

Background leading up to the series of offers from the Museum to the Club

When the merger concept was first discussed in 2014 the case was made for a value proposition; i.e. increased fundraising due to Museum/Library educational component; increasing joint memberships; increased operational/administrative functions; increased marketing efforts; etc., etc. Unfortunately, the Club has never presented their value proposition to the Museum, other than paying off our debt, which was later withdrawn leaving the Museum with nothing in exchange for giving up assets. From a practical view point the logic was simple. Each organization needed additional space and perhaps there would be staff and spending synergies along the way. The biggest benefit would be a joint fundraising campaign which could provide an addition to the museum facility and a new Library Headquarters space to accommodate both organization's needs. Each organization formed a merger committee to study the feasibility of a transaction.

Hopefully after reading this the idea that the Museum approached the National Club for a "Merger" is not at all what happened and that misinformation should be rectified

The process started with an informal meeting between Schell and Moskowitz. The initial meeting between the two took place in mid-2014. Mr. Schell and Mr. Moskowitz had been acquaintances for a long time. **Schell did not approach the Club as a Board member looking for a "Merger" but as an individual recognizing that each organization had a mutual space need and could help each other long term.**

Following that, on an informal basis with a motion discussed by a Museum Board Member (Don Schell) after the initial discussion with Steve Moskowitz: The motion was discussed but no action was taken by the Museum Board.

July 2014

Correspondence between Steve Moskowitz and Don Schell

Don Schell and Steve Moskowitz informally met to discuss a possibility of an affiliation of some type. Mr. Schell and Mr. Moskowitz BOTH agreed it might make sense. Since the Museum knew very little about the Club compared to the knowledge that the Club had about the Museum by virtue of having both Mr. Cox and Barlup on the Museum Board, Mr. Schell asked for information concerning the Club in June of 2014. As a follow-up to the informal meeting Mr. Schell sent the following list of information request

From: donaldschell@comcast.net

To: HWHGOP@aol.com, erlacey@verizon.net

Sent: 6/11/2014 4:30:14 P.M. Eastern Daylight Time

Subj: July 7 meeting

Hank/Ed: Here are some thoughts on the meeting:

National needs to put a story together on:

I. 990 form and update to present

- A. Membership
- B. Assets
- C. Current financials

II. Library merger

- A. Pre and post financial condition
- B. Major issues that we're overcome
- C. Merger template that was used

III. National plan for future governance

- A. How do they see this working
- B. Future board make up- current national board members and current museum board members
- C. Future board selection process

IV. If merger was approved, what would a plan look like for financial needs in the short term and long term look like.

Sent from my iPad

Don Schell also sent this to Mr. Moskowitz in advance of a meeting scheduled in July of 2014

Don Schell request to Steve Moskowitz

National needs to put a story together on:

I. 990 form and update to present

- A. Membership
- B. Assets
- C. Current financials

II. Library merger

- A. Pre and post financial condition
- B. Major issues that we're overcome
- C. Merger template that was used

III. National plan for future governance

- A. How do they see this working
- B. Future board make up- current national board members and current museum board members

C. Future board selection process

IV. If merger was approved, what would a plan look like for financial needs in the short term and long term look like

Steve requested a meeting at the Club Headquarters and provided the following information to Don Schell and others in the email below in advance of that meeting. At this point the National Club seemed willing to encourage any discussions with the Museum as evidenced by the email from Steve Moskowitz on July 6th 2014.

From: Steve Moskowitz [mailto:aaca1@aaca.org]

Sent: Sunday, July 6, 2014 9:24 PM

To: HWHGOP@aol.com

Cc: erlacey@verizon.net; Don Schell <donaldschell@comcast.net>; Tom Cox <TNTOLDCARZ@aol.com>; don barlup <pullman1914@aol.com>

Subject: RE: July 7 meeting

Gentlemen:

I am sending this out a bit late but hopefully you can review prior to our meeting. A couple of explanations. We have shown you our latest financials which breaks down the library and national. We do that for internal purposes but the combined statement is the true net worth of the Club. If at some time you really need to see a 990 we can make that happen but not sure what you will see anything that is more telling than our current financials or year-end audited statements. The fact is national has had 6 figure profits (not including the library which also has had a positive net) every year since I came on board (2004).

We greatly appreciate your willingness to explore this idea and realize it may come with a price for you. National has never wanted to force this issue and in face have always taken the position that it seems a good idea when and if the museum wanted to discuss. It is apparent to most of us that if we cannot find a way to make this happen that it could set us on a course that would lead to a greater chasm between us which is something we do not see as good for our membership, the Club and the museum. Together we can accomplish so much more.

See you at 1:00

Steve



Museum Merger
Document.docx

Below is the attachment

This was the challenge presented to us. Item I is straightforward and simple to produce. See attachments:

2009	60,613 Memberships
2010	60,182
2011	60,237
2012	60,021
2013	60,572

Item II can be presented as follows:

The idea to merge the library and club was presented to the national board and library board in 2005. The reasons for it were primarily due to redundancy and a de-facto merger already in place as the executive director of the Club already served in the same capacity for the library. Both were 501 (C) (3) organizations and shared the same building along with certain staffing. It was determined that there was no value in being separate and it would make fund raising a bit easier as a single entity. The initial fears were that the library “would lose its identity”, fear of the unknown and certain board members did not like the loss of their position and standing as a board member. The library also was concerned about the endowment account.

The library today has never had more exposure to the hobby with social media, new website, blogs, Chris’s column in *Hemmings Classic Car*, staying open on Saturdays, public appearances by staff and increased visits by regions. The staff has transitioned from zero library science degreed employees to two with their Masters in Library Science and the third in the process of achieving that goal.

The fear of the unknown is no longer and even those that were initially against the merger are now big fans. In fact, the chief opponent to the merger now feels that it may have saved the Club’s tax exempt status as well due to the issue with the HCCA. He also admits that all his fears were not justified.

The Library endowment was legally set up and AACA counsel made sure that everyone understood that without a court order we still could not touch the endowment. It was a non-event for the library and the endowment has doubled in the intervening years even with the huge downturn in the economy in 2008.

There was no template used. We simply handled it legally with the help of Arnie Kogan and the only remaining issue was governance. A library committee was formed to help with governance issues and assistance to the staff. The committee still has a chairman and several sub-committees. The AACA national board member assigned to the library serves in the capacity of chairman.

Item A is attached and clearly shows the strength of the library. It has no debt and a very solid cash position. (not included here)

The issue presented in III puts the cart before the horse. National does not “see” or have any set plan for governance at this point. The object of the merger committee is to understand the museum’s needs and wants and to do our best in forming a structure that works. National’s by-laws can be changed, policies can be changed and we virtually could work from a clean slate. In no way is national trying to force itself upon

the museum. While we have supported the idea at every joint museum and national conclave we have not actively pursued the arrangement. Recently, we responded to some interest by individuals in making this happen.

We believe there should be some goals in forming a new governance structure. Some of these possible goals are as follows:

1. Have a professional, committed and engaged governance structure that allows for the best and brightest members serving at the highest level.
2. Have a staff leadership position in the Club, library and museum and a CEO over the entire organization.
3. Maintain an active group of appointed committee members to serve the museum
4. Include X number of current museum board members on the national board

However, we wish to stress that we are open to any idea which would allow the success of the enterprise to flourish. The goal would be to make the new corporation stronger and each of its limbs to be successful and deliver world class service to its members and the hobby.

Item IV would be address most likely in the short term with a dues increase that would be used partly to further fund the operation of the museum. Debt would be addressed but only after understanding the museum's current finances, short and long term needs as well as that of the Club. A major emphasis would be to ensure the museum is not carrying any debt as national has no debt and is against being in that position.

We completely agree that national needs a dialogue with the museum before many of these answers can be expanded upon. The idea of a formation of a joint committee allows both sides to understand the needs of each organization and their fears. This is a serious undertaking and trying to solve the mechanics before understanding the enterprise would be time consuming and counterproductive. We strongly feel that a feasibility committee is an important first step. We do wish to stress that both sides must put members on the committee that are willing to have an open mind whether they are pro or con this idea at the time. The make-up of the committee is a very key component to the success of these discussions. This cannot be another dragged out, half hearted effort.

Thanks for listening!

It is apparent that as far back as 2014 there was no "Museum came to us first" rhetoric which we now see in each and every narrative and has appeared in about every response from the Club. This started as a matter of an equal interest. Two parties liked the idea each agreed to form committees to explore. No one was driving the process and for the next 6 months nothing transpired until Both Committees met in Philadelphia in February 2015.

Further when the LOI was signed by both parties in November any semblance of who spoke the first words was no longer a valid observation. Unfortunately, within 2 months of that signing the Club reneged on their agreement and they completely reversed any trace of the cooperation described in Steve's email above completely evaporated.

For the next 7 months, The Museum bore the bulk of the work and all of the legal expense in drafting the documents, finalizing the concepts, and presenting ideas to the Club. Many drafts and concepts were sent to the Club merger committee, which had been communicated in draft format several times during August 2015. Eventually, we developed what we thought was a good final draft of an LOI (Letter of Intent) which was agreed to by the Club committee and approved by The Museum Board.

However, it was rejected by the Club on September 27, 2015. The Club changed their mind and demanded 50% interest in the real estate of the Museum. Their logic was that the Club would not build on property they did not own. **This concept was never surfaced by the Club during any of the prior 7 months.**

We at the Museum believe that the Club became very nervous that the transaction contemplated in the LOI would expose the FACT to its members that the Club did not own The AACA Museum, Inc. or its assets. Further we also believe that this was the turning point in the negotiations and that the Club shifted their strategy to a full takeover of The Museum and a liquidation of The Museum entity and its Board; like they handled the Library, which is not a separate entity, owns no assets, and has no Board of Directors.

Below are emails from the Club during August 2015 indicate that despite the so- called “good faith” nature of the negotiations, we believe the real intention was to pressure the Museum with threats as well as disclosing the animosity held by the Club toward the Museum going back years.

August 24, 2015 letter from Tom Cox to Bill Edmunds (Museum Board Pres.) threatening of financial difficulties if deal does not go through.

From: tntoldcarz@aol.com [mailto:tntoldcarz@aol.com]

Sent: Monday, August 24, 2015 6:47 PM

To: edmundsw@att.net

Cc: erlacey@verizon.net; stanlotties@pa.net; jigriggs@aol.com; mlizewskie@aacamuseum.org

Subject: Museum and AACA merger discussion

Dear Bill,

Thank you for returning my call last week. I appreciate the open communication we have enjoyed to this point in our discussions regarding the Museum and AACA National. To that end, I would like to re-iterate some of my comments to you with additional history and clarification, which is important to the context of our discussion as we move forward.

As you may recall, in the course of our discussion regarding Toni Rothman’s email, I reminded you of the strong possibility that the status quo cannot be maintained in our relationship moving forward if for some reason a merger is not consummated. Her email surely did not support the positive direction we have been moving in, and I wish to make sure that you and your committee realize that

is simply a practical matter and not a punitive one, should the Museum back away from its commitment to move forward at the recent Board Meeting.

During my term as President in 2013, you and I had a discussion in Charlotte at the trackside membership table, and I apprised you of our need and intent to embark on a capital campaign to relocate or refurbish and expand our headquarters and the AACA Library. At that time, I indicated that our campaign might necessitate the cessation of annual financial support of the museum as well as full disclosure to our members of the exact nature of AACA National's relationship to the Museum. This was done in an effort to give the Museum advance warning of potential changes which might come in the face of a very substantial capital campaign requiring several million dollars at a minimum. It only seemed fair and ethical to disclose potential changes. Such advance warning would have given you a couple of years to budget for those changes should they be effectual to Museum operations. It is important to note that at the time, the Museum had not approached National regarding merger discussions, yet the question of ongoing AACA National support was the same as in our conversation of last week. This wholly supports the fact that this is a practical matter of business and ethics and is in no way intended to be punitive. There have been more than ample opportunities to take negative action and withdraw our support, especially during the tenure of Mike Barret when he and others on the Museum Board consistently belittled the support of AACA and its members, despite substantial vehicular and monetary donations from both. We chose to continue our support regardless of substantial reservations by many on our Board. Frankly, had the Museum not approached us regarding a possible merger, we would likely be in the midst of a capital campaign, and those changes would already be in place. I hope this explanation provides added perspective, which I feel was needed.

Fortunately, current merger discussions, while delaying our campaign, have given all of us the prospective opportunity to do something which consummates a true AACA family rather than divorce. The AACA Museum, despite politics at the time, was moved forward by a devoted group of AACA members and their love of the hobby and their club. I was not privy to the inside politics, which is a good thing. It allows me to, along with others, hope for a final resolution that strengthens both our organizations for the future, long after all of us are gone. We only have one opportunity to leave such a legacy, and therefore must do all that we can to work together. Meanwhile, the letter of intent we discussed will present the opportunity for a complete, unbiased, and substantive look at a merger.

Best Regards,

Tom Cox

September 1, 2015 letter from Steve chastising The Museum for moving slowly and indicating he has already lost donor due to delay

From: Steve Moskowitz <aaca1@aaca.org>
Date: September 1, 2015 at 9:05:25 AM EDT
To: Stanley Stratton <stanlotties@pa.net>, mark lizewskie <mlizewskie@aacamuseum.org>, "edmundsw@att.net" <edmundsw@att.net>, "erlacey@verizon.net" <erlacey@verizon.net>, "JIGRIGGS@aol.com" <JIGRIGGS@aol.com>
Cc: tntoldcarz <tntoldcarz@aol.com>, William Gerrard <tgerrard@wtgerrard.com>, don barlup <pullman1914@aol.com>
Subject: Steve Moskowitz

Gentlemen,

I felt compelled to put this in writing as I am hearing rumors and innuendos that need to be stopped. If the proposed merger is going to be successful it needs to be done with collaboration, not with people using me or other inconsequential issues to push us off course. The merger should be based on a sound business plan with an expectation of success for all. Nothing more and nothing less.

This letter was written based upon a discussion with our President Don Barlup. Don made me aware of several situations and since this one affected me I felt it necessary to respond publicly to the committees.

I also wish to add a personal comment. As each day goes by, our lack of substantive progress harms our chances for success. I am already embarrassed with one donor who has questioned whether we have "our act together" and whether based upon the lengthy time it has taken us to move forward whether we ever will. I feel that we may have lost his support. We seem to find it easy to find fault but not so easy to find ways to be a success. That is sad in my book.

Steve Moskowitz
Antique Automobile Club of America
Executive Director
aaca1@aaca.org
717-534-1910 office
717-350-5484 cell
717-534-9101 fax

However, despite the Clubs claims of the museum not moving fast enough the Club now complicates the situation. 7 months in to the process on September 27, 2015 the Club changed its mind on the first LOI which Tom Cox had agreed to a full month earlier.

September 27 Bill Edmunds (Museum President) informs Merger committee that club now wants an equity interest in Land and Buildings in the following email.

-----Original Message-----

From: Bill Edmunds [mailto:edmundsw@att.net]
Sent: Sunday, September 27, 2015 3:10 PM
To: Jon Griggs <jjgriggs@aol.com>; Ed Lacey <erlacey@verizon.net>; Doc Stanley Stratton <stanlotties@pa.net>; mark lizewskie <mlizewskie@aacamuseum.org>; Peter Bauer <PBauer@mwn.com>
Subject: Merger LOI

Although no objections were voiced during our recent meeting discussing the proposed Letter of Intent, the Club has now indicated that they are unwilling to accept an agreement that does not include an equity interest in the Museum property. Peter Bauer has spoken with Club counsel, Arnie Kogan, and is working with David Evenhuis or McNees' real estate group to identify viable options. Hopefully, these will be developed early this week. I think we need to discuss potential approaches and consider how best to appraise our fellow Board members of this change from what we communicated in last week's session. I suggest we meet either this Tuesday or Wednesday. How are your schedules?

Bill

The Clubs most recent demand was discussed and approved by The Museum Board of Directors and a redraft with the Real estate interest was included and new drafts were sent back to the Club merger committee.

October 30 Tom Cox sends back Club proposed revisions to The Museum.

*Hi Bill,
Here is the revised LOI as promised, in time for your Executive Committee meeting on Monday. Our group is in agreement on this document, and expect it will pass without issue through our Board. Most of the changes, which are in blue, reflect minor tweaking as opposed to substantive changes. While I am not certain, I do not expect you will find them to be problematic at this point. Obviously we have a lot of detailed work ahead after everyone has signed the document. I look forward to your comments.*

With regard to John McCarthy, the committee asked him to delay any further meetings for the time being.

*Best Regards,
Tom*

After all this, the Final Letter of Intent signed by Museum and Club on November 18, 2015. The Final LOI contained a 50% interest in the real estate.

Unfortunately, after nearly two years of countless meetings, which culminated in a signed LOI in November 2015 and which was approved by both the Club Board and the Museum Board, the Club never mentioned any hint of a takeover or transfer of Museum assets to their control until late in January 2016.

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The following section depicts the events from January 2016 to October 2016 leading up to the Club defunding and terminating any joint activities with the Museum.

Around January 20, 2016 The Museum was informed that the letter of intent, approved by the Club Board and signed by the Club Officers two months before, was no longer acceptable to the Club. In January 2016 Tom Cox informed the Museum that issues raised by the Club and the Club's attorney that the current transaction contemplated and agreed to was impossible for the Club to complete due to the fact that the Club is a membership organization and there are issues with a combination of a member 501 c3 and a non-member 501 c3.

Even after the Letter of Intent was discussed, reviewed, and executed by the AACA Club, upon closer review of the letter, there were issues and concerns that came to light regarding the AACA Family Entity "super board," as outlined in the letter. The Club indicated it had a problem with the "super board" configuration, as the Club's structure would not allow for an overriding "super board" over top of their existing, national board of directors without making significant changes to the Club's bylaws and organizational documents which they were unwilling to consider.

At this point the Museum was beginning to believe that it was not acceptable for the Club to allow the Museum as a separate entity.

Letter from Steve M on January 25, 2016

From: Steve Moskowitz <aaca1@aaca.org>

Date: January 25, 2016 at 3:12:54 PM EST

To: 'arnie kogan' <abk@goldbergkatzman.com>, 'James Krimmel' <jkrimmel@hnmcpas.com>, "'Bauer, Peter (PBauer@mwn.com)'" <PBauer@mwn.com>

Cc: don barlup <pullman1914@aol.com>, Tom Cox <tntoldcarz@aol.com>, Hank Hollowell <HWHGOP@aol.com>, Bill Edmunds <edmundsw@att.net>

Subject: Meeting on Wednesday

Gentlemen,

Some of you have asked for the framework of our meeting on Wednesday. Tom is unable to travel here for it and I have been asked to stand in for him. We will attempt to summarize the reasons and the needs based upon previous discussions.

The original agreement we signed has shown to be challenging for AACA in particular. We are a membership based club with by-laws that have been in place for many years. Recently we attempted to revise them but due to our discussions we have held back on those changes. As we worked on the proposal it became obvious **that we had serious issues to overcome especially legally.**

So, it is our suggestion to look at the agreement and understand the issues that the Club has and figure a way to overcome them. There are some potential solutions but it is apparent that we need legal help in assuring us that we are following the right path. Because we want to do something does not mean we can. We think with the vast knowledge in the room we can determine if there is an easier path to accomplishing our goals and meeting the needs of our respective organizations. Having both of our legal advisers in the room will allow us to get answers quicker.

The most difficult issue is the "super board". We do not see it as currently configured as a 501 C 3. We did state before that we did not understand how it could qualify for such. We are also now concerned on how to

structure it **without usurping the will of our members**. Some solutions have been thrown around but we are not at all comfortable that they are legal.

We will be prepared to state these issues in more detail on Wednesday.

Steve Moskowitz

Antique Automobile Club of America

Executive Director

aaca1@aaca.org

717-534-1910 office

717-350-5484 cell

717-534-9101 fax

During February, much discussion about creating trusts and other organizational structures to try to ease the Club's issues several additional offers were presented by the museum.

February 2 The Museum offers two real estate proposals as an alternative to the super board concept. The proposals essentially would put all the real estate in one new company co-owned by the Club and the Museum. The new entity would manage all real estate and provide common services. The new entity would have its own management group but would answer to the co-owners. The variation on this was to put the real estate in a trust. Both concepts were rejected by the Club.

February 17 letter from Museum attorney to Club attorney

From: Bauer, Peter [mailto:PBauer@mwn.com]

Sent: Wednesday, February 17, 2016 3:17 PM

To: 'Arnold Kogan' <abk@goldbergkatzman.com>

Cc: Tom Cox <tntoldcarz@aol.com>; don barlup <pullman1914@aol.com>; 'Steve Moskowitz' <aaca1@aaca.org>; William (Bill) Edmunds <edmundsw@att.net>; Ed Lacey <erlacey@verizon.net>; 'Henry Hallowell' <gymrat.hank@gmail.com>

Subject: Reconsideration of the Letter of Intent Proposal

Arnie:

Sorry for the delay in getting back to you on this, but the Museum Committee and the Museum Executive Committee needed to talk things through over the past few weeks, while they were together conducting other business.

Based on your e-mail in follow up to our meeting on Wed., 1/27, we have done some review on the tax issues. However, there seems to be another issue at hand that should be discussed before the tax issues are

discussed, as it might have an impact on the tax issues raised. This would be regarding the original proposal under the executed Letter of Intent. The Museum side believes the Club should reconsider its position, and agree to follow this approach, as this approach allows for a legally achievable process where the "new board" is established and has some level of control over the 2 specific functions regarding (1) the real estate activities, and (2) the administrative functions to be supplied. This board would be a separate entity from the Club and its own operations, as well as the Museum and its own operations.

Even after the Letter of Intent was discussed, reviewed and executed by the AACA Club, upon closer review of the letter, there were issues and concerns that came to light regarding the AACA Family Entity "board," as outlined in the Letter of Intent. You indicated the Club had a problem with the "super board" configuration, as the Club's structure would not allow for an overriding "super board" over top of the Club's existing, national board of directors.

Our 501(c)(3) Museum counsel (David Watts) disagrees with your opinion that the original LOI plan won't work, and here's why we believe it is achievable:

- The new board is only going to have the power that is given to it in a negotiated Memorandum of Understanding between the Club and the Museum. If anything, it is a sub board (which can be more of our second option discussed at the 1/27 meeting), an entity that is overseeing/operating the real estate and administrative functions. The MOU would be based on the LOI, although some paragraphs may need to be revised to make it work for everyone (which power is reserved in the LOI).
- The mere creation of the new entity by itself will not affect either the Club or Museum articles or bylaws. To the extent that the bylaws of the Club or Museum spell out the role of the executive director of each entity, that may have to be adjusted depending on how these positions are to interact with the administrative committee referenced in the LOI. But this would hardly be a "substantial rewriting" of the bylaws.
- If the Club and the Museum are going to continue electing their own boards, then the governing entity is really a jointly owned subsidiary of the Club and the Museum. This new entity is not going to have control over the Club and the Museum. In the nonprofit context power is the ability to elect and fire board members. The new entity board is not going to have any control over the Club and Museum boards.
- We also need to consider the tax status of the new entity. We do not want it to be a private foundation because of all of the private foundation excise taxes and traps for the unwary. The Club and the museum qualify as public charities because they have sufficient public support, but the new entity likely won't have that public support. Therefore, we probably want to have it classified as a supporting organization of the other two entities under section 509(a)(3). We have done these types of "supporting boards" in the non-profit, hospital setting, as well as in the non-profit, traditional charitable setting as well.

Please let us know if the Club will pursue this approach, as outlined in the LOI, as it allows for the best approach to addressing this proposed unification activity. Thanks.

Peter K. Bauer

Automotive Dealership Law Group

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March 30 2016 meeting at Club HQ

The meeting was requested by the Museum to RESOLVE recent developments raised by the Club and the Club's attorney that the current transaction contemplated and agreed to was impossible for the Club to complete due to the fact that the Club is a membership organization and there are issues with a combination of a Member 501 c3 and a non- member 501 c3.

The Museum committee first became aware of this issue late in January of 2016 and since that time the Museum's attorneys Peter Bauer and David Watts worked on alternatives and during **that time and concluded that the Club's position was not correct.** This was communicated in writing to the Club on February 17 (see above). During this time, Peter Bauer worked on many different options to resolve the issue.

No response was received on the Museums attorney's analysis. In retrospect, it appears that the Club was unwilling to consider it and was only interested in a complete takeover.

The Museum requested a meeting, which was held on March 30, 2016 to discuss and resolve the issues.

The opening of the meeting by Tom Cox was a description of the Club's issues which are as follows:

- Because of internal issues concerning the previously agreed upon structure of the "Super Board", the Club, can no longer agree to the LOI they signed in November 2015.
- Those issues include the creation of an overall governing body and any structure, which would challenge or oversee the power or authority of the Club Board or its members.
- There is inconsistent input and agreement among The Club's potential donors as to the direction of The Club, new addition cost, or governance of the combination of the Club and museum entities.
- Questions as to the ultimate status of Museum in the final organization and what

authority the Club would have over The Museum.

Following the opening comments by the Club,

The Museum stated: The Museum and the Museum attorneys indicated to the Club that we do not agree with their assessment on governance issues and significant discussion and suggestions were offered by David Watts (501 C 3 expert for Museum's law firm) on how to structure the transaction but these suggestions were not accepted by The Club or its attorney (see letter above from P. Bauer, Museum Attorney, sent to Club attorney Arnie Kogan).

It further became apparent that the issues were more in number than we originally thought when the meeting was set up and that the Club did not have answers to these issues at the time.

At this time, the Museum Board, who had wholeheartedly supported the combination of the two entities, began to wonder if the real reason was that the hierarchy of the of the Club did not want to give up any power and that it had nothing to do with protecting the Member's interest.

During this time the **only and repeated** comment received from Tom Cox was that unless the Museums' proposals contain a full merger (takeover) and the Club can control the Museum Budget, they can't agree to any proposal.

This was the turning point in the negotiations. What started out as an intelligent workable plan, which was agreed by both Boards, turned into what can best be described as an effort to consume the Museum and absorb all its assets.

May 2, 2016

A Club counter proposal came from Tom Cox in the form of an email on May 2, 2016. The Club has told Hank that they would listen to any proposal as long as it contained a full merger (takeover) and complete control of the Museum's Budget.

Email from Tom Cox May 2, 2016

Hank,

We will not have an official copy of the minutes as they are recorded electronically then transcribed. The motion was simple.

*To support the consolidation of the Museum and National AACA wherein the Museum would be a **Division of AACA**. The Museum Board would remain intact as is while the AACA National Board would reduce its current membership to 17, allowing for the addition of 3 new members from the Museum Board, and 3 significant patrons with substantive business experience.*

*The understanding of the discussion was that the Museum would continue to control the day to day operations of the Museum, and the newly constituted **AACA Board would have final approval or rejection***

of the Museums annual budget. *We would still be paying off the debt and taking care of constructions as previously described in the LOI, with the consolidation to begin officially once major donor pledges are secured subsequent to the beginning of a preliminary "soft" capital campaign.*

If you have any questions, my computer time is limited today, so please call or text.

May 25, 2016 special night meeting of Museum Board for purpose of discussing the Club offer with Cox, Barlup and Moskowitz.

As preparation for the meeting, the Museum merger committee prepared a list of questions that were raised by the above summary of the Club Board's motion. The questions were sent in advance to the Club committee and the Museum Board was expecting a presentation on the Club proposal. Unfortunately, the Club committee was unprepared and answers were not forthcoming or raised more questions than answers.

Richie Clyne asked that a committee be appointed to discuss the proposal most recently presented by the Club/Library and formulate an appropriate response from the Museum Board within the next 30 days. Clyne also formulated another proposal for the Club to consider and suggested that he present this to Steve Moskowitz during the upcoming Elegance event

The Richie Clyne Proposal was sent to the Club in early July.

July 21st 2016- Letter from Tom Cox to Hank Halowell

On Jul 21, 2016, at 11:31 AM, Tom Cox <tntoldcarz@aol.com> wrote:

Hank,

The committee and I have reviewed and discussed the most recent proposal, and have concluded that it would not be in the best interests of our membership to move in that direction, which is frankly far removed from our other discussions of the past 24+ months. We are certainly willing to continue to discuss potential solutions, but would like to do so in a very short time frame. We truly need to reach a conclusion, so all of us can move forward.

All of us will be disappointed should we not find a way to an agreement. The connections between the two organizations are natural and long standing, with the Museum having arisen through a vote of the AACA National Board and subsequent funding over the years of the Museum by National and its membership through cash, vehicle donations, and joint projects. I do not believe it was the vision of the original founders and supporters of the Museum, both past and present, to see us go our separate ways. I cannot imagine that anyone on your board would feel differently.

Best Regards,

Tom

*Tom Cox
President National Optical*

Roanoke, VA
(540)362-0300
www.nationalopticalonline.com

Following the Cox letter above, the Museum replied on July 21st.

July 21, 2016 Hallowell response to Tom Cox

From: Henry Hallowell [<mailto:gymrat.hank@gmail.com>]

Sent: Thursday, July 21, 2016 12:20 PM

To: Tom Cox <tntoldcarz@aol.com>

Cc: hwhgop@aol.com; pullman1914@aol.com; aaca1@aaca.org; tgerrard@wtgerrard.com; lvmh@comcast.net; Bill Edmunds <edmundsw@att.net>; Bill Rothermel <billr1@comcast.net>; Ed Lacey <erlacey@verizon.net>; donald schell <donaldschell@comcast.net>; Bill Smith <whs2083@comcast.net>; Richie Clyne <richieclyne@hotmail.com>; Alan Brechbill <abrechbill@hmc.psu.edu>; Albert R Porter <albertrporter@gmail.com>; Toni Rothman <tonirothman@icloud.com>; Richard Sills <richard.sills@hklaw.com>; Mark Lizewskie <mlizewskie@aacamuseum.org>

Subject: Re: Museum proposal response

Tom:

Thank you for your email.

I know I speak for the entire Board, when I say that we too are disappointed with outcome of the last 24 months: this would include our effort, time, energy and money expended on this effort.

Every member of our Board is a member of the AACA and would join me in saying that no one serving on our Board wants to see or would support a negative direction in our familial relationship.

Having said that, we were interested in discovering whether there was any interest by the Club in a real estate arrangement / per signals that certain Board members received from Club officials. Further, Richie's proposal was, in our opinion, an appropriate vehicle in that regard to gage your interest.

This email answers that question definitively.

Moreover, I know that I speak for the Board when say that we too were disappointed when the merger agreement that we unanimously supported and signed fell through.

Moving forward, I think it's safe to say, a new proposal would have to contain the core concepts and principles contained in the original agreed upon document: transparency, fairness, parity, and equality building toward a consensus by all interested parties - A proposal of this nature by you I feel would be welcomed by the Museum Board of Directors.

AACAly,
Hank Hallowell, President
Board of Directors, AACA Museum, Inc.

In the following letter the formerly masked intention is now completely revealed.

July 22, 2016 letter from Cox indicating either a full merger or nothing

----- Original message -----

From: Tom Cox <tntoldcarz@aol.com>

Date: 7/22/16 7:28 PM (GMT-05:00)

To: hwhgop@aol.com, gymrat.hank@gmail.com

Subject: Merger committee decision

Hank,

After much consideration, our merger committee has determined with unanimous opinion that there is no immediate way forward for us without a merger which protects our membership and adequately protects their voting rights. Additionally, there appears to be a significant distrust of the National organization and its Board by some on the Museum Board. Such distrust is problematic and poses significant challenges and this is an issue we have seen from our first discussions where power seemed to be a major issue. The museum came to us with a merger idea which morphed over time not to be a true merger. The scenarios so far presented do not work for us.

Should the Museum Board want to take up further consideration of this matter at a later time, we are more than willing to entertain suggestions. Meanwhile, we feel the need to work on issues for the future of our members. Despite all the words that have been spoken, no one on our committee is happy, quite the contrary... we feel it is a sad day for us all.

Best Regards,

Tom

Tom Cox

President National Optical

Roanoke, VA

(540)362-0300

www.nationalopticalonline.com

August 16, 2016 Letter to Tom Cox and Don Barlup from Hank Hallowell on behalf of Museum Board

Good Morning Tom and Don:

Attached please find our reply in follow up to our July Executive Session. Although Don (Barlup) indicated a cooling off period was in order during our recent Board meeting - it came to the Board's attention, as a result of side bar conversation that Tom has had - that a cooling off period "is not a widely held position" - that, together with Don's closing "send us a proposal" request - prompted me to craft the attached response.

The attached was not written in haste:

Please note that in addition to a special Executive Committee conference call, I also spoke individually with each Board member I could reach and asked Jon Griggs to do the same with each Emeritus Member.

This response is based on those conversations and I have shared the attached with every board member. All of the Board supports its contents and it is our position at this time.

I Also want to call your attention to the attached document from the PA Office of Attorney General covering nonprofits as it relates to the transfer of assets - which you may find helpful.

I have also attached the final signed Letter of Intent to affirm what the Museum agreed to as it relates to this matter.

We have a further potential concept that may work - which we would be happy to discuss and we are leaving the door open.

WE WANT THIS TO WORK. WE WANT YOU ON OUR CAMPUS. WE WANT TO HELP YOU. WE ARE MEMBERS OF THE AACA and WE ARE ONE FAMILY.

AACAly,

Hank

Letter attached to email

To: Tom Cox

From: Hank Hallowell

Date August 16, 2016

Re: AACA Museum/AACA National Club

Overview

The AACA Museum, Inc., is a 501 (c) 3 whose purpose is to acquire, maintain, educate and display to the public the history of transportation and related activities including, but not limited to design, engineering, development, advertising and marketing.

The Board members of the Museum believe that our alliance with the "Club" is appropriate and beneficial to both entities as we move into the future together. Additionally the Museum recognizes the current condition of the hobby, dwindling membership in clubs of all types nationwide and the "graying" demographics of the national "Club".

We are grateful

The Museum Community is humbled, deeply grateful and acknowledges ALL of the gifts, bequests and donations we receive from ALL of our contributors, many of whom are Club Members.

We are in excellent financial health

The Museum also wishes to correct any misunderstanding that we are in ill financial health: nothing could be further from the truth. Our current financial picture is as follows:

Real Property valued at \$10 Million – appraised within the last 30 days

Collections valued at \$6.5 Million

Cash and Securities valued at \$1.58 Million – 2/3 of which may be used at any time with Board Approval

Annual Budget of \$1.45 Million

Annual Revenue of \$1.5 Million – including AACA gifts, donations and bequests

Staff payroll of \$600 Thousand

Annual Visitors of nearly 70,000 – including AACA members who account for roughly 6%

Reaffirmation of our Position

The Museum wishes to reaffirm that it supports and stands behind the components contained in the signed “Letter of Intent (to Merge)” attached – which provide for a consolidation of both entities under an overall governing family entity. Further we fully stand behind and support the “AACA Family “concept and the mutual goals of the Club. Every member of our Board is an AACA Member and in every case joined the AACA prior to Museum Board service.

As a reminder please find the specifics outlined and mutually supported by both organizations attached. I would point out that both entities survive and both entities naturally retain control of their individual budgets. It would ill advised to think that our Board would desire control of your budget, as we know nothing of your operations, and naturally the same would hold true for your Board of our budget. Further our Board no longer feels it necessary that the Club assume any responsibility for our debt as we have sufficient assets to easily eliminate it in its entirety, if we choose to do so.

Contrasting a “Merger of Equals” Vs. a “takeover”

When two equal organizations combine, the end result is that each of the prior constituent groups winds up with EQUAL influence. A merger of equals is the most accurate definition of a merger.

By contrast, when activity exists that sees one company acquire another, it is proper to call the transaction an acquisition, or takeover. Because one entity is the survivor and acquires all of the assets of the other entity, such a transaction cannot be viewed as a merger of equals. That is your proposal: you acquire all of our assets, control our budget, and terminate our EIN number. Essentially the Museum is no longer an entity. In exchange we receive 3 seats on your 21 member board.

The Museum is not interested in a takeover or an acquisition of our assets and those terms are not acceptable to our Board.

We are interested in strengthening our relationship with the Club

A conglomerate merger model may be the best example of what we need to think about and what the LOI components lead to: A conglomerate is an entity made up of a number of seemingly different entities that conduct unrelated activities. Each of the conglomerate’s subsidiary entities runs independently of the other entity divisions – but there is a senior group – in our case the Board of Governors referenced in the LOI that oversee common functions.

A combination along the lines of the signed LOI is what we need to think about. The Club and Museum would each continue as entities, governed by the individuals best suited to make decisions concerning their unique needs – but with oversight from a senior group where commonalities existed – along the lines of the letter of intent. The senior group would ensure – through exercise of its judgement – the maintenance, construction and development of the building and grounds, for example, moves forward in the best interest of the AACA Family, and in a manner that furthers the objectives of both parent organizations.

Our Desire Moving Forward

To reiterate: we must work in a positive, transparent, forward thinking manner. We must demonstrate leadership, teamwork and goodwill!

We have negotiated in GOOD FAITH.

We want the Club and the Library on our CAMPUS

We have agreed to GIVE the Club 50% ownership of our Real Estate holdings – a \$5 Million Value

We have handled our negotiations in a POSITIVE productive manner

We want this to Work

IN Contrast, however, we have:

1. Learned that while we were negotiating with the Club – It’s Leadership has looked for commercial real estate WHILE [at the same time] rejecting the Clyne proposal to GIVE the “Club” sufficient ground on which to build ON our Campus for \$1 Dollar.
2. Received threats to “Throw” the Museum “Out” of the AACA if we do NOT turn over ALL of our assets, end our EIN and our legal identity.
3. Continually received references to non-germane events that occurred long ago and look at the past rather than moving beyond it.
4. Never received a solid reason for failing to move forward with the signed letter of intent.
5. Consistently receive conflicting signals from National Club Leadership: One day after Don Barlup Called for a “Cooling off” period – Tom Cox informed us they intended to move forward quickly.
6. Continually been asked to “Send us a Proposal because you came to us first”.
7. Repeatedly told the Club is only interested in taking over our assets to “Protect Our Member’s Interests” which suggests that we either are not capable of doing so or have not done so – which is insulting and a poor reason at best.
8. Finally, official communications from the Club have been colored with negative innuendos stating that our Board “distrusts” the National Club – something not conducive to a positive dialogue.

It is difficult to seriously move forward in this environment. We wonder what the National at large Membership would think IF they were aware of this kind of conduct.

In closing we believe the Museum is the KEY to the AACA’s future.

1. We have over 60,000 guests that are with us for a minimum of an hour who are NOT AACA members but have an interest in what we have on our premises: these are ALL potential NEW Club Members

2. We EARN the Largest coverage in both the Hobby and non-Hobby press of any institution of Our Type – we are the national footprint of the Club to hobby and the public.
3. We consistently receive national awards and recognition for our exhibits, galleries, and publications

Let me be clear however, each of our Board Members holds a fiduciary responsibility to the AACA Museum, Inc. and per the Guidelines of the PA Office of Attorney General (OAG) [attached] we will not terminate our EIN, turnover 100% of our assets, or surrender responsibility for our budget. We Can Not without a protracted state supervised review – even if we chose to– and we do not choose to go through that exercise.

We know that the Club will need help to navigate the difficult water ahead and we want to be good and faithful Family members and help the Club through the challenging future. We want a successful meaningful future for the Club and we know to that end the Museum must assume a leadership role.

We look forward to enjoying a productive, progressive relationship in a positive, transparent manner. We DO have thoughts on a proposal which would bring the Club into our building, allow for the continuation of the Club's EIN, and the Club Board to control their budget and spending, likewise for the Museum. We want to leave the door open and would be happy to sit down and discuss it further.

On Behalf of the AACA Museum Board and Community,

Hank Hallowell, President, Board of Directors

From: "Tom Cox" <tntoldcarz@aol.com>

To: hwhgop@aol.com

Cc: billr1@comcast.net, lvmh@comcast.net, erlacey@verizon.net, donaldschell@comcast.net, edmundsw@att.net, whs2083@comcast.net

Sent: Wednesday, August 31, 2016 3:36:21 PM

Subject: Meeting regarding further merger discussion

Dear Hank,

Having had the opportunity to speak with everyone on our committee and President Bob Parrish, we have determined that given the substantial travel required by several of us, we would like to have some indication that there is a willingness on the part of the Museum to offer a proposal which would address the two items our Board has found to be problematic.

As you know, we are concerned about not engaging a full merger with a governing structure that not only provides protection for our members voting rights, but also allows for annual approval of the Museum budget by the National AACA Board. We see both of these items as a necessity to safeguard our members interest for the foreseeable future. Can you share anything of your proposal which indicates your Board is willing to work with us on these issues?

Best,

Tom

Letter from Don Schell to Tom Cox

From: donaldschell@comcast.net [mailto:donaldschell@comcast.net]

Sent: Wednesday, August 31, 2016 8:37 PM

To: Cox, Tom <tntoldcarz@aol.com>

Cc: hwhgop@aol.com; Rothermel, Bill <billr1@comcast.net>; Yingst, Dale <lvmh@comcast.net>; Lacey, Edward <erlacey@verizon.net>; Edmunds, William <edmundsw@att.net>; Smith, Bill <whs2083@comcast.net>

Subject: Re: Meeting regarding further merger discussion

Tom: I have not been part of the merger committee so this poor man does not understand the first part of your statement "we are concerned about not engaging a full merger with a governing structure that not only provides protection for our members voting rights". Can you explain exactly what it means? Thanks, "Poor man, Don

August 31, 2016 letter from Tom Cox to Don Schell

From: Tom Cox [mailto:tntoldcarz@aol.com]

Sent: Wednesday, August 31, 2016 10:14 PM

To: donaldschell@comcast.net

Cc: hwhgop@aol.com; billr1@comcast.net; lvmh@comcast.net; erlacey@verizon.net; edmundsw@att.net; whs2083@comcast.net

Subject: Re: Meeting regarding further merger discussion

Don,

Thank you for the gratuitous shot. While I can understand your frustration over an email Steve and I received from your former Executive Director, those were not my words you quoted. Additionally, they simply aren't germane here, excepting that this discussion obviously provided you a forum. I hope it was cathartic. However, given that you feel strongly, I will pass this along to our committee and executive committee with an explanation.

Quite frankly the whole mention seems rather petulant and thin skinned given what has allegedly been said regarding yours truly and other members of our committee on the Club side,. which we see no value in mentioning.

As far as your inclusion on this distribution is concerned, I took the contacts from Hanks last email regarding a potential meeting in Hershey. He had copied you on it, and I was merely continuing that contact.

While I await President Hallowells official response, I will,as stated, pass this along to our committee etc. as it no doubt portends of the unfortunate outcome of the Museums next steps.

I will reiterate that we are more than willing to discuss matters further should the committee or President Hallowell provide details of an additional proposal for the Club committees further consideration.

Regards,

Tom

Tom Cox
President National Optical
Roanoke, VA
(540)362-0300
www.nationalopticalonline.com

September 1, 2016

In a letter to Don Schell on September 1, 2016, Tom Cox's explanation did provide at least an understanding historically of The Club's problem. They created this perception that The Club has led their membership to believe that the Club already owned the Museum and as was stated by Tom Cox at a Museum Board meeting that it is the Museum's ethical obligation to fix this problem.

However, when the Club became a 501c3 organization their legal mission shifted from their membership to their donors and serving the general public just like The Museum (by a 501c3 charter).

From a practical and legal standpoint, no member of a 501(c)3 organization has any equity in the organization.

From: "Tom Cox" <tntoldcarz@aol.com>
To: donaldschell@comcast.net
Sent: Thursday, September 1, 2016 7:25:09 PM
Subject: Re: Meeting regarding further merger discussion

Don,

I think you know why I didn't answer your question. Regardless of what you may think, I have always held you in high regard. My comments have nothing to do with your past voting rights, I mention those only as they pertain to issues within the initial LOI.

First, it was determined by our attorney and frankly upon further thought and investigation by our committee that the initial LOI would disenfranchise our members voting rights by placing powers in the hands of the "super board" with a majority of its members not being elected by our membership.

Second, quite frankly, we have for years promoted the idea of the "AACA Family", which really exists in name/concept only. As I am sure you must be aware, most of our members think the Museum is part of the National organization. The Museum has not really kept good records of where the majority of car and cash donations come from, so its not possible to prove this assertion, but we feel our membership has supported the Museum in a very substantial way though vehicle and other donations, and they are in all likelihood the Museums largest supporters... not counting the money from National. These members have no recognized equity or representation in what they believe to be their Museum, apart from the position Directors slot, which receives little respect, even before my appointment to that position.

At a time when we have a duty to move forward to build a new Library and Headquarters, which belong to the members, we find it difficult to continue this misconception about our relationship with the Museum. We have no fiduciary or ethical responsibility as a Board to support anything but what our members have an actual legal and tangible interest in. Without a merger the Museum does not fit those parameters. Therefore, we either need to work the Museum into those parameters or move forward to protect that which our members have an actual interest in. This was the case prior to the Museum Board approaching us. Dave Zimmerman and I discussed it many times. Our Board has not always been comfortable with the relationship because it allowed the membership too many assumptions which were incorrect. We have little choice moving forward, the membership and National have no direct ties to the Museum and it appears the Museum Board is not willing to change that.

Additionally, in my opinion, having read some of the National Board minutes etc., its hard to believe that most who were associated with the creation of the Museum had the intent of us forever being separated. I'm sure they felt all three entities would remain CLOSELY aligned if not merged at some point. That has not happened. In my opinion, there was not enough care taken to make sure that two different cultures did not emerge, which is surely the case, and really the reason we find ourselves at an impasse. The Museum Board over time, had fewer and fewer ties to AACA National...to the point where one former Board Member Brian Shook opined that the Museum would be better off without the Club. Anyhow, I think if you look past whatever personal issues we all may have, this is certainly a very sad and unwanted situation we find ourselves in. I wish I were more optimistic, but I'm not.

That said, I know the committee and our Board is willing to look at any proposals which might include some form of merger, and that important annual Museum budget acceptance by our Board.

I cannot stress enough, that time is of the Essence. We will have a solid position moving forward by Hershey.

Best,
Tom

Sometime before September 20, 2016

CLUB removes Museum Checkoff from membership renewal form. This was a break from longtime policy of allowing club members to make donations to the Club, Museum, and Library on their Club membership renewal form. With this new form, there was no place on the form to make donations to the Museum.

No notice was given to The Museum of this action nor did they have any explanation as to why they took this action.

September 20th 2016

Meeting in Warrenton Virginia

On September 20, the entire Museum executive committee traveled to meet with the Club's Merger Committee, plus Bob Parrish in Warrenton, VA for the convenience of some of the Club meeting attendees who lived in Virginia.

During the meeting the Museum presented 4 proposals. They were as follows:

1. A modification to the LOI previously agreed to by the Club
2. A Proposal given to the Museum by Jim Schmidt to be presented to the Club
3. A separate real estate entity
4. A modification of the ideas received from Richie Clyne
5. A "true" merger proposal where by assets of both organizations would be combined and the board would be represented by the value of assets given up in the merger

Each one of these offers for discussion are detailed in the attachment titled "offers"

That night the Museum received this email from Tom Cox:

From: tntoldcarz [mailto:tntoldcarz@aol.com]

Sent: Tuesday, September 20, 2016 6:07 PM

To: Hank Hallowell <hwhgop@aol.com>

Cc: Ed Lacey <erlacey@verizon.net>

Subject: Re: Checking in

Hank

Thanks so much to your team for meeting us halfway. It was a huge help. We appreciated the tenor of the meeting.

So you are aware, I will be working with the committee, and expect to send you what we hope you will find to be a solid compromise proposal. It is my intention to have that to you guys by Monday at the latest if not sooner.

We would like to have your Executive and merger committee input as soon as possible in advance of our board meetings.

Best,
Tom

The Club offer is presented below

September 26, 2016

This was only presented as a draft and never issued as a formal offer to the museum.

The Museum viewed this analysis as follows:

Although some of the concepts presented by Tom Cox had been presented to the Club by the Museum in the past, such as the free land and keeping the museum as a separate entity, the Club had turned down every time in each of the past 2 years. That was progress.

The most troubling aspect here is giving 50% ownership in **each and every asset** of the Museum. **This essentially means the Museum could no longer operate.** 50% of our cash, 50% of cars 50% of or inventory, 50% of the equipment 50% of each desk file cabinet etc., the building and land, the displays, etc. would now be owned by the Club every decision to buy sell would require Club approval and with 1 seat on the Club board which is essentially meaningless with a 20+ person club board.

So regardless of the appearance of this apparent "compromise" the Club would have complete control of the Museum which we believe was their goal from the start and would mirror the Library arrangement.

By Cox's own words this was not approved by his Board and he hinted it would not likely be because

"What we are proposing has not been approved by our board. Our board previously has unanimously and in a written vote affirmed our position that a merger is the only acceptable path for us to take."

DRAFT AACA NATIONAL PROPOSAL

Rationale: Our goal in this proposal is to respect the historical beginnings of the AACA Museum and the facts that led to its construction, funding and reason for being. While the AACA Museum was made a separate organization, and for valid reasons at the time, it was unquestionably created to support the mission of the AACA and be a resource to the collector vehicle hobby and our membership

A you may know, we have a devout interest in protecting and remaining connected with the donations and "investment" that our members have placed in the AACA Museum,...98% of whom assume the Museum does in fact represent and is part of AACA. Additionally, as you know, our Board does not feel, now that they have the opportunity to vote on the matter, that we can continue

to allow our members to proceed under that assumption that the Museum has binding ties to AACA which it currently does not. In the absence of a merger there is no other choice but to make donors aware of the true nature of our organizations, particularly since our ethical and fiduciary responsibilities as a board are allegiant to the National AACA organization. There is also the huge need for a capital campaign on our part. However, we may have a solution to this issue. What we are proposing has not been approved by our board. Our board previously has unanimously and in a written vote affirmed our position that a merger is the only acceptable path for us to take. Nonetheless, the committee wishes to take this opportunity to put forth the proposal below as it contains substantial concessions on our part and preserves structure within the museum which we hope is favorable to your board.

The proposal is as follows:

1. A suitable track of land approximately 3 acres be made available to club by the AACA Museum for \$1.00. The Club would build a new national headquarters and library in an aesthetically pleasing style that would fit in the campus appropriately. This donation by the Museum would recognize a small portion of the generosity of our members and the national club towards the museum.
2. The Club would continue to support joint fund raising efforts and provide income to the museum at a substantially increased level beginning in 2018 dues year (too late for 2017). Expectations would be that an additional \$5.00 per membership, equaling a total of \$8 would be approved to go to the Museum. This would not begin though until the new building is paid for.
3. AACA National will create a position Director opening on our Board to be filled by a Museum Board Member.
4. The museum would convey to the Club ownership of 50% of the assets of the museum. The goal in this is NOT to extract any funds from the museum or share in any profits (or losses). The goal simply is to find a way we can ethically state to our members that we are in fact a family and that we could actively support donations by the Club, regions/chapters and members to the AACA Museum. As of this time we are unsure if there is a way to do this with no harm to either organization. We are working to find a creative way to make this happen. Income from deaccessioned items would go to the Museum.
5. Both organizations continue to maintain their own separate EIN and Board of Directors, but may (should) see if there is any synergy with personnel and or other services that could be shared for the benefit of both.
6. That a fair and suitable cap on the amount of financial borrowing be set by the museum (up to 50% of assets).
7. That our two organization provide in their respective by-laws an affirmation that part of our mission is to support the other.
8. Complete a mutually agreed upon structure and merger of the two organizations no later than 10 years from the date of completion of the new AACA Headquarters and Library at the Museum location, and settlement of any debt associated with same.

Tom Cox
President National Optical
Roanoke, VA
(540)362-0300
www.nationalopticalonline.com

Museum Special Committee presentation to full Club Board on October 4, 2016

The final offer in this series was made at a Club Board meeting on the evening of October 4, 2016. The Museum was represented by Hank Hallowell, Richie Clyne, Dick Taylor, and Richard Sills. The offer was presented. The presentation ended as follows: We asked, “Does anyone have any questions – if so, we’d be glad to answer them.” There was dead silence throughout the room. Not one person said a word. No one even spoke up to criticize any of our proposals, or to ask whether we could modify any of the proposals, or to suggest that we reconsider any aspects of the proposal. Complete dead silence. After the silence went on for a long enough time to make it clear that none of their Board members wanted to ask us anything, or say anything to us, we were dismissed.

The Museum President was informed that night that the Club Board voted unanimously to reject this offer.

On October 31, the Club severed all ties with the Museum.

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