



A Statement from the Diocesan Council Regarding the Diocesan Development Plan Proposal

This statement is addressed to fellow leaders of the Eastern Diocese, parishioners, and the Armenian-American public, regarding the recent proposal for the development of the Diocesan Complex in New York.

Since the Diocesan Assembly in May 2018, when the proposal was first presented to the public, misinformation has unfortunately driven the discussion. This public statement, which we agree is overdue, is meant to address that, and to provide insight into the current status of activity.

As members of the Diocesan Council, we have spent much of the past two months responding to individual comments and reacting to harsh attacks based on this misinformation. We thank those who have taken the time to speak with us and have allowed us to answer your questions, address your concerns, and set the record straight. We also thank the many Diocesan Delegates who have tried to responsibly and accurately communicate the facts to fellow parishioners.

Our hope is that this statement will start a healthy, constructive dialogue with community members from across our Diocese. We will do this both in writing (including through the linked Fact File documents) and in person, through a series of open meetings currently being organized, where we will gladly answer your questions and address any concerns raised.

The Council's objective in considering this project and proposal is to fulfill the mission of the Armenian Church by envisioning, funding, and enabling innovative programs that attract and engage our faithful in the life of the church. To begin, we want to clearly state the three

fundamental principles driving the current Diocesan Development Plan Proposal:

1. Protecting and Preserving St. Vartan Cathedral and its Plaza

The proposed plan impacts only the footprint of the current Administration Building. Importantly, it maintains the integrity of the Cathedral, the Dome, and the Plaza, and also preserves the sightlines of the Cathedral and Dome.

It should be noted that we insisted on the above requirements with developers. While they are critical to our collective interests, incorporating them limits the scope of developers' potential designs, and impacts the ultimate return we could gain from such a project. As some know, an earlier proposal for the development of the Diocesan Complex (from six years ago), which would have encompassed both the Administration Building and the Plaza, was summarily and understandably rejected.

The current proposal addresses the need to preserve the extraordinarily powerful presence Armenians have in New York City, while ensuring that the Cathedral and Plaza will be structurally sound for the long term (see below).

2. Upgrading the Diocesan Center

The current Diocesan Complex (including the Cathedral and Plaza) needs significant renovation and refurbishment. This proposal achieves that end.

Whether the "air rights" are sold or leased, the developer would provide at least \$11 million in structural, mechanical, and cosmetic improvements to the Cathedral and its adjacent facilities. (A detailed list of the planned construction and enhancements is provided in the Fact File linked below.)

In addition, this proposal would allow the Diocesan staff to work in more efficient, inviting, and functionally-improved office space. Just as importantly, it would create a more welcoming Diocesan Center overall, including better classroom, meeting, and reception spaces. Details are still being worked out; but we are committed to upgrading the Complex, which has both short and long-term benefits.

3. Ensuring Immediate and Long-term Financial Benefits

The Diocesan Council has made significant strides in recent years to stabilize and strengthen the finances of the Diocese. We no longer borrow against restricted funds, and we have dramatically reduced line-of-credit borrowing for cash flow purposes. But the financial challenges continue—and will only increase—given rising costs and ongoing operational and maintenance needs.

More importantly, clergy, parish council members, and youth leaders from across our Diocese regularly suggest innovative programs and projects, which we are unable to implement in large part due to financial limitations. Again, this proposal addresses that concern.

While the proposal presented at the Diocesan Assembly involved selling the "air rights," we are still exploring an alternative proposal that would lease those air rights instead. An air rights sale would mean significant cash up front, allowing for an endowment of at least \$50

million. When added to the current unrestricted portion of our endowment, this would more than cover the Diocese's annual budget.

An air rights lease would mean less money up front, but should provide the equivalent of an annual return on such an endowment as mentioned above. The specific terms are still being negotiated.

Regardless of the option pursued, however, this proposal would allow the Diocese to better fulfill its mission and place it on a strong, durable financial footing, enabling better support and programming for the parishes for years to come.

The above principles and more are discussed in greater depth in the linked Fact File documents. We encourage you to download and review them.

The first file is a Question-and-Answer document detailing WHY we need it, WHAT is being proposed, HOW the proposal is structured financially, and WHEN the project would take place.

The second file shows architectural renderings of the completed project as it would look from various perspectives around Second Avenue and 34th Street in Manhattan.

We ask that you please take the time to separate these facts from misinformation. No decision has been made. No contract has been executed. No one or two individuals are making important decisions regarding the future of our Diocesan Complex. And no one is "giving anything away": appraisals have been completed, and analyses have been done and are being updated.

A request has been received to convene a Special Assembly to discuss the Diocesan Development Project. It has always been the Council's intent to bring any final proposal or contract back to the Assembly prior to adoption or execution. The Council and Board of Trustees welcome the opportunity to convene this Assembly prior to the execution of any sale, lease or conveyance agreements or commitments.

Interestingly, in the time since the Diocesan Development Proposal was presented, St. Bartholomew's Cathedral on Park Avenue and 52nd Street—an even more valuable part of Manhattan—has announced a deal comparable to the one we are considering.

Since its construction 50 years ago, St. Vartan Cathedral and its entire complex have been the subject of several different development proposals. We believe this is the most reasonable and responsible one—which will ensure the long-term financial, structural, and symbolic stability of our precious Cathedral and Diocesan Center.

Current market conditions in New York real estate (including changes in interest rates, borrowing requirements, and the rental market) afford us a chance to step back, review, and broaden community involvement and input in the plan and to help evaluate the tremendous, unique opportunity the development plan presents.

Most importantly, the reason we need to address the Diocese's financial situation is to more effectively and innovatively fulfill the mission of the church. We want the Diocesan Center to be the vibrant hub of Armenian Christian activity. We want to fund and enable innovative

programming that will attract and engage our faithful in the life of the church.

We on the Council believe that the Diocesan Development Plan is a viable and positive proposal for the future of our Diocese. Ultimately, it aims to support ministries that would bring our people closer to Christ through the precious traditions of the Armenian faith experience.

We look forward to our continuing conversation on this important topic.

The Diocesan Council

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