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[NYT: ‘Grand Bargain’ Saves the Detroit Institute of Arts.](#)

DETROIT — With his decision on Friday approving this city’s federal bankruptcy plan, Judge Steven W. Rhodes — aided by nearly a billion dollars in private and state rescue money — ended an unprecedented threat to the Detroit Institute of Arts, whose world-class paintings and sculpture could have been parceled off at auction to help pay city debt.

Yet, in a very real sense, the ruling ends a threat to the museum’s existence that stretches back not just two years, when the city began to tumble toward insolvency, but almost a century, to 1919. That was the year the donation-starved institute became a municipal department, linking its fortunes to those of a city whose finances would be highly unstable.

A plan to save the collection from sale — which came together over the last several months and is being called “the grand bargain” — raised more than $800 million from foundations, private donors and the State of Michigan essentially to ransom the museum from city ownership. The bargain provided the money to help save public workers’ pensions, as long as the museum was protected and owned by an independent charitable trust, as are most large American museums.

“It’s a wonderful feeling to know we’re not going to be under city ownership any longer,” said Annmarie Erickson, the museum’s chief operating officer. “There were times over the years when even members of our own board would say, ‘Why don’t we sell a piece of art to put a scab on our financial wounds.’ And you know that if your own board members come to that, you’ve been in deep trouble for a long time.”

Within months, or possibly weeks, the institute’s officials said, ownership of its Beaux-Arts building and collection will be transferred to a trust. And with the approval in 2012 by three surrounding counties of a tax to help pay for operations, the museum is on its soundest financial footing in many years.

But it is nonetheless emerging from the bankruptcy deeply wounded. It had to spend what Ms. Erickson, in an interview, would characterize only as “several million dollars” on lawyers who were prepared to defend the collection in court, and on arrangements for appraisals by Christie’s auction house and others that put price tags on paintings as the city’s creditors clamored for them to be sold. The museum’s fund-raising for its operating endowment — which stands at $119 million, far below that of other museums its size, with about $71 million more for acquisitions — was suspended during the bankruptcy threat. And because the museum itself was required to raise almost $100 million as its part of the “grand bargain,” it now faces many benefactors who have dug deeper into their pockets than ever before and may not be able to give again soon.

“When we redirect our efforts back toward our endowment, what are we going to find?” Eugene A. Gargaro, the museum’s chairman for more than a decade, wondered. “That’s a daunting challenge.”

Graham W. J. Beal, the museum’s director, president and chief executive, added, “Clearly it does take a number of major donors off the table for us.”

The museum’s long-range goal is to raise its endowment to $600 million — by contrast, that of the Cleveland Museum of Art is more than $700 million — to be able to support its annual operations once the county tax expires, eight years from now. But that goal has been set back by almost two years.

“It’s hard to say, but I would like to think that we’d be well north of $200 million now in the endowment, if this hadn’t happened,” Ms. Erickson said of the threat. “We just had our first strategic planning meeting since this all began. How do you plan for the future when you don’t know if you’re going to have a future?”

The museum’s future has been uncertain almost from the moment of its founding, in 1885. A few years after it opened its doors, it became enmeshed in a lawsuit that led to a loss of city appropriations, putting it in budgetary straits. In 1955, even as the automotive industry was booming, and Detroit’s population was near its high, the city stopped giving the museum money for acquisitions — and never provided any again. In 1973, during an economic downturn, the institute had to close temporarily.

And even during good times, such as a $180 million expansion and renovation several years ago, the museum couldn’t seem to catch a break: The discovery of asbestos led to $40 million in extra costs, Mr. Gargaro recounted.

At the same time, the museum always knew that it held one of the most lucrative portable sources of income in the coffers of a city that was on its way to being $18 billion in debt. Appraisals during the bankruptcy threat put the value of the collection at as much as $4.6 billion, and some individual works were highly attractive to those who wanted to monetize the collection; Pieter Bruegel the Elder’s “The Wedding Dance,” for example, one of only five Bruegels in American museum collections, could have been worth as much as $200 million if sold.

In interviews, Mr. Gargaro and others, including the museum’s lawyers, described the last two years as harrowing, a situation so volatile that the institute was close several times to going to court to try to protect the integrity of its collection.

“As we learned more week to week, we made running decisions about the efficacy of filing and getting into court, or holding back until we felt it was necessary,” Mr. Gargaro said. “Even in the worst moments, we hesitated to draw that line because once you did, you would be in a very different arena.”

For months, the museum’s lawyers and staff pored through old files to find donor histories for many of the collection’s greatest works, looking for provisions that would, at the very least, tie up in court for years attempts to sell the works. It found, for example, restrictions imposed by the Italian government in the 1923 sale to the institute of a huge Tintoretto canvas, “The Dreams of Men,” one of the museum’s most important works.

“We would have been combing the archives for everything we could find if this had gone on,” Ms. Erickson said.

On Friday, when Judge Rhodes’s decision was read in United States Bankruptcy Court here, Ms. Erickson was there to witness the closing of a painful chapter in the museum’s life, and perhaps the birth of a completely new era. Mr. Beal was not: He was finally getting back to his regular job, that of being a museum director, flying to the Middle East to address an international museum conference on the issue of audience development.

“I’ll be sitting in the airport lounge,” he said, “when the news — the good news, we hope — comes.”

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By RANDY KENNEDY

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