

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBRIIDGE GROUP OF COMPANIES,  
LLC, *et al.*,

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

**Re: Docket No. 106**

**LIMITED OBJECTION OF THE I-GRACE COMPANY TO DEBTORS' FIRST  
OMNIBUS MOTION FOR AN ORDER PURSUANT TO 11 U.S.C. § 365  
(A) AUTHORIZING DEBTORS TO ASSUME CERTAIN EXECUTORY CONTRACTS;  
(B) FIXING CURE AMOUNTS WITH RESPECT THERETO; AND (C) GRANTING  
AUTHORIZATION TO REQUEST THE OMNIBUS ASSUMPTION MOTION OF THE  
ASSUMED CONTRACTS BY THIS MOTION**

The I-Grace Company ("I-Grace"), a creditor and contract counterparty in the above-captioned bankruptcy cases, by and through its undersigned counsel, submits this limited objection (the "Limited Objection") to *Debtors' First Omnibus Motion for an Order Pursuant to 11 U.S.C. § 365 (A) Authorizing Debtors to Assume Certain Executory Contracts; (B) Fixing Cure Amounts with Respect Thereto; and (C) Granting Authorization to Request the Omnibus Assumption of the Assume Contracts by this Motion* [Dkt. No. 106] (the "Assumption Motion"). In support of this Limited Objection, I-Grace respectfully states as follows:

**Background**

1. I-Grace is a luxury homebuilder and provider of high-end residential services, and is a party to, *inter alia*, that certain contract, dated as of June 20, 2017, by and between I-Grace and debtor Hornbeam Investments, LLC ("Hornbeam"), for the development of a residential dwelling located at 1484 Carla Ridge, Beverly Hills, CA 90210 (together with the Contract

Documents<sup>1</sup> and any subsequent Modifications, the “1484 Carla Ridge Contract”). I-Grace continues to conduct business with the Debtors as Debtors-in-Possession.

2. On December 19, 2017, the Debtors filed the Assumption Motion. The 1484 Carla Ridge Contract is listed on Exhibit 1 to the Assumption Motion as a contract to be assumed pursuant to section 365 of the Bankruptcy Code. The Debtors list the cure amount of the 1484 Carla Ridge Contract as \$112,606 (the “Cure Amount”).<sup>2</sup>

3. Upon review of the Assumption Motion, I-Grace attempted to engage the Debtors in discussions to revise the Cure Amount to accurately reflect the amounts due and owing to I-Grace as of the assumption date. However, as of the date hereof, the Debtors have declined to adjust the Cure Amount accordingly.

#### **Limited Objection**

4. I-Grace does not object to the assumption of the 1484 Carla Ridge Contract *per se*. However, I-Grace disputes the Cure Amount that the Debtors purport they must pay I-Grace under the 1484 Carla Ridge Contract in order to comply with section 365(b)(1) of the Bankruptcy Code.

5. Section 365 of the Bankruptcy Code expressly provides that a debtor may not assume an executory contract unless, *at the time of assumption*, the debtor cures, or provides adequate assurance that it will promptly cure, any defaults under such contract. *See* 11 U.S.C. § 365(b)(1) (emphasis added).

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<sup>1</sup> Capitalized terms not otherwise defined herein have the meanings given to them in the 1484 Carla Ridge Contract.

<sup>2</sup> On December 21, 2017, the Official Committee of Unsecured Creditors (the “UCC”) filed a preliminary objection to, and motion for continuance of, the Assumption Motion. *See* Dkt. No. 135. The UCC objects to the Assumption Motion, in part, because of the haste with which it was filed. In light of the UCC’s objection, I-Grace, through its counsel, inquired whether the Debtors intend to proceed with the Assumption Motion. Notwithstanding I-Grace’s efforts to conserve judicial resources, the Debtors have not indicated that they will adjourn the hearing on the Assumption Motion, thereby necessitating the filing of this Limited Objection.

6. As of January 10, 2018, the presumed assumption date, I-Grace submits that the monetary default under the 1484 Carla Ridge Contract will be an amount not less than \$725,647.33.<sup>3</sup> This amount does not include \$131,533.24 of Retainage (defined below) accrued through the presumed assumption date. Any Retainage not earlier released to I-Grace consistent with the terms of the 1484 Carla Ridge Contract will be due and owing to I-Grace upon Substantial Completion of the work under the 1484 Carla Ridge Contract. A breakdown of the amounts due and owing to I-Grace as of the presumed assumption date is attached hereto as **Exhibit A**.

7. Moreover, I-Grace reserves its right to object to the assumption of the 1484 Carla Ridge Contract to the extent that the Debtors fail to provide adequate assurance of future performance under the 1484 Carla Ridge Contract consistent with section 365(b)(1)(C) of the Bankruptcy Code. The 1484 Carla Ridge Contract provides that, unless released earlier by agreement of the parties, Hornbeam retains 10% of the payment amount ("Retainage") for completed work until such work reaches Substantial Completion. As of January 10, 2018, I-Grace estimates that Retainage will be approximately \$131,533.24. At a minimum, the Debtors must demonstrate that they will have the necessary funds to pay any outstanding Retainage upon Substantial Completion of the work under the 1484 Carla Ridge Contract.

8. I-Grace further reserves the right to update, supplement, or otherwise modify this Limited Objection as necessary or appropriate, including in response to any reply or proposed updated Cure Amount inconsistent with I-Grace's representations herein.

WHEREFORE, I-Grace respectfully submits this Limited Objection and hereby reserves its right to be heard on all issues set forth herein including, but not limited to, the Cure Amount and ability of the Debtors to adequately perform under the 1484 Carla Ridge Contract.

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<sup>3</sup> I-Grace reserves its right to update this amount for any reason prior to cure, including in the event the assumption date changes.

Dated: January 2, 2018  
Wilmington, Delaware

ELLIOTT GREENLEAF, P.C.

/s/ Eric M. Sully

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# EXHIBIT A

**Cure Amount for 1484 Carla Ridge**

November Invoice (thru Nov 30)	\$ 112,605.81
December Invoice (thru Dec 31)	\$ 514,041.52
<b>Subtotal</b>	<b>\$ 626,647.33</b>
Estimated work in place Jan 1 through Jan 10	\$ 110,000.00
Deduct Retainage for Jan 1 through Jan 10	\$ (11,000.00)
<b>Total</b>	<b>\$ 725,647.33</b>
Retainage held thru December	\$ 120,533.24
Retainage for Jan 1 through Jan 10	\$ 11,000.00
<b>Grand Total</b>	<b>\$ 857,180.57</b>