



ARCHDIOCESE OF BALTIMORE

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OFFICE OF THE ARCHBISHOP

July 21, 2020

Reverend Joseph Y. Kim
Pastor
Holy Korean Martyrs Catholic Church
5801 Security Boulevard
Baltimore, MD 21207

Project No. 2114.2037.19

Dear Father Kim,

I pray you are doing well during these challenging times. Please accept my sincere appreciation for providing on-going leadership to the Holy Korean Martyrs faith community as you work through the master plan, business plan, and future for the Parish.

I have reviewed your revised master plan and business plan that proposes three phases for the future growth and expansion of the parish, including the relocation of the parish to the Renahan property in Howard County. The vision laid out in the master plan is a bold plan and, if able to be implemented, would provide a beautiful facility for the evangelization and catechesis for the Korean community.

I have reviewed and reflected upon the business plan and master plan and I offer these thoughts. I approve the phasing of the master plan and the concept that has been presented. I have concerns and reservations about the business plan and I will detail these below. However, with this letter, I am approving the advancement of the master plan to the conditional use process. At such point, if the project is granted a conditional use to build a church on site, please submit another request to advance the project to the next stage of implementation, such as the capital campaign, beginning the schematic design for Phase 1 of the master plan or selling of the Woodlawn campus.

As stated above, there are several concerns that need to be addressed in the current business plan as submitted. Specifically:

- The current plan shows a bridge loan of \$2.5M as well as a \$1M loan for the construction of the building. The total estimated cost of phase I is \$7.7M. Pursuant to Archdiocesan policies, the maximum percentage that can be borrowed on a

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project is 35% of the Total Project Cost. Under the current plan, the parish proposes borrowing 45% of the Total Project Cost. The loan will be made from the IPLF and there is no distinction made between a bridge loan and construction loan. Please revise the business plan to reflect that the total borrowed will not exceed 35% of the cost. At the appropriate time, the parish may apply for a 35% IPLF loan through an independent board who manages loans for the IPLF Fund.

- The parish will be required to go through a conditional use process in Howard County and I understand that the parish has retained counsel to assist them in this endeavor. I am concerned that there is no funding shown in the plan to support the work that will need to be completed as part of this process. In addition to counsel, the Parish will be required to undertake several studies with the assistance of a civil engineer. This is a costly process as well as a lengthy process with no guarantee of success. I want the Parish to understand that the cost of this process could approach, or potentially exceed, \$100,000 and the parish must be prepared to fully bear these costs.
- Given that the approval process for the conditional use is lengthy, this will impact the overall estimate of the building cost. The schedule advanced in the business plan is an aggressive one and may not be met. As time elapses, inflationary forces will have an effect on your total project cost.
- The Parish should also be aware that the County could require significant traffic improvements on Route 32 in the form of possible acceleration/deceleration lanes. If this is a requirement as part of the conditional use, this will add significant costs to the project, potentially making it unachievable.
- The business plan makes multiple assumptions that may or may not hold, specifically:
 - A capital campaign of \$1.2M. The annual offertory for the Parish is approximately \$400,000. Generally, parishes can successfully run campaigns that are 3x their offertory with an 8% default rate. The expected cash collected is slightly more than \$1.1M. However, these assumptions hold in periods of economic stability. Given the current state of the world with the pandemic and uncertain future, this assumption may not hold.
 - The pandemic has had a significant effect on HKM's offertory and before any campaign can occur, offertory would have to stabilize so that it is possible to understand the fundraising capacity of the Parish moving forward.
 - The estimate for the sale price of the Woodlawn property is \$2.5M. While this is under the SDAT assessment price, selling this campus will be difficult. It will likely require a change to the zoning and the right buyer will need to be found. This is an assumption that may or may not hold and I just wish to draw your attention to this reality. You may want to consider listing the property as soon as it is understood if you will receive a conditional use for the Renehan property and, if the Woodlawn Campus sells in advance of the new facility, consider renting space for worship.

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- The move to the Renehan property will have an impact on the Korean residents that currently reside in the Catholic Charities facility at the Woodlawn campus. I encourage you to look at the impact to your fundraising and offertory that you will be able to collect if these residents cannot travel to the Renehan property to participate in the sacramental life of the Parish.
- The current business plans show operating deficits at different points. In order to move forward, the business plan must reflect operating surpluses in addition to providing for construction costs and debt service.

Given these realities, an incremental approval approach to this project is necessary. At each step, before moving on to the next, I ask that you revisit your assumptions and revise the business plan as necessary to more accurately reflect market conditions, construction costs, offertory, the sale of the Woodlawn campus, and the ability to conduct a capital campaign. Please submit requests to move to the next phase of the project, and as part of the request, provide the revisions to the business plan.

I look forward to reviewing your updates and hearing of the project progression. Again, let me offer my thanks to you and your team of dedicated lay leaders who have worked so hard for the Holy Korean Martyrs community.

In accordance with Archdiocesan Policy, Christin Kinman at (240) 491-8210 is the assigned Project Manager to assist the parish.

This permission is granted also with the stipulation that all Archdiocesan policies be followed throughout the process. If you have additional questions, please contact Mr. Nolan McCoy at (410) 547-5335.

With every best wish, I am

Faithfully in Christ,

A handwritten signature in blue ink that reads "William E. Lori".

Most Reverend William E. Lori
Archbishop of Baltimore

Cc: Most Reverend Denis J. Madden
Most Reverend Adam J. Parker
Dr. Diane Barr
Mr. John Matera

Mr. Nolan McCoy
Mrs. Mary Pat Stoval
Mr. David Owens