and one in Illinois.

3. Hunt Patton has agreed to provide consulting 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 Hunt Patton for its services with any person or firm.

4. The terms and conditions of the Agreement were negotiated between the Debtors, Hunt Patton 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 Hunt Patton 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 Hunt Patton

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<sup>1</sup> The names, positions and resident offices of the Hunt Patton professionals currently expected to have primary responsibility for providing services to the Debtors are listed on Schedule 1 attached hereto and incorporated herein by reference.

and other consulting firms in similar restructuring engagements, both in and outside of bankruptcy.

5. Hunt Patton is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code in that Hunt Patton :

- (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
- (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, Hunt Patton 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, other than in connection with these cases and as set forth below and in Schedule 2, neither I, Hunt Patton 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. Specifically, Hunt Patton performed executive search consulting services for Encompass in the year 2000. The agreement for these services was entered into with Patrick McMahon of Encompass and was completed by January of 2001.



- (a) Hunt Patton provides services in connection with numerous projects and transactions unrelated to these chapter 11 cases, including representing companies in acquisitions, divestitures 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) Hunt Patton has hundreds of clients, past and present, who are located throughout the United States, Asia, Europe and South America, in a variety of industries. While Hunt Patton 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;
- (c) Hunt Patton and its affiliates have over 15 employees, some of whom may have personal investments in the Debtors. Hunt Patton 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, Hunt Patton 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 Hunt Patton by the Debtors:

- (a) The Debtors and their affiliates as identified to Hunt Patton 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 Hunt Patton by the Debtors;
- (d) The Debtors’ trade creditors with claims over \$500,000, as identified to Hunt Patton 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.

To the extent identified to date, Schedule 2 discloses Hunt Patton 's relationships with Interested Parties that have any connection to the Debtors. Schedule 2 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 Hunt Patton a total of \$50,000 in fees relating to services pursuant to the Agreement. Accordingly, Hunt Patton is not a prepetition creditor of the Debtors.

10. Hunt Patton 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 Hunt Patton will be compensated through one time retainers with a potential transaction fee, and as Hunt Patton does not have the requisite systems in place to record its time, Hunt Patton should not be required to maintain or provide detailed time records in connection with any of its fee applications. In support of such applications, Hunt Patton will establish those services provided on behalf of the Debtors during the applicable period, and those professionals (and their qualifications) who provided such services.



## **Schedule 1**

M. Pat Patton  
President  
32065 Castle Court, Suite 225  
Evergreen, CO 80439

John H. Williams, Jr.  
Vice President and Secretary  
7170 S. Braden, Suite 185  
Tulsa, OK 74136

Richard Daerr  
Senior Industry Consultant  
Three Riverway, Suite 170  
Houston, TX 77056

## **Schedule 2**

Hunt Patton negotiated with Patrick L. McMahon, identified in Encompass Services Corporation Conflicts Check List, Section I, as an Officer of Debtors, for an Agreement with Encompass Services Corporation in 2000 for the provision of Executive Search Services. Hunt Patton was paid \$30,000 for those services, which were completed by January 2001.

**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 14<sup>th</sup> day of April, 2003.

Encompass Services Corporation  
3 Greenway Plaza, Suite 2000  
Houston, TX 77046  
Attn: Gray Muzzy

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**

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

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**ORDER APPROVING FINAL APPLICATION OF HUNT, PATTON &  
BRAZEAL, INC. AS CONSULTANT FOR DEBTORS FOR ALLOWANCE OF  
COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND FOR  
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED  
FROM NOVEMBER 19, 2002, THROUGH DECEMBER 31, 2002.**

[This instrument pertains to Docket No. \_\_\_\_\_]

Upon consideration of the application (the "Application") of Hunt, Patton & Brazeal, Inc. for an Order Approving First and Final Application of HPB as Consultant for Debtors for Allowance of Compensation for Professional Services Rendered and for Reimbursement of Actual and Necessary Expenses Incurred from November 19, 2002, through December 31, 2002; and the Court being satisfied that the relief requested in the Application is in the best interests of 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 HPB is entitled to a final allowance of \$139,049.17 for the period from November 19, 2002, through December 31, 2002, (the "Compensation Period"), representing \$139,000.00 as compensation for professional services rendered

during the Compensation Period and \$49.17 as reimbursement for actual and necessary expenses HPB incurred during the Compensation Period; and it is further

ORDERED that the Debtors are authorized to pay HPB such sums, to the extent that such amounts have not previously been paid; and it is further

ORDERED that HPB is entitled to seek compensation for preparation of its Application.

DATED: \_\_\_\_\_, 2003  
Houston, Texas

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HONORABLE WILLIAM R. GREENDYKE,  
UNITED STATES BANKRUPTCY JUDGE