

Sale of Pope John Paul II Cultural Center

Questions and Answers

1. What is the status of the Archdiocese of Detroit's sale of the Pope John Paul II Cultural Center in Washington, D.C.?

The [Knights of Columbus](#) has signed an [agreement to purchase](#) the building that houses the Pope John Paul II Cultural Center and the land on which it is situated at 3900 Harewood Road in Washington, D.C.

The sale should be finalized by September 30, 2011 and will involve the Cultural Center Foundation, the Catholic University of America (CUA), and the Archdiocese of Detroit. The Knights will pay \$22.7 million to the Foundation for the building and land, of which \$2.7 million will go to CUA, which has a secured interest on the land. After closing costs, the Archdiocese of Detroit will receive approximately \$20 million from the Foundation for the sale.

2. How much has the Detroit Archdiocese put into the Cultural Center?

The Archdiocese committed approximately \$54 million in loans to the Cultural Center's Foundation, which operates the Center.

These funds have been used for the Cultural Center's design, construction, furnishing, and in prior years, to support operations.

The \$54 million includes \$23 million that the Archdiocese borrowed from Allied Irish Bank. The Archdiocese owes \$18 million to Allied Irish Bank on that loan.

Also included in the \$54 million total is about \$65,000 in monthly allocations from the Archdiocese for building and grounds maintenance to facilitate a sale. These monthly maintenance allocations have totaled approximately \$1 million.

3. Where did the \$54 million come from?

The Archdiocese allocated funds to the Cultural Center from its Loan Deposit Program and from prior investment earnings. The funds were issued beginning in March 2000 in what became a series of loans and maintenance advances that total about \$54 million.

No funds to support the Cultural Center were diverted from the archdiocesan [Priests' Pension Plan](#) or from the [archdiocesan Endowment Fund](#), the latter established through the Stewards for Tomorrow fundraising campaign in 1994-95.

4. Why did the Archdiocese suffer a loss on the sale?

The Cultural Center was designed and built in a strong pre-9/11 economy. The land was acquired when the real estate market was substantially better. After the downturn in the financial and real estate markets, and as the recession wore on, it became increasingly unlikely that the Archdiocese could recover its full investment of approximately \$54 million in the Cultural Center.

5. Why sell now?

The sale will enable the Archdiocese to recoup some of the \$54 million it has invested in the Cultural Center and will stop archdiocesan outlays averaging \$65,000 per month to maintain the building and grounds.

For the past 18 months – a period in which the real estate market has remained depressed – the Archdiocese marketed the Cultural Center building and land for sale. All of the offers received for the property were clustered in the \$20 million range, and the Knights presented the best offer and terms of sale.

As negotiations with the Knights proceeded, Archbishop Vigneron consulted with the archdiocesan Finance Council and the College of Consultors, which unanimously supported accepting the Knights' offer.

The archdiocesan Finance Council is a nine-member committee comprised of lay leaders and clergy that provides oversight and advice to Archbishop Vigneron on financial matters pertaining to the Detroit Archdiocese. The College of Consultors is the priest council of advisors to Archbishop Vigneron on administrative and financial issues.

6. Could the Archdiocese have gotten more for the Center by waiting out the economy?

Possibly, but it is anyone's guess as to when the economy will fully revive to the extent that real estate values recover to pre-recession levels. With the support of the archdiocesan Finance Council and the College of Consultors, Archbishop Vigneron decided not to wait for the economy to recover while servicing \$54 million in loans and additional expenses averaging \$65,000 per month to maintain the building and grounds.

7. Why did the Archdiocese get involved so deeply in a Washington, D.C. enterprise?

The Archdiocese made its loan commitments in better economic circumstances based on a business model that proved to be unsustainable.

The Center was considered a worthy investment by the Archdiocese of Detroit and more than 168,000 donors as a place in our nation's capital adjacent to the Catholic University of America to carry the torch of Pope John Paul II's universal message of love, freedom, and peace to contemporary culture.

The Cultural Center was unable to meet its obligations for financing and operations, and the Archdiocese of Detroit provided loans to keep the Center open as well as funds to maintain the building and grounds to facilitate a sale.

8. What has the Archdiocese done to avoid committing such large amounts of funds to single projects like this in the future?

Archbishop Vigneron has implemented new policies and procedures regarding the management of archdiocesan operating funds, its Loan Deposit program, endowments, and other accounts.

These reforms exceed standards required by canon law statutes and the U.S. Conference of Catholic Bishops in areas of diocesan financial responsibilities, including consultative consent on some financial issues.

The governance of financial management at the Archdiocese has been strengthened by reorganizing archdiocesan financial operations as well as the archdiocesan Finance Council. The level of engagement of the Finance Council has increased significantly, and it is working in close collaboration with the Archbishop, the Moderator of the Curia, and the College of Consultors to provide greater oversight and guidance to the Archbishop regarding the financial affairs of the Archdiocese. The Moderator of the Curia is the equivalent of a chief operating officer in the private sector.

9. Does the Archdiocese continue to support the Cultural Center?

The Detroit Archdiocese does not financially support the Cultural Center's operations, however, the Archdiocese has provided approximately \$65,000 per month to maintain the building and grounds in good condition to maximize the value of these assets and facilitate a sale, which has been achieved with the Knights of Columbus. Archdiocesan financial commitments to the Cultural Center will conclude when the purchase agreement is finalized by September 30, 2011.

10. What is the Cultural Center being used for day-to-day?

For activities at the Cultural Center, call 202-635-5400 or visit the [Center's website](#).

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