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The Connectional Lay Organization Online

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The Christian Recorder News Break - August 27, 2013 - Judge gives Morris Brown until Sept. 6 to present new reorganization plan

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By Maria Saporta

A federal bankruptcy judge on Monday afternoon gave Morris Brown College until Sept. 6 to file a new financial plan to restructure all of its debts.

That plan is expected to involve the property where the College has had operations along both sides of Martin Luther King Jr. Boulevard just a few short blocks west of Northside Drive.

U.S. Bankruptcy Judge Barbara Ellis-Monro also gave Morris Brown the right to borrow \$300,000 from the African Methodist Episcopal Church — a move that will keep the College open at least through Sept. 16.

The AME Church had offered Morris Brown a \$1.5 million loan that would help the college pay some of its post-bankruptcy interest payments as well as administrative expenses through the end of the year. But Ellis-Monro on Monday only allowed the College to borrow \$300,000 of that new loan.

Morris Brown filed for Chapter 11 bankruptcy in August 2012 to prevent from going into foreclosure because it had accumulated an estimated \$30 million of debt to multiple creditors. It has been working on several different reorganization plans ever since.

After the hearing, Anne Aaronson, an attorney with Dilworth Paxson in Philadelphia, which is representing Morris Brown, said her team is doing its best to keep the College in business. She also said the Morris Brown team is working hard on a new financial plan.

“We are pretty optimistic,” Aaronson said, adding that she expects to be able to present that plan on Sept. 6 or “thereabout.”

Robert Mercer, an attorney representing the creditors, asked the judge to consider the issue of “exclusivity” at the Sept. 6 hearing. Currently Morris Brown is the only entity that can present a reorganization plan. If the exclusivity clause is removed, then the creditors can present their own reorganization plan to the court.

Clearly the situation with Morris Brown seems to be getting more critical.

Aaronson said that if Morris Brown were unable to borrow money from the AME Church to meet its outstanding obligations, it would be unable to continue operations and the College would cease to exist. At that point, she said part of the property would revert to Clark Atlanta University, which originally owned some of the land.

Morris Brown lost its accreditation and federal funding in 2002 due to financial mismanagement and misuse of federal grants for student loans. The United Negro College Fund terminated its relationship with Morris Brown, and it was dropped as one of the institutions of the Atlanta University Center. Since then, Morris Brown has been operating with a skeletal staff and faculty teaching about three dozen students.

Earlier this summer, Morris Brown said that it had a \$20 million offer from a company — FD LLC — to purchase the College’s property — a deal that would help settle its debts and cover a portion of its annual

operating costs.

The proposal was thought to be for a development that would include a Family Dollar store, even though representatives eventually said that the discount retailer would not be part of the project.

Then, when Morris Brown representatives appeared before the Judge Ellis-Monro in July, they acknowledged that the FD LLC had run into some obstacles and that they were working on a different financial plan.

Before the FD LLC proposal had surfaced, the City of Atlanta had made an offer to Morris Brown to buy its property and help settle its outstanding debts in a deal of nearly \$10 million. Morris Brown turned down the city's offer.

The Morris Brown property could end up playing a role in where the new \$1 billion Atlanta Falcons stadium will be located.

If the new stadium were to be built on the preferred site south of the Georgia Dome, two historically black churches – Friendship Baptist Church and Mount Vernon Baptist Church – would have to be acquired.

Friendship has stated that it would be open to being acquired only if it could stay in the Vine City community. After all, two of the Atlanta University Center institutions – Morehouse College and Spelman College – got their start at Friendship.

The preferred location for Friendship's new home is the Morris Brown property on the site of the Middleton Tower dorms. No matter what happens to the Morris Brown property, it is possible – maybe probable – that Friendship would be part of the solution.

But that would depend on whether the new stadium would be built on the south site or on the north site about a half-mile north of the Georgia Dome.

- See more at: <http://blogspot.us5.list-manage1.com/track/click?u=8253b0952c51f2b3dcb331ea6&id=ccccafae8b&e=a41445dff3>

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