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Newaygo County Board of Commissioners casts ballot accepting Pride Youth Programs' Plan of Bankruptcy Reorganization

The Newaygo County Board of Commissioners voted Wednesday to cast their ballot to accept Pride Youth Programs' Plan of Reorganization under chapter 11 of the Bankruptcy Code. Ballots were requested from creditors by the United States Bankruptcy Court for the Western District of Michigan in response to a plan of reorganization dated January 5, 2011, submitted by Paul J. DeWispelaere, President/CEO of Pride.

The affected creditors have until March 7, 2011, to either object or submit their ballot. Sometime thereafter the court will determine if the Plan is confirmed and based upon the results, it could become binding on all parties.

The Plan calls for the Debtor (Pride) to make estimated, average payments of \$2,250.33 monthly for 48 months to creditors with \$564,591.14 in unsecured claims. The amount is approximately 19 cents on a dollar of the total unsecured claims. The plan also calls for the current officers and directors of the non-profit to remain in office and for the group to continue to do business as usual.

From 1993 to 2004 the county was the fiduciary for the non-profit and incurred expenses on their behalf that were to be reimbursed with anticipated grant dollars. The grant funds never materialized and in June of 2005, the county signed a separation and fund reimbursement agreement with Pride in the amount of \$213,813.26.

Pride made required payments of nearly \$118,000 and in May of 2007, at the request of Pride, the county agreed to restructure the remaining \$95,929.50. The restructure spread the remaining amount over six years, included interest and helped allow Pride to remain solvent and operational within the community.

In 2007 and 2008 Pride made their payments on the restructured amount, but failed to make any subsequent ones. In July of 2010 the county was awarded a damage judgment in the 27th Circuit Court against Pride based upon the outstanding amount of \$67,017.71.

“We have made every attempt to fix the mistakes of previous boards and recoup as many taxpayers dollars as possible,” stated Finance Chair Pat Gardner. “While we may not be totally satisfied with this plan, it will allow Pride to still be viable and the county to recover nearly \$160,000 of the original amount.”

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