

# FAQS for the **AAR & SMDRA** Merger

What is the meeting on Aug. 18 about and why is it important for me to attend?

This Special Membership Meeting will include a detailed presentation from our Board of Directors on the Association's current state of affairs, our merger proposal with SMDRA and detailing the numerous benefits, programs, services and amenities that will be available to each of our members and industry partners. The Board will also present an association business model that can be implemented if the merger proposal is voted down by the members and the challenges, needs and outlook if we remain operating as AAR.

This meeting will conclude with a membership vote on whether to proceed with the merger or to pursue the alternative business model.

Why is the board now considering merger proposals for our Association?

Our board and subcommittee members have been exploring and conducting their due diligence on a wide range of options that would:

- Secure, develop and deliver the full-suite of services, programming, education, advocacy and more that our members deserve;
- Secure financial stability for years to come;
- Merge our operations and full member services with a business model that supports and can grow the delivery of all core member services; and
- Maintain a physical building presence that would allow for in-person meetings, events, as well as the member and community engagement that is a part of our culture.

A full list of resources and benefits related to the merger proposal are available on the association website.

Doesn't a merger proposal have to be voted on by the membership of the association?

Yes, any merger proposal requires the approval of the membership of the respective organizations and that is why we are working to share all of the important details and answer member questions prior to our August 18 presentation and vote.

## AAR & SMDRA MERGER FAQs

Together We 'R'...Better – Stronger – A More Powerful Voice – A Greater Community Resource – Prepared for 'R' Future

If we do merge, how will you work to protect and preserve the long-standing history and culture of the Aurora Association of REALTORS®?

As a unified Board, we are committed to the mission and vision of your association and that includes doing everything we can to protect the traditions, culture, products, services, look and feel of this Association. Our history, culture and heritage will continue to be told through the people, stories and accomplishments of our Aurora Association. A merger with SMDRA would also include a dedicated Aurora Lounge work and meeting space within the beautiful, newly remodeled office building that will also pay tribute to our Aurora history and culture.

Are all of the Board members in agreement with the plan of action that you are recommending?

Yes, we are committed to working on your behalf with one clear voice and actions that reflect honesty, integrity and truthfulness. That includes the toughest of decisions that are often required in times like these. In this case, our board of directors is unanimously in favor of the merger proposal that is currently being discussed with SMDRA.

What happens if the membership does not vote in favor of the proposed merger?

If the membership does not vote in favor of a merger with SMDRA, the Board of Directors has a plan in place to move forward with the business operations and all member services of the association. Those plans, which include a continued opportunity for in-person meetings, events and education, would be shared with the membership as details are finalized.

Did the Board of Directors sell the Association building? Why?

Yes, the Board of Directors completed a sale of the Association building on July 31. Working with our financial and accounting experts, we conducted a thorough analysis of our prior plan to invest and remodel our building. That comprehensive review of our historic financial performance, current conditions and future projections, led our board of directors to vote unanimously to pursue a potential sale of our building. In early July 2020, the AAR Board of Directors voted unanimously to accept a purchase offer for the building. That sale closed on July 31.

Did the Board need a vote of the membership to sell the building?

No, as elected leaders of your Association, the Board does have the power and responsibility to purchase and/or sell real estate assets of the Association under Colorado law. That duty and responsibility is taken seriously by each and every member of the Board and is executed with the guidance and counsel of the Association's legal and financial experts.

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How are the proceeds from the building sale being used? Where is that money going?

With merger approval, primary AAR Members and Industry Partners, as of Aug 1, 2020 will receive PAID 2021 dues for SMDRA, CAR & NAR, a nearly \$600 value. To receive the benefit, the member must be in good standing.; investment in professional services, education initiatives, marketing, operations, meeting space and building amenities, a Scholarship Fund for select AAR REALTOR® members to participate in SMDRA, CAR and NAR Leadership Academies, staffing and other resources within the newly merged association. Affiliate members will also have their local dues paid for 2021.

What happened to the plans to remodel our Association building?

The Board had initially approved a remodel plan for the Association building. However, new information about the overall cost, financing, and future revenue projections from our CPA and financial advisors has led us to conclude that a high-cost remodel of the property is not the best long-term solution for our Association. Our building was valued well under \$1 million and, based on our extensive remodeling analysis and estimates, was in need of a significant investment to bring it up to code for the operational needs today and into the future. Exhaustive analysis of the cost, time, and efforts needed forced your Board to consider alternative options for maintaining our Association culture and commitment to our community.

I've heard rumors and accusations that the Board is hiding information from members and not being transparent with its plans. Is that true?

We understand how vitally important it is to be as open and proactive with our communication to our members as we can be. However, certain aspects of Board discussions and select decisions must be tempered with privacy and confidentiality to help ensure the best outcome for our members. As the leaders you elected for your association, we have taken on that responsibility and commitment to protect the operations, leadership, financial stability, long-term viability and overall strength of AAR.

Our goal is to be as transparent as we can and share facts and information with our membership in as timely a fashion as possible. Our board hosted an in-depth informational meeting for our membership on June 17 and another special membership meeting in August as we continue to share information with our membership regarding the current state of the Association, actions taken and our future plans. We are always available to talk with our members and answer questions they may have.