November 11, 2003

Mr. Garo Kassabian Chairman AGBU California Melkonian Alumni 2495 Mountain Street Pasadena, CA 91104

Dear Mr. Kassabian:

I was very pleased to meet with you and your Committee members and share the Central Board's concerns for "azkabahbanoum" in today's world and AGBU's responsibilities toward the Armenian communities. I do not intend to discuss your letter of October 27, 2003 point by point, but I will be happy to try to summarize the substance of our discussion.

The Armenian School still has an important function in our community life because Armenian education is the primary means available in our constant struggle for the perpetuation of our culture. Today, every school owned and operated by AGBU is being assessed in terms of its role in providing a sound general education and its contribution to the overall goal of "azkabahbanoum." Furthermore, although AGBU must always be concerned with the best and most efficient way of managing the funds entrusted to it by its benefactors, MEI's operating budget deficit is not the primary concern. Rather, the main issue is whether today MEI is fulfilling its mission as in the past, and therefore justifies the dedication of so much human and financial resources for its continued operation and maintenance as a boarding high school in Nicosia.

In regard to the sale of the Melkonian <u>property</u>, I stated that it has not been a subject of consideration because we are in the process of a thorough assessment of MEI in all aspects, that any decision could not be implemented overnight and that all reports of the property's imminent or pending sale in recent newspaper articles or other communications are completely false.

It is extremely important to know that the overwhelming majority of our 22 schools around the world run large operational deficits and that the greatest portion of AGBU's resources is devoted to covering such financial shortcomings. AGBU will continue its policy of supporting such institutions as long as it feels that they fulfill their function and our expectations in the context of "azkabahbanoum".

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For instance, the Lazar Najarian School in Aleppo, with its approximately 1,600 students, will continue to enjoy the full support of AGBU in spite of increases in its deficit. AGBU will also continue its support of its schools in Iran, Lebanon and other locations, as our educational institutions in these countries play a vital educational, social and national role in the preservation of our Armenian heritage in their respective communities. But, I also said that our school in Athens was a cause for concern. Is it justifiable to run a deficit of \$260,000 this year alone for a total of 64 students spread between Kindergarten and elementary classes?

As an alternative to the Athens school, for instance, we wonder whether the availability of the same funds in Greece to underwrite the costs of Saturday schools, adult Armenian language classes, summer camps, organized trips to Armenia for the community's youth, organization of cultural events, and the retention of the services of a local Executive Director and field workers, would not benefit the community at large significantly more than the school does now.

Our benefactors entrusted their bequests and donations to AGBU with the expectation that the organization's sound judgment would ensure the use of such funds in the most judicious and wise manner for the preservation and perpetuation of our cultural, ethnic and national Armenian heritage. It is not only the right, but also the obligation of the Central Board to address such and any other issues that may arise in fulfilling its fiduciary duty. While this is a heavy responsibility which our donors have entrusted us with, we have accepted such an obligation. AGBU's greatest asset is the faith and confidence of its donors, benefactors and the Armenian people. For as long as AGBU is in existence, the memory of the Melkonian brothers, as that of all our benefactors, will always be preserved and perpetuated with reverence, and the funds made available through their generosity will be used to carry out their true intent in the best manner possible.

AGBU has and will always remain committed to its educational mission. As you know, we have just embarked on the construction project of an extension to the Manoogian-Demirdjian School in Los Angeles, a school with an enrollment of about 1,000 students in a community of more than 500,000 Armenians. Such a project has been made possible mainly through the generous personal funding by three members of the Central Board, as well as the efforts of the school's PTO.

Through the generous donation of the Calouste Gulbenkian Foundation, a whole new complex is being completed in Aleppo for the benefit of our school there. In addition, the AGBU Kamishli Center, built in April 2001 and once again funded by the generosity of two Central Board Members, is reaching out to a community that has a population of 12,000 Armenians by providing Computer and Language classes, a children's choir, dance and theater groups, lectures and art exhibits. By embarking on this project, the Central Board realized the importance of such an institution for the survival of a community living in a remote area of the Middle East.

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In the near future an Advisory Committee will be formed to assess all AGBU programs and to recommend new projects to meet the present and future needs of our communities throughout the world.

Notwithstanding the future of MEI, there are various ideas that the Board is considering implementing as part of its development program in furtherance of its mission for the preservation and perpetuation of our national heritage. We also mentioned, the possibility of creating a large and modern, sophisticated and specialized facility ("city") which, throughout the year, will host Armenian youth worldwide to promote, provide and develop their Armenian spirit and knowledge, or the establishment of new centers and schools for emerging communities, such as in Bulgaria, as well as implementing some new projects in the greater Los Angeles area or the Middle East.

Mr. Kassabian, I was encouraged by the positive attitude and approach of the members of your Committee who attended the meeting, and I am grateful for the many appreciative and encouraging statements made by many of those present, as well as the expression of their trust and confidence in the leadership of the organization and their support of me. We are living in fast-changing times and in the last quarter of a century, the Armenian world has changed radically. The effects of globalization are palpably evident everywhere and force us to make difficult decisions and to resort to concomitant countervailing measures.

The easiest way to manage this organization is to maintain the status quo of all our institutions, keeping them on an "as is" basis. Unfortunately, this is not how we can or should conduct our national affairs. We must keep pace with societal changes if we want to survive as Armenians. We must tackle hard decisions for the benefit of the long-term perpetuation of our heritage and identity. On this subject, many people may have differing points of view, and while some of the views may have merit, we should focus nevertheless on the proactive decisions that must be made in order to move forward. This is the only way that an organization can progress and indeed stay alive in the long run. With respect to all schools owned and operated by AGBU, including MEI, the Central Board will have to make decisions that it deems appropriate in fulfilling its mission taking into consideration all issues of concern. Of course, any decision with regard to MEI will be announced appropriately and in due course.

It is my sincere hope and expectation that the MEI alumni everywhere will recognize the immense task of "azkabahbanoum" in these difficult times, share our concerns and enthusiastically support AGBU's efforts in the preservation and perpetuation of our Armenian heritage.

Sincerely,

Berge Setrakian