

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW MEXICO

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In re:

FURRS SUPERMARKETS, INC.,

Debtor.

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Case No. 11-01-10779-SA
Chapter 11

UNITED STATES BANKRUPTCY COURT
ALBUQUERQUE, NM

**DEBTOR'S MOTION TO EMPLOY MORNEAU SOBECO AS EMPLOYER BENEFIT
CONSULTANTS FOR THE DEBTOR**

The Debtor and Debtor in Possession, Furrs Supermarkets, Inc. (the "Debtor"), pursuant to 11 U.S.C. § 327(e), requests that the Court approve its employment of Morneau Sobeco. ("Morneau Cobeco") to represent Debtor in all employer benefit consultant matters as Debtor may request and Morneau Sobeco may agree to perform. In support of this Motion (the "Motion"), Debtor states:

1. On February 8, 2001 (the "Petition Date"), Debtor commenced this bankruptcy case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. Pursuant to Bankruptcy Code §§1107(a) and 1108, Debtor has retained possession of its assets, as Debtor in Possession, and is continuing to operate its business.

2. Debtor wishes to employ Morneau Sobeco as employer benefit consultants for Debtor, in all matters in which Debtor requires employee benefit consulting work. Morneau Sobeco is qualified to represent Debtor as debtor in possession in this case. Morneau Sobeco has represented in its disclosure filed pursuant to Bankruptcy Rules 2014 and 2016 that except for its representation of clients in matters wholly unrelated to Furrs or this bankruptcy case and its own unsecured claim, to Morneau Sobeco's knowledge it does not have any interests that are materially adverse to Furrs.

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3. In general, the professional services Morneau Sobeco may render on behalf of the Debtor include (but are not limited to) rendering advice to the Debtor about the Debtor's employee benefit plans and how to administer the plans appropriately in connection with the Chapter 11 case and the eventual wind-down of the Debtor's business. A copy of Morneau Sobeco's engagement letter with the Debtor, dated August 3, 2001 ("Engagement Letter"), is attached hereto as Exhibit A and incorporated herein by reference. Moreover, Morneau Sobeco seeks a determination that the rates described in the Engagements Letter are reasonable and appropriate and meet with this Court's approval for all purposes of Morneau Sobeco, proposed representation of Furr.

4. To the best of Debtor's knowledge, information and belief, employment of Morneau Sobeco would be in the best interest of the estate, and Morneau Sobeco has no interest that is, for the matters that are subject of Morneau Sobeco's employment, adverse to the Debtor, its creditors, or any other party in interest or their respective attorneys, other than any interests set forth in Morneau Sobeco's statement pursuant to Bankruptcy Rules 2014 and 2016 (the "Morneau Sobeco Disclosure") filed in connection with this Motion.

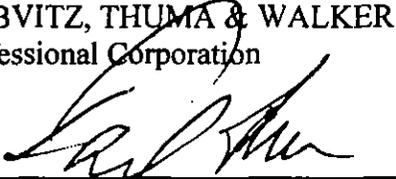
5. The fees, costs, and gross receipts tax that Morneau Sobeco will charge Debtor are set forth in the Engagement Letter.

6. Morneau Sobeco requests that the Debtor be authorized to make interim payments to Morneau Sobeco on a monthly basis upon receipt of Morneau Sobeco's billing statements and prior to the Court's determination of the allowability of Morneau Sobeco's compensation under the same terms as set forth in the Motion for Order Authorizing Payment of Interim Compensation and Reimbursement of Expenses of Debtor's Professionals.

7. Morneau Sobeco's employment is in the best interest of the estate and should be made effective as of the date hereof.

WHEREFORE Debtor requests approval of the Court to employ Morneau Sobeco as its counsel pursuant to 11 U.S.C. § 327(e) under the terms of the Engagement Letter and this Motion, effective as of the date hereof; and to make interim payments to Morneau Sobeco prior to allowance of compensation, as described above.

JACOBVITZ, THUMA & WALKER
A Professional Corporation

By: 

Robert H. Jacobvitz
David T. Thuma
500 Marquette N.W., Suite 650
Albuquerque, New Mexico 87102
(505) 766-9272
(505) 766-9287 (fax)

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

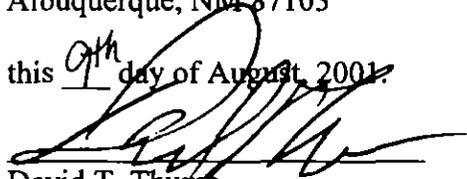
LLP
Richard D. Levin
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071-3144
(213) 687-5000

Attorneys for the Debtor-in-Possession

This certifies that a copy of the foregoing was served by first class mailed on:

United States Trustee
P.O. Box 608
Albuquerque, NM 87103

this 9th day of August, 2001.


David T. Thuma



EMPLOYEE BENEFIT CONSULTANTS
Offices: Calgary • Fredericton • Halifax • Harrisburg • London • Montreal • Pittsburgh • Quebec • St. John's • Toronto • Vancouver • Washington

Morneau Sobeco, Ltd.
2000 Technology Drive
Suite 335
Pittsburgh, PA 15219-3109
tel: (412) 897-3236
fax: (412) 621-5645
www.morneausobeco.com

August 3, 2001

CONFIDENTIAL

Ms. Lana Robinson
Benefits Manager
Furr's Supermarkets, Inc.
4411 The 25 Way
Albuquerque, NM 87109

Dear Lana:

Pursuant to our conversation with Terry Wallock, General Counsel for Furr's Supermarkets, Inc, this letter will outline the consulting services requested by Furr's Supermarkets Inc., and provide you with our fee structure.

Our understanding of the situation at Furr's is that Furr's Supermarkets, Inc. is currently operating under Chapter 11 bankruptcy code. Therefore, we are requiring written approval be provided from the Bankruptcy Court and requesting that our fees be paid in advance. Enclosed is an invoice that provides for 15 hours of Benefits Consulting.

Benefits Consulting

Our fee for consulting services would be an hourly rate of \$180.00. We estimate that 15 hours of consulting would be appropriate. Services would include the following:

Assisting Furr's in determining the most efficient way to provide for existing claims and run out claims that will be incurred on or before 8/31/01. This will involve a review of outstanding or unprocessed claims reports, pending claims, UR records, etc.

We will review your current Stop Loss Policy with Gerber Life Insurance Company and determine what protection may be available under the terms of the policy, after the termination of the Plan.

We will make a recommendation as to what the best course of action would be for Furr's to provide a mechanism for funding run out claims. (e.g. determine maximum claims liability and establish a trust)

furrstec

EXHIBIT

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August 3, 2001

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Lana Robinson

Marketing -

We will explore fully insured medical options for a small group of employees that will be remaining with Furr's for a period of several months. Additionally, we will look for a carrier that would offer reasonably priced health coverage in the individual market for former Furr's Supermarkets employees that will not be eligible for COBRA, due to the termination of the Health Plan.

Our fee for Marketing is based on commission generated from insurance carriers and will not be billed at separate hourly rate.

I hope this information is sufficient for your needs. Please contact me if you have any questions or concerns.

Kind Regards,



Carol L. Hadlock
Consultant

Enclosure

Sent By: FURR'S SUPERMARKETS, INC

505 944 2671;

Aug-6- 14:15;

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EMPLOYEE BENEFIT CONSULTANTS
Office: Calgary • Edmonton • Halifax • Montreal • Ottawa • Quebec • St. John's
• Toronto • Vancouver • Washington
Morneau Sobeco, Ltd.
P.O. Box 1307
Albionville, PA 15219
tel.: (412) 932-7001
fax: (412) 932-4913

Date: August 3, 2001
Invoice Number: Furr101
Due Date: Immediately

Furr's Supermarkets, Inc.
4411 The 25 Way
Albuquerque, NM 87109

INVOICE

Benefits Consulting Services to be performed by Morneau Sobeco, LTD

15 hours @ \$180.00	\$2700.00
Total Due:	\$2700.00

Please make check payable to:

Morneau Sobeco
2000 Technology Drive, Suite 325
Pittsburgh, PA 15219