

**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

**COVER SHEET FOR APPLICATION OF HUNT, PATTON & BRAZEAL, INC.
AS CONSULTANT FOR DEBTORS FOR ALLOWANCE OF COMPENSATION
FOR PREPARATION OF FINAL FEE APPLICATION AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
FROM APRIL 1, 2003 THROUGH MAY 30, 2003**

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

Authorized to Provide
Professional Services to: Encompass Services Corporation

Date of Retention: Effective November 19, 2002

Compensation Period:

Period for which compensation
and reimbursement are sought: April 1, 2003 through May 30, 2003

Amount of compensation sought
as actual, reasonable, and necessary: \$1,365

Amount of expense reimbursement
sought as actual, reasonable, and necessary: \$354

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ENCOMPASS SERVICES CORPORATION,	:	Case No. 02-43582-H4-11
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Reorganized Debtors.	:	JOINTLY ADMINISTERED

**APPLICATION OF HUNT, PATTON & BRAZEAL, INC. AS CONSULTANT
FOR DEBTORS FOR ALLOWANCE OF COMPENSATION FOR
PREPARATION OF FINAL FEE APPLICATION AND FOR REIMBURSEMENT
OF ACTUAL AND NECESSARY EXPENSES INCURRED
FROM APRIL 1, 2003 THROUGH MAY 30, 2003**

A HEARING WILL BE CONDUCTED ON THIS MATTER ON AUGUST 20, 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 application (the “Application”) for the allowance of compensation for preparation of its final fee application and reimbursement of actual and necessary expenses incurred by HPB during the period from April 1, 2003 through May 30, 2003 (the “Compensation Period”) pursuant to the Court’s Order Approving Final Application of Hunt, Patton & Brazeal,

Inc. for Allowance of Compensation dated May 7, 2003 (Docket No. 2111, the “HPB Fee Order”) and 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 (“Encompass”) and its direct and indirect subsidiaries 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 "Debtors"), emerged from chapter 11 of the Bankruptcy Code.

5. HPB was originally retained by Encompass through an agreement dated October 1, 2002 (the "Agreement"), as a consultant to assist in locating prospective buyers and closing on the sale of Encompass Power Services and Encompass Design Group, two subsidiary companies of Encompass. Postpetition retention of HPB was approved January 8, 2003, effective November 19, 2002, by the Court's 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 #627, the "Retention Order"), a copy of which is attached hereto as Exhibit 1. Attached hereto as Exhibit 2 is a copy of the Affidavit of John Williams, Jr. in Support of the Debtors' Application for an Order Pursuant to 11 U.S.C. §§328(a), 329 and 504 and Fed. R. Bankr. P. 2014(1) and 2016(b) Authorizing Employment and Retention of Hunt, Patton & Brazeal, Inc. as Consultants. Attached hereto as Exhibit 3 is a copy of the HPB Fee Order, which allows HPB to seek compensation for preparation of its application.

Compensation Requested

6. This is HPB's application for compensation for preparation of its final fee application and appearance at the hearing May 7, 2003, on its final fee application 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, HPB requests final allowance of \$1,719.00 for the Compensation Period, representing \$1,365.00 as compensation for professional services rendered in preparation of its final fee application during the Compensation Period and \$354.00 as reimbursement for actual and necessary expenses HPB incurred during the Compensation Period.

8. Since the Petition 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 each month and has received approval of its final fee application for compensation through the HPB Fee Order (Exhibit 3). As of the date hereof, HPB has received payment of \$139,049.17 for fees and expenses incurred from the Commencement Date through December 31, 2002, as specified in the HPB Fee Order. 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.

9. 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.

10. 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.

11. 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

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

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

14. During the Compensation Period, HPB prepared its final fee application and one of its professionals traveled to Houston on May 7, 2003, to testify at the hearing on its final fee application, as requested by the Court.

15. 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 HPB Fee Order, and is reflective of a reasonable and appropriate amount of time expended in performing such services commensurate with the complexity and nature of the 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 HPB for the services rendered during the final Compensation Period is reasonable:

(a) Time and Labor Required: One principal of HPB, John Williams, spent 5.5 hours in preparing the final fee application and 4.25 hours in travel and time at the hearing devoted to this case.

(b) Novelty and Difficulty of the Task: Although the majority of the issues and tasks in this case were not novel, the sales of Encompass Design Group and Encompass Power Services were unusual and difficult because the short time frame involved in the bankruptcies of Encompass Services Corporation and its direct and indirect subsidiaries necessitated closing these sales by year end 2002 (hence drastically shortened due diligence). Further, the required auction process caused many prospects to

lose interest. Due to these constraints, it was challenging to encourage continued interest and willingness to participate in the sales process.

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

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

(e) Customary Fee: For the sales of Encompass Design Group and Encompass Power Services, HPB's fees are as presented in the Agreement attached to the affidavit in Exhibit 2. The retainer fee varies by the complexity, difficulty, and extent of the project. The transaction fee is the industry standard Lehman formula, which is based on the sales price achieved. The compensation sought by HPB for the preparation of the final fee application and the related hearing attendance is based on a rate of \$140 per hour, the customary rate for John Williams when fees are based on time. HPB represents that its compensation is 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 transaction fee, plus extraordinary out-of-

pocket expenses. HPB did not charge for the telephone, copying, postage, or delivery costs it incurred.

(g) Time Limitations: Generally, in bankruptcy cases, there are numerous deadlines imposed. In this case, the major deadline was the need to close the sale of the two companies prior to year end 2002. HPB worked within the relevant time limitations created by each deadline to meet the Debtors' objectives.

(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 the Debtors' estate. HPB's activities have contributed to the administration of the Debtors' estates and have helped to pave 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 Petition Date.

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

(j) Undesirability of the Case: Whenever a professional agrees to represent a 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 1, 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.

Actual and Necessary Expenses

17. The actual and necessary expenses incurred by HPB in connection with its employment by the Debtors during the Compensation Period were for one roundtrip airfare for travel between Tulsa, Oklahoma and Houston, Texas; and for roundtrip taxi fare between the Houston airport and the Court. HPB seeks reimbursement of actual and necessary expenses incurred by HPB during the Compensation Period in the aggregate amount of \$354.00.

18. Regarding expenses, HPB charged \$354.00 at its cost, without markup. HPB has not charged for telephone, copying, postage or delivery expenses.

Conclusion

WHEREFORE HPB respectfully requests (a) final allowance of \$1,719.00 for the Compensation Period, representing \$1,365.00 as compensation for professional services rendered during the Compensation Period and \$354.00 as reimbursement for actual and necessary expenses HPB incurred during the Compensation Period; (b) authorization for the Debtors to pay HPB such sums; (c) that the allowance of

compensation for professional services rendered and reimbursement of actual and necessary expenses be without prejudice to HPB's right to seek such further compensation for the full value of services provided; and (d) for such other and further relief as is just.

Dated: July 17, 2003
Houston, Texas

Respectfully submitted,

Hunt, Patton & Brazeal, Inc.

By: /s/ John H. Williams, Jr.
John H. Williams, Jr.
Vice President
7170 South Braden, Suite 185
Tulsa, Oklahoma 74136
918-492-6910 (telephone)
918-492-7023 (fax)

**CONSULTING PROFESSIONAL FOR THE
DEBTORS AND THE DEBTORS IN
POSSESSION**

EXHIBIT 1

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

EXHIBIT 2

Exhibit 2

**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 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.¹ 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

¹ 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.

EXHIBIT B

Encompass Services Corporation, et al., Debtors

Hunt, Patton & Brazeal, Inc. Agreement

AGREEMENT (Option A)

This Agreement (herein "Agreement") is entered into this 1st day of October, 2002, between Encompass Services Corporation with offices at Three Greenway Plaza, Suite 2000, Houston, Texas 77046, (herein "Client"), and Hunt, Patton & Brazeal, Inc., whose office is at Three Riverway, Suite 170, Houston, TX 77055, (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.

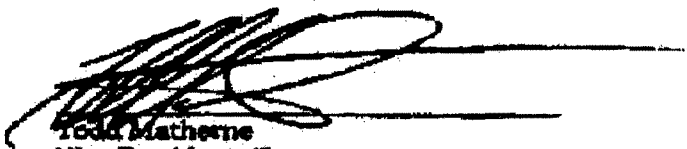
- 10. The Parties understand and agree that Company's responsibilities and role with respect to any transaction hereto are that of initial introductions and additional assistance and cooperation as may be requested by Client; and that, in no manner or respect shall Company have responsibility for matters 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.

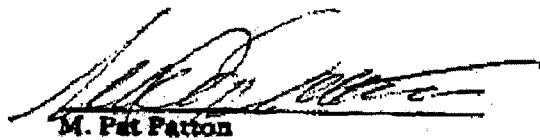
In Witness Whereof, the parties hereto have executed this Agreement to be effective on the date as first above written.

**CLIENT
ENCOMPASS SERVICES CORPORATION**

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



Todd Mathene
Vice President, Treasurer



M. Pat Patton
President

EXHIBIT 3

**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

**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. 2111]

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


2111

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: 5/7, 2003
Houston, Texas



HONORABLE WILLIAM R. GREENDYKE,
UNITED STATES BANKRUPTCY JUDGE

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 18th day of July, 2003.

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

Weil, Gotshal & Manges LLP
700 Louisiana, Suite 1600
Houston, Texas 77002
Attn: Alfredo Perez
Lydia 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/ Steve Vacek
Steve Vacek

**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 APPLICATION OF HUNT, PATTON & BRAZEAL, INC.
AS CONSULTANT FOR DEBTORS FOR ALLOWANCE OF COMPENSATION
FOR PREPARATION OF FINAL FEE APPLICATION AND FOR
REIMBURSEMENT OF ACTUAL AND NECESSARY EXPENSES INCURRED
FROM APRIL 1, 2003, THROUGH MAY 30, 2003**

[This instrument pertains to Docket No. _____]

Upon consideration of the application (the "Application") of Hunt, Patton & Brazeal, Inc. ("HPB") for an order approving the application of HPB as a consultant for Encompass Services Corporation and Encompass Services Holding Corp. (the "Debtors") for the allowance of compensation for preparation of a final fee application and for reimbursement of actual and necessary expenses incurred from April 1, 2003 through May 30, 2003; 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 \$1,719.00 for the period from April 1, 2003 through May 30, 2003 (the "Compensation Period"),

representing \$1,365.00 as compensation for preparation of the final fee application during the Compensation Period and \$354.00 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.

DATED: _____, 2003
Houston, Texas

HONORABLE WILLIAM R. GREENDYKE,
UNITED STATES BANKRUPTCY JUDGE