

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF PUERTO RICO**

IN RE:

OIB, LLC

Debtor

CASE NO. 16-10122(EAG)

CHAPTER 11

MOTION FOR USE OF ACCOUNTS RECEIVABLE

TO THE HONORABLE COURT:

COMES NOW OIB, LLC ("Debtor"), through its undersigned counsel, and respectfully states and requests:

I. PRELIMINARY STATEMENT AND JURISDICTION

1. On December 29, 2016, Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code (the "Petition") and as of that date has been managing its affairs and operating its business as a debtor in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

2. The predicate acts for the filing of this motion are 11 U.S.C. §§ 361, 363(c)(1) and (2), and (e); Federal Rule of Bankruptcy Procedure ("FRBP") 4001 (b); and PR-LBR 4001-2.

3. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §1334 and the order of referral of the Honorable Juan R. Torruella issued on July 19, 1984. Venue lies in this district under 28 U.S.C. §1409. The matter contemplated hereby constitutes a core proceeding under 28 U.S.C. §§157

(b)(1); and (2)(A), (D), and (M). Debtor consents for the same to be heard by this Court.

II. FACTS

4. Prior to the filing of its Chapter 11 Petition, Debtor was involved in the construction of the Guayama Soccer Stadium for the Municipality of Guayama (the "Municipality"), pursuant to Public Works Contract Number 2016-000280 between Debtor and the Municipality, entered into on October 9, 2015, for \$6,387,166.67, (the "Contract").

5. Payment and Performance Bonds Number 1301158001198 were issued by MAPFRE/Praico Insurance Company ("MAPFRE") on October 7, 2015 (the "Bonds"), each for the amount of the Contract.

6. Under the Payment Bond, Debtor and MAPFRE jointly and severally bound themselves, their heirs, executors, administrators, and assigns to the Municipality to pay for labor, materials, and equipment furnished for use in the performance of the Contract.

7. On July 10, 2014, an adhesion Agreement of Indemnity (the "Indemnity Agreement") was executed by HCM Construction Corp. and Debtor as Principal (the "Principal"), and SM Electrical Contractors, S.E., HCM Construction Corp., Francisco Lasanta González and Sonia Morales Hernández, Francisco J. Lasanta Morales and Gladybel Gorbea de Jesús, and Héctor D. Costa Madera and Ana Beatriz Oliveras Pérez as Indemnitors (the "Indemnitors") of MAPFRE, MAPFRE Pan American Insurance Company,

MAPFRE Preferred Risk Assurance Company, XL Reinsurance America Corp., Swiss Reinsurance America Corp., Swiss Reinsurance Copr., and/or Endurance Reinsurance Corporation of America as Surety (the "Surety").

8. Under the Indemnity Agreement, the Principal and the Indemnitors, agreed to exonerate, hold harmless, and indemnify the Surety from and against all claims, demands, and liability for losses, costs, and expenses of whatsoever kind or nature, including court costs, counsel fees, costs of investigation, and from an against any all other such losses and expenses which the Surety may sustain due to:

- (A) execution or having procured the execution of the Bonds;
- (B) failure of the Principal or the Indemnitors to perform or comply with any of the covenants or conditions of the Indemnity Agreement;
- (C) enforcement of any of the covenants or conditions of the Indemnity Agreement;
- (D) performance of any investigation, obtaining or attempting to obtain a release, or recovering or attempting to recover loss or unpaid bond premium in connection with any Bond;
- (E) prosecution or defense of any action or claim in connection with any Bond, whether the Surety, at its discretion, elects to employ its own counsel or permits or requires the Principal or

the Indemnitors to make arrangements for the Surety's legal representations.

9. Under the Indemnity Agreement and subject to the terms and conditions thereof, the Principal and the Indemnitors assigned to the Surety, inter alia, all the rights of the Principal in and arising in any manner out of any contract, all moneys retained and any and all moneys that may be due or become due on account of any contract, to become binding as of the effective date of each bond executed by the Surety, the rights of the Surety to exercise the aforesaid to be conditioned upon the occurrence of any one or more of the following Events of Default:

- (A) Any notice of default by an obligee on any Bond due to abandonment, forfeiture, breach of, or failure, refusal or inability to perform any Contract or obligation contained in a Bond, whether actual or alleged;
- (B) Any failure, delay, refusal or inability of the Principal to pay claims; bills or other indebtedness incurred in, or in connection with the performance of any Contract;
- (C) The failure to perform, or comply with the terms, covenants or obligations in the Indemnity Agreement;
- (D) The failure to pay or discharge, when due, all indebtedness of the Principal to the Surety;

- (E) An assignment by the Principal for the benefit of creditors, or the appointment or an application by Principal for the appointment, of a receiver or trustee for the Principal or its property, solvent or not, or if the proceedings for the appointment of a receiver or trustee for liquidation, reorganization or arrangement of the Principal shall be initiated by other persons;
- (F) If the Principal or Indemnitor is an individual, Principal's or Indemnitor's dying, absconding, disappearing, becoming incompetent, being convicted of a felony or imprisoned, or if Principal or Indemnitor is any other type of entity, any change or threat of change in the character, identity, control, arrangement, beneficial ownership or existence of Principal or Indemnitor;
- (G) Any proceeding or the exercise of any rights by any individual or entity which deprives or impairs Principal's use of its plant, machinery, equipment, plans, drawings, tools, supplies or materials; or the work under the contract covered by any said bond.

10. On September 17, 2014, MAPFRE recorded a UCC-1 Financing Statement at the Department of State of Puerto Rico (the "Department of State") with Debtor as the debtor, covering all rights of the Principal, arising from the Indemnity Agreement, including all rights, title, and interest of the Principal or Indemnitors in all machinery, equipment, inventory;

subcontracts and purchase orders; actions, causes of action, claims or demands; all moneys retained and any and all moneys that may be due or become due on account of any contract; any and all rights, title, interest in, or use of any patent, copyright, or trade secret which is or may be necessary for the completion of any bonded work; and all moneys due to become due to the Principal on any policy of insurance relating to any claims arising out of the performance of any contract, including, but not limited to claims under builder risk, fire, or employee dishonesty policies including premium refunds.

11. At the time of the filing of Debtor's Chapter 11 petition, Debtor was not in default under the Contract or under the Indemnity Agreement, and no claim under the Bonds had been made to MAPFRE or the Municipality for labor, materials, and equipment furnished for use or for the performance of the Contract. Consequently, MAPFRE's rights under the Bonds and the Indemnity Agreement and the resulting UCC-1 Statement had not become effective.

12. As it appears from Schedule D to Debtor's Chapter 11 petition, at the time of the filing of its Chapter 11 Petition, Debtor owes Scotiabank de Puerto Rico ("Scotiabank") \$245,000.00 resulting from a Credit Agreement dated February 8, 2016 by and between SM Electrical Contractors, SE ("SM") and Debtor as Borrowers and Scotiabank as Lender (the "Credit Agreement").

13. The Credit Agreement consists of four credit facilities for a maximum original amount of \$3,134,236.00, three of which pertain to SM, the Revolving Credit Facility for working capital pertaining to Debtor (the "Revolving Credit Facility"). The aggregate principal amount of the Revolving Credit Facility advances outstanding at any time were not to exceed the lesser of (a) \$250,000.00 or (b) the borrowing base formula set forth in Section 5.6 of the Credit Agreement.

14. Pursuant thereto and as a guarantee of the Credit Agreement, on February 18, 2016, Scotiabank recorded with the Department of State a UCC-1 Financing Statement, with Debtor as debtor, covering Debtor's accounts receivable, inventory, cash, deposit accounts, other trade assets, as well as all proceeds obtained therefrom.

15. Prior to the filing of Debtor's Chapter 11 proceedings, Debtor was in the process of negotiating the renewal of the Revolving Credit Facility with Scotiabank, which was discontinued upon said filing for the reasons set forth below resulting from MAPFRE's acts, causing in the non-payment by the Municipality of Debtor's certifications for payment under the Contract.

16. Since October 2016, in good faith and foreseeing the possible need of some financial assistance to complete the Contract, Debtor's principal, Francisco J. Lasanta ("Lasanta"), engaged in meetings and conversations with MAPFRE's representatives, including Roberto A. De Soto López ("De Soto"), MAPFRE's Assistant Vice-President – Surety Department,

which included Mr. Lasanta's disclosure that the Revolving Credit Facility would become due on November 30, 2016 and that he would pursue conversations with Scotiabank's representatives for its renewal, which could not be assured.

17. Under the Contract, the payments of Debtor's certifications for work performed were made by the Municipality in joint checks to Debtor and Scotiabank, and deposited by Debtor in its account number ending in 8380 with Scotiabank pursuant to the Revolving Credit Facility.

18. Instead of acting in good faith, contrary to the purpose of Debtor's discussions therewith, without any reason or right therefor, considering that Debtor was not in default under the Contract or the Indemnity Agreement, and that no claims under the Bonds had been presented to MAPFRE, unbeknownst to Debtor, while the aforesaid discussions were ongoing, on November 9, 2016, Mr. De Soto, on behalf of MAPFRE, wrote to the Mayor of the Municipality, the Honorable Eduardo Cintrón Suárez, directing the Municipality to issue any and all payments due under the Contract to MAPFRE, admonishing the Municipality that failure to do so could prejudice MAPFRE's interests "and result in serious legal consequences."

19. MAPFRE's aforesaid acts resulted in the Municipality withholding the Contract payments due Debtor under certifications number 10, 11, and 12, totaling \$839,977.30, rendering it impossible for Debtor to meet its

obligations to its employees, suppliers and subcontractors necessary for the performance under and completion of the Contract, forcing Debtor to file its Chapter 11 petition in order to seek relief from MAPFRE's actions and reorganize itself financially.

20. Neither before nor at the time of the filing by Debtor of its Chapter 11 petition did MAPFRE had a right to act as indicated above, since there was no default by Debtor under the Contract or the Indemnity Agreement and no claims had been filed by any supplier or subcontractor with MAPFRE under the Bonds.

21. It was not until after December 29, 2016, and as result of MAPFRE's own actions in causing the payments due under the Contract to be stopped by the Municipality, that the following pre-petition claims by Debtor's suppliers were made to MAPFRE, as of that date:

Claimant	Amount of Claim
PUERTO RICO WIRE	\$28,715.82 ¹
CAROLINA BUILDING MATERIAL	\$16,562.73
STEEL SERVICES & SUPPLIES, INC.	\$6,635.91
VENTOR, CORP.	\$9,293.40
ACE CONSTRUCTION	\$1,614.58 ²
ACE FORMING SYSTEMS, INC.	\$388,986.15 ³
Z ELECTRIC	\$199,700.00

¹ Correct amount is \$28,392.65

² Correct amount is \$1607.17

³ Correct amount is \$18,937.17, which includes rent for \$905.60 for Ace Forming Systems, Inc. The amount claimed is not owed, as it refers to forming material leased to Debtor with monthly payments of \$905.60, the material to be returned to Ace upon completion of the Contract, with any payments for lost material to be paid at that time.

22. The above claims and any others pertaining to the Contract are the result of MAPFRE's aforesaid actions.

23. Not content with the aforesaid, in reference to Debtor's completed contract with the Puerto Rico National Guard (the "National Guard") for the modernization of Billeting Building No. 416 at Camp Santiago, Salinas, Puerto Rico, Contract No. NGB70-15-C-0017, accepted by the National Guard since October 12, 2016, as to which the only matter pending is the final payment to Debtor in the amount of \$78,849.66, on November 2, 2016, Mr. De Soto, on behalf of MAPFRE, proceeded to write to Col. Narciso Cruz, Construction and Facilities Management Office, also demanding this payment, causing the National Guard to withhold the same to date.

24. Since February 8, 2016, the proceeds of the National Guard contract had been assigned as collateral guarantee to Scotiabank, the National Guard having been directed to make the disbursements thereunder in joint checks payable to Debtor and Scotiabank.

25. It is of particular importance to underscore that MAPFRE's payment bond number 1301148001353 as to the National Guard contract provides that in the event, which is the case, that Debtor as Principal "shall pay all persons or entities who have contracts directly with the Principal for labor, materials and equipment physically incorporated in the performance of

the Contract (Claimant)", then MAPFRE's obligations thereunder "shall be terminated".

26. There are no claims of any nature whatsoever under the bond related to the National Guard contract, which of MAPFRE's knowledge.

27. Both as to the Contract and the National Guard contract, MAPFRE had executed a subordination agreement for the payments due Debtor thereunder to be made jointly to Debtor and Scotiabank to be deposited in Debtor's checking account with Scotiabank under the Revolving Credit Facility, MAPFRE's rights to payments under the contracts being subject to Debtor's default thereunder and to claims pursuant to the respective bonds and the Indemnity Agreement, in reference to which there was no default at the time of MAPFRE's letters to the Municipality and the National Guard, nor at the time of the filing of Debtor's Chapter 11 petition, any claims under the Bond relative to the Contract resulting from MAPFRE's own actions.

28. For the aforesaid reasons, MAPFRE has no rights to any of the funds arising under either of the two contracts referred to above.

29. Moreover, MAPFRE's right to claim that the funds arising under either of the two contracts constitutes its cash collateral is conditioned on Debtor's default thereunder, their bonds, or the Indemnity Agreement, as to which there was none and, therefore, such funds do **not** constitute MAPFRE's cash collateral.

30. It must be underscored that as it appears from MAPFRE's own expert engineering report, prepared by ROV Engineering Services as of November 18, 2016, Debtor was properly performing under the Contract.

31. Assuming *in arguendo* that the funds arising from the Contract and the National Guard contract would constitute MAPFRE's cash collateral, in addition to Scotiabank's cash collateral, both MAPFRE and Scotiabank would be more than adequately protected in allowing Debtor to use the same for the purpose of completing the Contract, which as the date hereof is approximately 70% complete.

32. Aside from the \$839,977.29 currently due to Debtor under the Contract and the \$78,849.66 due by the National Guard, totaling \$918,826.95, the completion of the Contract will provide a cash flow of \$1,591,512.59, plus the retainage of \$638,716.60 for a grand total of \$3,149,056.14 (**EXHIBIT A**), which, considering the filing of Debtor's Chapter 11 proceedings and the provisions of 11 U.S.C. §362 (a), will be enough to pay all post-petition payments due under the Contract, allow for its completion, and for the funding of a Plan, allowing Debtor to negotiate other construction contracts, free of the situation where it finds itself due to MAPFRE's actions.

33. Debtor reserves all rights under the law, contracts and equity that it may have to proceed against MAPFRE for any and all damages caused thereto by MAPFRE's aforesaid actions and their consequences.

34. The original completion date for the Contract was November 12, 2016, extended to January 22, 2017. Due to Puerto Rico's unusual extended rainy season, Debtor has been granted by the Municipality until July 29, 2017 to complete the Contract.

III. DISCUSSION

Determination of Property of the Estate

35. Section 362(a) of the Bankruptcy Code provides for an automatic stay upon the filing of a bankruptcy petition, encompassing "a broad stay of litigation, lien enforcement and other actions, judicial or otherwise, that are attempts to enforce or collect prepetition claims. It also stays a wide range of actions that would affect or interfere with property of the estate, property of the debtor or property in custody of the estate." Alan N. Resnick and Henry J. Sommer, 3 Collier on Bankruptcy ¶ 362.01 (15th ed. 2015).

36. The Bankruptcy Code provides that "a petition for bankruptcy when filed operates as a stay of wide range of non-bankruptcy court actions [in order to give] a breathing spell to the debtor and [to provide] creditor protection by stopping all collection efforts, all harassment, and all foreclosure actions." *In Re López-Soto*, 764 F. 2d 23, 25 (1st Cir. 1985), *Goya Foods, Inc. v. Unanue-Casal*, 159 B.R. 90, 95 (D.P.R. 1993); *C&A, S.E. v. P.R. Solid Waste Management Auth.*, 369 B.R. 87, 94 (D.P.R. 2007). The stay can only be modified upon request and for cause shown. *C&A, S.E.*, 369 B.R. at 94.

37. Section 363(c)(1) of the Bankruptcy Code, 11 U.S.C. §363(c)(1) ("Section 363(c)(1)"), states:

"If the business of the debtor is authorized to be operated under section 721, 1108, 1203, 1204, or 1304 of this title and unless the court order otherwise, the trustee may enter into transactions, including the sale or lease of property of the state, in the ordinary course of business, without a notice or a hearing, and **may use property of the state in the ordinary course of business without notice or a hearing.**" (Emphasis added).

Determination of Security Interest and Adequate Protection

38. Section 363(a) of the Bankruptcy Code, 11 U.S.C. §363(a) ("Section 363(a)"), states:

"In this section, "cash collateral" means cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the estate and **an entity other than the estate have an interest** and includes the proceeds, products, offspring, rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in section 552(b) of this title, whether existing before or after the commencement of a case under this title." (Emphasis added).

39. Traditionally, a debtor-in-possession may not use, sell, or lease cash collateral unless each entity that has an interest in such cash collateral consents, or the bankruptcy court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of Section 363. 11 U.S.C. §363(c)(2).

40. Section 506(a)(1) of the Bankruptcy Code determines the extent of a creditor's security interest for a lien on property of the estate, stating:

"An allowed claim of a creditor secured by a lien on property in which the estate has an interest, or that is subject to setoff under section 553 of this title [11 U.S.C. § 553], is a secured claim to the extent of the value of such creditor's interest in the estate's interest in such property, or to the extent of the amount subject to setoff, as the case may be, and is an unsecured claim to the extent that the value of such creditor's interest or the amount so subject to set off is less than the amount of such allowed claim. Such value shall be determined in light of the purpose of the valuation and of the proposed disposition or use of such property, and in conjunction with any hearing on such disposition or use or on a plan affecting such creditor's interest." 11

U.S.C. §506(a)(1).

41. Section 506(a) "tells us that a secured creditor's claim is to be divided into secured and unsecured portions, with **the secured portion of the claim limited to the value of the collateral.**"(Emphasis added). *In re Ponce de Leon 1403, Inc.*, 523 B.R. 349, 394 (Bankr. D.P.R. 2014), citing *Associates Commercial Corp. v. Rash*, 520 U.S. 953, 11 S. Ct. 1879, 138 L. Ed. 2d 148, 37 C.B.C. 2d 744 (1997).

42. Section 361 establishes what may constitute adequate protection to the creditor holding an interest in property of the estate for purposes of Sections 362, 363, or 364, consisting of:

"(1) ...a cash payment or periodic cash payments to such entity, to the extent that the stay under section 362 of this title [11 U.S.C §362], use, sale, or lease under section 363 of this title [11 U.S.C. §363], or any grant of a lien under section 364 of this title [11 U.S.C. §364] results in a decrease in the value of such entity's interest in such property;
(2) providing to such entity an additional or replacement lien to the extent that such stay, use, sale, lease, or grant results in a decrease in the value of such entity's interest in such property; or
(3) granting such other relief, other than entitling such entity to compensation allowable under section 503(b)(1) of this title [11 U.S.C. §503 (b)(1)] as an administrative expense, as will result in the realization by such entity of the indubitable equivalent of such entity's interest in such property."

43. Pursuant to Section 361 adequate protection may be provided by: (1) periodic payments; (2) additional or replacement liens; and (3) such other relief as will result in the realization of the "indubitable equivalent" of the entity's secured interest. *In re Builders Group & Dev. Corp.*, 2013 Bankr. LEXIS 5040, *12 (Bankr. D.P.R. 2013).

44. As stated by *Collier on Bankruptcy*, adequate protection under Section 361 of the Bankruptcy Code, 11 U.S.C. §361 ("Section 361"), only extends to the

secured portion of a creditor's interest in the estate's property:

"Adequate protection is required to protect an entity's interest in property. Yet protection for the entire bundle of rights of the entity is not required. **In effect, protection is required only for the value of an entity's interest in the property.** If an entity's claim exceeds the value of its interest in property, only the interest is entitled to protection; **the remainder of the claim is unsecured and does not give rise to an interest in property that requires protection. Similarly, an entity is not entitled to protection if its interest is somehow defective under nonbankruptcy law.**" Alan N. Resnick and Henry J. Sommer, 3 Collier on Bankruptcy ¶ 361.02 (15th ed. 2015) (Emphasis added).

45. Therefore, a primary requirement to the right to adequate protection is that the particular party be a creditor and that its right to claim the collateral be in effect.

Debtor Should Be Allowed to Use the Receivables from the Contract and the National Guard Contract

46. Debtor must be able to use the receivables, consisting of the funds arising from the payments by the Municipality under the Contract and the \$78,849.66 due from the National Guard completed contract, (the "Receivables").

47. Through the instant motion, Debtor is requesting for the Court to authorize it to use the Receivables to complete the Contract, pay all post-petition creditors providing services, work and materials, in reference thereto, in order for Debtor to do so, as well as, in this fashion, Debtor being able to propose a Plan under which any remaining administrative expenses, including U.S. Trustee's and professionals' fees will be paid in full. MAPFRE will have no exposure under the performance bond in favor of the Municipality, its exposure under the payment bond will be significantly reduced and, after payment of the aforesaid and any other priorities, there will be funds to be distributed among Debtor's general unsecured

creditors.

48. Pursuant to LBR 4001-2(a), Debtor sets forth the following:
- a. The total amount of its request is \$918,826.95, consisting of the amount due Debtor under the Contract and the National Guard contract, excluding retainage which will serve to complete the Contract, make all post-petition payments due thereunder, allow for the payment of the U.S. Trustee and professionals' fees, with funds available for the payment of unsecured claims under a plan of reorganization, as reflected in Debtor's Cash Flow Analysis attached as **EXHIBIT A**, hereto, which includes the Budget.
 - b. The specific uses to which the funds will be put include payment of (i) statutory fees, operational expenses, insurance, utilities, security, salaries, administrative payments of labor, suppliers, subcontractors and materialmen for the completion of the Contract, and such other expenses as Debtor may incur in the ordinary course of business, in order to complete the Contract, pursuant to the Budget;
 - c. The amount of Scotiabank's pre-petition claim against Debtor is estimated at \$245,000.00.
 - d. Any amount claimed by MAPFRE and which could be due thereto should be equitably subordinated under Section 510 (c) of the Bankruptcy Code, to the claims of all other creditors in Debtor's Chapter 11 case.
 - e. The estimated value of the collateral guaranteeing Scotiabank's claim is approximately \$4,541,404.01, plus the guarantees of Francisco

Lasanta González and his spouse, Sonia Morales Hernández; Francisco J. Lasanta and his spouse, Gladysel M. Gorbea de Jesús, as reflected in **Exhibit B** hereto.

- f. Debtor submits that the value of the collateral is such that it in itself, as shown in subparagraph (e) above, is adequate protection to Scotiabank.
- g. Use of the Receivables requires carve-outs for U.S. Trustee and professional fees, which may be paid therefrom upon the entry of appropriate orders, as indicated in Exhibit A hereto.

49. The statutory scheme of Section 361 indicates that adequate protection is intended to encompass a broad range of creditor interests and does not mandate an interpretation of the creditor's interest as a whole of the economic bargain. It is clearly susceptible to differing applications over a wide range of factual situations and will depend, *inter alia*, on the nature of the collateral and its proposed use. *In re Briggs Transp., Co.*, 780 F. 2d 139, 1345 (8th Cir. 1985).

50. On a monthly basis, Debtor will submit a report to Scotiabank and MAPFRE as to the certifications collected on the Contract and those generated during the preceding month.

51. The Budget covers a 180 day period from the commencement of construction activity and shows that during that period Debtor will need to pay the following for the completion of the Contract:

Contract Cost	\$2,451,183.85
U.S. Trustee's fees	\$13,000.00
Professional Fees	\$75,000.00

Total	\$2,539,183.85 (See Exhibit A)
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WHEREFORE, it is respectfully requested that an order be entered granting leave to use the Receivables as indicated in the Budget (**EXHIBIT A**).

CERTIFICATE OF SERVICE: I hereby certify that on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the Assistant US Trustee, and all participants of CM/ECF system. Copy of this notice will be sent by U.S. Postal Mail to: (i) **Leslie Alvarado**, Esq. 654 Plaza, Suite 1130 654 Ave. Muñoz Rivera, San Juan, P.R. 00918-4149; (ii) **Municipality of Guayama**, BOX 360, Guayama, Puerto Rico 00785-0360; (iii) Juan Salichs, Esq., PO BOX 195553, San Juan, Puerto Rico 00919-5553; and to Debtor’s 20 Largest Unsecured Creditors as follows:

Name of Creditor	Mailing Address
Z Electric Sales, Inc.	PO Box 100 Bayamón, PR 00960-0100
Graybar	PO Box 417665 Boston, MA 02241-7665
Galo Concrete LLC	PO Box 10007 Guayama, PR 00785-4007
Marxuach Precast Solutions, Inc.	PO Box 2149 San Juan, PR 00922-2149
AKM MFG, Inc.	418 Calle A Ste 1 San Juan, PR 00920-2005
Alonso & Carus	PO Box 566 Cataño, PR 00963-0566
Blue Line Rental	8401 New Trails Dr Suite 150 The Woodlands, TX 77381-4083

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PR Wire Products Corp.	PO Box 363167 San Juan, PR 00936-3167
Carolina Building Materials	PO Box 3570 Carolina, PR 00984-3570
Power Precast Products Corp	PO Box 1707 Rio Grande, PR 00745-1707
Robles Aggregates, Inc.	PO Box 801028 Coto Laurel, PR 00780-1028
ACE Forming Systems, Inc.	PO Box 363707 San Juan, PR 00936-2707
Ventor Corp	PO Box 2727 Carolina, PR 00984-2727
Water Work Suppliers	PO Box 366203 San Juan, PR 00936-6203
Daltile	Palma Industrial Zone 430 Calle 4 Ste 2 Cataño, PR 00962-6353
JJ Rental LLC	HC 6 Box 9015 Juana Díaz, PR 00795-9646
Steel Services & Supplies	PO Box 2528 Toa Baja, PR 00951-2528
Roger Electric	PO Box 3166 Bayamón, PR 00960-3166
Warren del Caribe	PO Box 309 Caguas, PR 00726-0309
RIMCO	PO Box 362529 San Juan, PR 00936-2529

San Juan, Puerto Rico, this 10th day of February, 2017.

s/CHARLES A. CUPRILL-HERNANDEZ
USDC-PR 114312
Charles A. Cuprill, P.S.C. Law Offices
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San Juan, PR 00901
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OIB, LLC

Exhibit A

Cash Flows Analysis for the Use of Accounts Receivable

For the period after Petition Date (December 29, 2016) through the Estimated Guayama Contract Completion Date (July 30, 2017)

Remaining work to finish as of December 29, 2016			\$	1,768,347.32
Retainage				<u>(176,834.73)</u>
Estimated cash flows from Contract				<u>1,591,512.59</u>
Accounts receivable, excluding retainage:				
Guayama Contract receivables as of petition date (December 29, 2016), net of retainage				839,977.29
National Guard Contract				<u>78,849.66</u>
Total accounts receivable, excluding retainage				<u>918,826.95</u>
Estimated cash inflows from Contracts				<u>2,510,339.54</u>
Estimated cost to complete Guayama Contract (See Schedule 1 Attached)				2,331,183.85
Main Office Overhead				<u>120,000.00</u>
Total Guayama Contract costs				<u>2,451,183.85</u>
Forecasted cash flows (deficiency)				59,155.69
Retainage receivable realized at completion date				<u>638,716.60</u>
Cash flows available for legal counsel, accountant, secured, priority and nonpriority unsecured claims				<u>697,872.29</u>
Petition costs:				
U.S. Trustee fees				13,000.00
Professional fees				<u>75,000.00</u>
Total petition costs				<u>88,000.00</u>
Claims:				
	Total Amount	Percentage		
Priority unsecured claim	\$ 17,363.41	100%		17,363.41
Secured creditors:				-
Scotiabank de Puerto Rico	245,000.00	0%		
Reliable Auto	34,594.16	0%		
Nonpriority unsecured creditors	<u>731,705.15</u>	81%		<u>592,508.88</u>
Total claims	<u>\$ 1,028,662.72</u>			<u>609,872.29</u>
Cash balance			\$	<u>-</u>

OIB, LLC

Cash Flows Analysis for the Use of Accounts Receivable
 For the period after Petition Date (December 29, 2016) thr
 2017)

	Month 1	Month 2	Month 3
Remaining work to finish as of December 29, 2016	\$ 587,042.24	\$ 415,318.92	\$ 402,091.42
Retainage	(58,704.22)	(41,531.89)	(40,209.14)
Estimated cash flows from Contract	528,338.02	373,787.03	361,882.28
Accounts receivable, excluding retainage:			
Guayama Contract receivables as of petition date (December 29, 2016), net of retainage	839,977.29		
National Guard Contract	78,849.66	-	-
Total accounts receivable, excluding retainage	918,826.95	-	-
Estimated cash inflows from Contracts	1,447,164.97	373,787.03	361,882.28
Estimated cost to complete Guayama Contract (See Schedule 1 Attached)	590,579.21	404,349.22	448,842.00
Main Office Overhead	20,000.00	20,000.00	20,000.00
Total Guayama Contract costs	610,579.21	424,349.22	468,842.00
Forecasted cash flows (deficiency)	836,585.76	(50,562.19)	(106,959.72)
Retainage receivable realized at completion date			
Cash flows available for legal counsel, accountant, secured, priority and nonpriority unsecured claims	836,585.76	(50,562.19)	(106,959.72)
Petition costs:			
U.S. Trustee fees			6,500.00
Professional fees			37,500.00
Total petition costs			44,000.00
Claims:			
Priority unsecured claim	17,363.41		
Secured creditors:			
Scotiabank de Puerto Rico			
Reliable Auto			
Nonpriority unsecured creditors			
Total claims	17,363.41		
Cash balance	\$ 819,222.35	\$ 768,660.16	\$ 617,700.44

OIB, LLC

Cash Flows Analysis for the Use of Accounts Receivable
For the period after Petition Date (December 29, 2016) thru
2017)

	Month 4	Month 5	Month 6	Warranty
Remaining work to finish as of December 29, 2016	\$ 289,880.92	\$ 59,613.82	\$ 14,400.00	\$ -
Retainage	(28,988.09)	(5,961.38)	(1,440.00)	-
Estimated cash flows from Contract	260,892.83	53,652.44	12,960.00	-
Accounts receivable, excluding retainage:				
Guayama Contract receivables as of petition date (December 29, 2016), net of retainage	-	-	-	-
National Guard Contract	-	-	-	-
Total accounts receivable, excluding retainage	-	-	-	-
Estimated cash inflows from Contracts	260,892.83	53,652.44	12,960.00	-
Estimated cost to complete Guayama Contract (See Schedule 1 Attached)	551,044.30	288,679.56	17,689.55	30,000.00
Main Office Overhead	20,000.00	20,000.00	20,000.00	-
Total Guayama Contract costs	571,044.30	308,679.56	37,689.55	30,000.00
Forecasted cash flows (deficiency)	(310,151.47)	(255,027.12)	(24,729.55)	(30,000.00)
Retainage receivable realized at completion date			638,716.60	
Cash flows available for legal counsel, accountant, secured, priority and nonpriority unsecured claims	(310,151.47)	(255,027.12)	613,987.05	(30,000.00)
Petition costs:				
U.S. Trustee fees			6,500.00	
Professional fees			37,500.00	
Total petition costs	-	-	44,000.00	-
Claims:				
Priority unsecured claim				
Secured creditors:				
Scotiabank de Puerto Rico				
Reliable Auto				
Nonpriority unsecured creditors			592,508.88	
Total claims	-	-	592,508.88	-
Cash balance	\$ 307,548.97	\$ 52,521.85	\$ 30,000.02	\$ 0.02

SCHEDULE I

COST TO COMPLETE @ 12/31/16 - REVISED 3-30-17								\$
PROJECT OWNER	ESTADIO DE FUTBOL DE GUAYAMA (56,387,166.17)							6,387,166.17
NO.	ITEM DESCRIPTION	UNIT	QTY.	% WASTE	QTY. WASTE	QTY. ADJUSTED	TOTAL	
DIVISION 1- HORMIGONES								
2	ZAPATAS BLEACHERS F1-FB	CY	17.75	11%	2	20	\$ 3,152.60	
3	EXCAVACION RABOS DE RATON	LCM	156.00	10%	16	172	\$ 858.00	
4	DETALLE 1/S200, 2/S200, 3/S200, 3A/S200 y 16/S201 (FOOTINGS)	CY	11.34	5%	1	12	\$ 3,572.80	
10	LOSA PISO	CY	124.62	5%	6	131	\$ 29,440.95	
11	COLUMNAS	CY	17.50	0%	0	18	\$ 6,912.50	
	CIP Bleachers & HC Bleachers	CY	17.40	3%	1	18	\$ 6,272.70	
	MUROS PARA RAILINGS & ESCALERA PEQUENA EN PUMP ROOM	LS	1.00	0%	0	1	\$ 1,547.50	
	BROADCAST BOOTH STRUCTURAL & BEAMS	CY	6.27	5%	0	7	\$ 6,483.22	
16	DETALLES 14/S201 Y 15/S201 (RAMPA 2) - (TECHO Y VIGA)	CY	30.00	0%	0	30	\$ 10,500.00	
17	PARED RAMPA 2	CY	16.00	0%	0	16	\$ 5,440.00	
18	DETALLE 4/S-202, 4A/S-202, 5/S-202, 6/S-202, 7/S-202 y 8/S-202 - (VIGAS)	CY	32.33	0%	0	32	\$ 1,422.67	
19	TECHO INTERMEDIO Y SUPERIOR DE SALON VIP. TECHO BOOT	CY	24.94	0%	0	25	\$ 1,920.73	
20	TECHOS ESCALERAS	CY	8.04	0%	0	8	\$ 2,812.96	
22	PISO RAMPA 1	CY	17.00	5%	1	18	\$ 4,016.25	
23	PARED RAMPA 1	CY	5.00	0%	0	5	\$ 1,700.00	
24	ESCALERAS	CY	11.00	3%	0	11	\$ 3,399.00	
25	ESCALERA PRINCIPAL	CY	23.00	3%	1	24	\$ 8,291.50	
27	ZAPATA F-9	CY	13.00	5%	1	14	\$ -	
28	ACERA	CY	9.00	5%	0	9	\$ 2,126.25	
29	COLUMNAS C3	CY	5.00	0%	0	5	\$ 1,625.00	
30	VIGA (2/S-104)	CY	8.00	0%	0	8	\$ 3,320.00	
							\$ 194,618.62	
DIVISION 2- SITE								
32	AGRIMENSURA	day	4.00	0%	0	4	\$ 1,800.00	
35	DES-MOVILIZACION	LS	1.00	0%	0	1	\$ 3,500.00	
37	CUT TO FILL (PARKING)	LS	1.00	0%	0	1	\$ 12,460.00	
38	CUT (AREA NORTE)	LS	1.00	0%	0	1	\$ 12,460.00	
39	SWALES	LS	1.00	0%	0	1	\$ 4,540.00	
40	LANDSCAPE (PREPARACION Y COLOCACION MEZCLA BASE GRAMA)	LS	1.00	0%	0	1	\$ 78,714.41	
40.5	Mezcla & Colocacion Material (re-evaluado)	LS	1600.00	20%	320	1920	\$ 24,700.80	
45	RIP RAP	CM	12.85	0%	0	13	\$ 771.11	
46	CYCLONE FENCE 3'	LF	148.00	0%	0	148	\$ 2,664.00	
47	CYCLONE FENCE 6'	LF	624.00	0%	0	624	\$ 20,592.00	
48	FLAG POLES	LS	1.00	0%	0	1	\$ 4,986.00	
49	BLEACHERS PARQUE PEQ	LS	1.00	0%	0	1	\$ 15,115.00	
50	BANCOS PORTATILES	EA	2.00	0%	0	2	\$ 1,840.00	
51	EQUIPO DE PORTERIA	LS	1.00	0%	0	1	\$ 15,215.00	
52	MOGOLLA	LCM	978.00	5%	49	1027	\$ 20,538.00	
53	ASFALTO PARKING	TON	491.00	5%	25	516	\$ 64,443.75	
54	ASFALTO PARKING EXISTENTE	TON	55.14	5%	3	58	\$ 7,237.67	
55	ASFALTO WIDENING	TON	180.00	5%	9	189	\$ 23,625.00	
56	ASFALTO TUBERIA MANHOLE 96	TON	10.00	5%	1	11	\$ 1,312.50	
57	LINEAS PARKING	LF	1560.00	0%	0	1560	\$ 1,950.00	
58	ROTULOS IMPEDIDO	EA	4.00	0%	0	4	\$ 600.00	
59	LOW WALLS (FALTA EL "D")	CY	157.00	5%	8	165	\$ 50,444.10	
64	RETAINING WALL - ZAPATA (FALTA DE ESCALERA CENTRAL)	CY	5.00	3%	0	5	\$ 1,158.75	
65	RETAINING WALL - PARED (FALTA ESCALERA CENTRAL)	CY	10.00	5%	1	11	\$ 3,570.00	
67	CURBS	CY	33.00	5%	2	35	\$ 8,662.50	
66	CURBS (re-evaluado)	CY	56.00	5%	3	59	\$ 18,228.00	
68	WHEELSTOP	EA	96.00	0%	0	96	\$ 2,400.00	
69	ACERAS	CY	273.00	5%	14	287	\$ 77,395.50	
79	AGUA CONSTRUCCION	MO	12.00	0%	0	12	\$ 4,800.00	
							\$ 483,724.10	

DIVISION 3- EDIFICIO							
80	BLOQUES 6"	EA	11485.00	3%	345	11830	\$ 41,640.02
81	BLOQUES 4"	EA	1385.00	3%	42	1427	\$ 5,021.46
82	LOSA PISO	SF	4832.70	3%	145	4978	\$ 19,910.72
83	LOSA PARED	SF	7357.35	3%	221	7578	\$ 34,101.32
105	LOCKERS	EA	30.00	0%	0	30	\$ 4,500.00
106	ACCESORIOS DE BAÑOS	LS	1.00	0%	0	1	\$ 15,510.00
107	STAIRNOISING (solo Instalacion)	LF	900.00	5%	45	945	\$ 1,890.00
108	VENTANAS	LS	1.00	0%	0	1	\$ 27,295.00
109	PUERTAS -N- HARDWARE	LS	1.00	0%	0	1	\$ 73,000.00
110	EXTERIOR WALL PLASTER	SF	16560	3%	497	17057	\$ 33,090.19
111	INTERIOR WALL PLASTER	SF	23620	3%	709	24329	\$ 48,413.91
112	PINTURA EXTERIOR	SF	19600	3%	588	20188	\$ 10,094.00
113	PINTURA INTERIOR	SF	31565	3%	947	32512	\$ 16,255.98
115	SIGNS	LS	1.00	0%	0	1	\$ 1,882.00
116	PUERTAS DE PARTITIONS	LS	1.00	0%	0	1	\$ 17,378.00
117	ROLLING GRILLES	LS	1.00	0%	0	1	\$ 11,077.00
118	LETRAS EDIFICIO	LS	1.00	0%	0	1	\$ 5,297.00
119	GLASS BLOCK	SF	164.00	0%	0	164	\$ 1,476.00
\$ 367,832.60							
DIVISION 4 - ELECTRICIDAD							
120	ELECTRICIDAD	LS	1.00	0%	0	1	\$ 207,449.74
\$ 207,449.74							
DIVISION 5 - MECANICA							
121	MECANICO	LS	1.00	0%	0	1	\$ 302,453.06
\$ 302,453.06							
BARE COST SUB-TOTAL							
\$ 1,466,274.11							
DIVISION 7 - SEGUROS							
127	FSE	ea	0.00				\$ -
130	PAYROLL FRINGES	LS	1.00				\$ 109,258.06
\$ 109,258.06							
BARE COST TOTAL							
\$ 1,575,532.17							
DIVISION - GENERAL CONDITIONS							
**** EXTENDED OH + OTHER COST NOT CONSIDERED							
38	PLAN CES	MO	3.00	0%	0	3	\$ 17,656.38
122	GENERAL CONDITIONS	MO	4.00	0%	0	4	\$ 77,296.00
123	EQUIPOS - BOBCAT + MINI EXCAVADORA	MO	4.00	0%	0	4	\$ 15,496.10
	LIMPIEZA DE AREAS IMPACTADAS	LS	1.00	0%	0	1	\$ 8,500.00
	ASFALTO PARKING EXISTENTE REPAIRING	TON	120.00	5%	6	126	\$ 15,750.00
\$ 134,698.48							
BARE COST TOTAL INCLUDING OTHER COSTS NOT CONSIDERED							
\$ 1,710,230.65							
SUBCONTRACTORS COST TO COMPLETE							
41	GREENSCAPE	LS	1.00	0%	0	1	\$ 189,171.66
84	JJ METALS (RAILINGS & HANDRAILINGS)	LS	1.00	0%	0	1	\$ 89,705.00
104	ALONSO & CARUS (ACERO STRUCTURAL, STANDING SEAM & SOFFIT)	LS	1.00	0%	0	1	\$ 201,200.00
n/a	MARXUACH PRECAST	LS	1.00	0%	0	1	\$ -
n/a	AGUAYO SHEET METALS	LS	1.00	0%	0	1	\$ 21,000.00
n/a	CONTROL & INSTRUMENTATION SERVICES	LS	1.00	0%	0	1	\$ 13,048.11
n/a	FILTRATION	LS	1.00	0%	0	1	\$ 2,500.00
n/a	EAS (CAMERA SYSTEM)	LS	1.00	0%	0	1	\$ 21,430.18
n/a	EAS (SISTEMA SONIDO)	LS	1.00	0%	0	1	\$ 82,898.25
\$ 620,953.20							
(1) TOTAL ESTIMATED BARE COST TO COMPLETE BREAKDOWN							
\$ 1,710,230.65							
(2) SUBCONTRACTORS COST TO COMPLETE (VER NOTA 7)							
\$ 620,953.20							
(3) TOTAL TO COST COMPLETE = (1)+(2) =							
\$ 2,331,183.85							

OIB, LLC & SM ELECTRICAL CONTRACTORS, S.E.
 Scotiabank Collateral Breakdown
 As of March 31, 2017

Exhibit B

Collateral Description

Accounts Receivable

SM Electrical Contractors, S.E		
Current	\$	980,576.40
Retainage		747,874.54
Subtotal		\$ 1,728,450.94

OIB, LLC		
Current		844,327.00
Retainage		516,626.07
Subtotal		1,360,953.07

Real Estate Properties

SM Electrical Contractors, S.E		
Land lot and building located at Coto Laurel, Puerto Rico	1,117,000.00	
Land lot located at Coto Laurel, Puerto Rico	335,000.00	
Subtotal		<u>1,452,000.00</u>

TOTAL COLLATERAL 4,541,404.01

Bank Line of Credits

SM Electrical Contractors, S.E		
Note payable secured by mortgage note over real estate properties owned by SM Electrical Contractos, S.E and cross guarantee by OIB, LLC and partners/member of the entities	1,100,000.00	
Note payable secured assignment of contract receivables and cross guarantee by OIB, LLC and partners/member of the entities	541,156.75	
Subtotal		1,641,156.75

OIB, LLC		
Note payable secured assignment of contract receivables and cross guarantee by SM Electrical Contractors, SE and partners/member		<u>245,000.00</u>

TOTAL BANK LINES OF CREDITS 1,886,156.75

EXCESS OF COLLATERAL \$ 2,655,247.26

Accounts Payable

SM Electrical Contractors, S.E	\$	388,246.50
OIB, LLC		<u>756,895.30</u>
	\$	<u>1,145,141.80</u>