

ATOS MID-YEAR COMMITTEE/OFFICER ACTIVITY REPORT FORM (2013)

Name of Activity: **CONTRACT ADMINISTRATION**

(Please fill out separate form for each activity.)

Committee Chair/Officer Name: **R. Jelani Eddington (Contract Administrator)**

Date of Report: **January 20, 2013**

1. Actions completed since the 2012 annual meeting: (Please bullet actions completed.)

- Assisted in revision and execution of contract for staff positions of Membership Secretary
- Drafted, revised, and assisted in execution of contract for staff position of IT Manager.
- Provided guidance to individual board members regarding existing staff contracts and other matters relating to ATOS' legal documents.

2. Actions begun but incomplete since the mid-year meeting: (Please bullet actions begun.)

- Ongoing process of advising the board of issues concerning the ATOS's contracts and other legal documents.

3. Goals to be reached by the 2013 Annual Meeting: (Please bullet goals.)

- I expect to prepare contracts for the 2013 Summer Youth Adventure, including contracts for the participating instructors¹ and venues.

4. Amount budgeted for your committee: \$0.00; Amount expended by your committee: \$0.00

5. Comments: (Any bulleted special notations, problems, or suggestions should be included here.)

On August 1, 2011, ATOS loaned \$15,000 from the principal of the Endowment Fund to NYTOS for the removal, transportation, and reinstallation of the former Van Der Molen Robert Morton theatre organ in the Loew's King's Theatre in Brooklyn, New York.

This transaction is evidenced by two documents: a promissory note and a security agreement. Under the terms of the promissory note, the parties agreed (among other things) that the loan: (1) is secured against the Morton organ as collateral, (2) carries an annual interest rate of **4.25%**, (3) must be repaid in full no later than **February 1, 2013**, (4) is subject to an additional 1% of interest would be assessed against any sum not repaid within 7 days of the maturity date, and (5) may be declared in default if not repaid in full within 30 days of the maturity date. The security agreement outlines additional provisions relating to ATOS' rights in the Robert Morton organ as collateral. Financing statements were filed in the states of Illinois, Oklahoma, New Jersey, and New York contemporaneously with the execution of the above contracts.² Copies of both documents are attached to this report for the board's review.

¹ Because the Contract Administrator is also an instructor at the Summer Youth Adventure, per Policy ¶ 1(c), ATOS attorney, Dolton McAlpin, reviewed the contracts for the SYA instructors.

² In order to perfect its security interest in the collateral, ATOS was required under the Uniform Commercial Code to file a financing statement in each state where the collateral is located. Having a "perfected" security interest is important in preserving ATOS's priority over any

The total sum due from NYTOS, including interest and principal, on or before February 1, 2013 is **\$15,956.25.**

In approximately November 2011, ATOS voted to discontinue the practice of making loans from the principal of the Endowment Fund. Further loans are no longer permitted, and our financial assistance from the Endowment Fund must take the form of grants.

It is my expectation that the Executive Committee and/or Endowment Fund Board of Trustees will make a recommendation to the board with respect to ATOS' options going forward. The above information is provided by way of background information.

6. Motions:

None

competing liens that may be asserted against the collateral. Because the organ moved through the states of IL, OK, NJ and NY, it was necessary to file financing statements in each of these jurisdictions.

AMERICAN THEATRE ORGAN SOCIETY

ENDOWMENT FUND


PROMISSORY NOTE

Principal amount \$ 15,000.00

Date: August 1, 2011

FOR VALUE RECEIVED, the undersigned New York Theatre Organ Society, Inc. (a/k/a NYTOS and/or the New York Chapter of the American Theatre Organ Society) (hereafter "**Maker**") hereby promises to pay to the order of the American Theatre Organ Society, Inc. (a/k/a ATOS) (hereafter "**Payee**") the principal sum of Fifteen Thousand United States Dollars (\$15,000.00), together with interest at the rate provided herein on the unpaid principal balance of this note from time to time outstanding until paid in full.

1. Interest shall accrue on the unpaid and outstanding Principal balance of this note commencing on the date hereof and continuing until repayment of this note in full at a rate equal to four and one quarter percent (4.25%) per annum. All payments shall be first applied to interest and the balance to principal. This Promissory Note may be prepaid, at any time, in whole or in part, without penalty or premium.
2. Maker may repay this note at any time, but shall in all events repay this note in full, including the principal balance and any interest thereon, not later than February 1, 2013 ("**Maturity Date**"). Any amount not paid within seven (7) days of the Maturity Date shall be subject to an additional late charge of one percent (1%) of the unpaid balance, which late charge shall be in addition to any other rights the Payee may have.
3. This loan shall be secured by the following property which the Maker hereby represents and warrants that it owns free and clear of any lien, encumbrance, or right and/or claim by any third party: One (1) 4-manual 26-rank Robert-Morton theatre pipe organ, including all pipework, chestwork, relay, combination action system(s), blower, console, and/or any other part(s) now owned or later acquired forming a part of the instrument (hereafter "**Secured Property**"). The Secured Property is presently located at the Paul & Linda Van Der Molen Residence at 0N468 Willow Road, Wheaton, Illinois, and will be moved and stored at the American Organ Institute in Norman, Oklahoma pending reinstallation by the Maker at the Loew's Kings Theatre located at 1025 Flatbush Avenue, Brooklyn, New York.
4. This Promissory Note shall at the option of the Payee be immediately due and payable upon the occurrence of any of the following: 1) Failure by Maker to make any payment due hereunder within thirty (30) days of its due date. 2) Breach by Maker of any condition of any security interest, mortgage, loan agreement, security agreement, pledge agreement or guarantee granted as collateral security for this note. 3) Breach by Maker of any condition of any loan agreement, security agreement or mortgage, if any, having a priority over any loan agreement, security agreement or mortgage on collateral granted, in whole or in part, as collateral security for this note. 4) Breach by Maker of any representation and/or warranty contained herein. 5) The death, incapacity, dissolution or liquidation of any of the undersigned, or any endorser, guarantor to surety hereto. 6) The filing by any of the undersigned of an assignment for the benefit of creditors, bankruptcy or other form of insolvency, or by suffering an involuntary petition in bankruptcy or receivership not vacated within thirty (30) days.

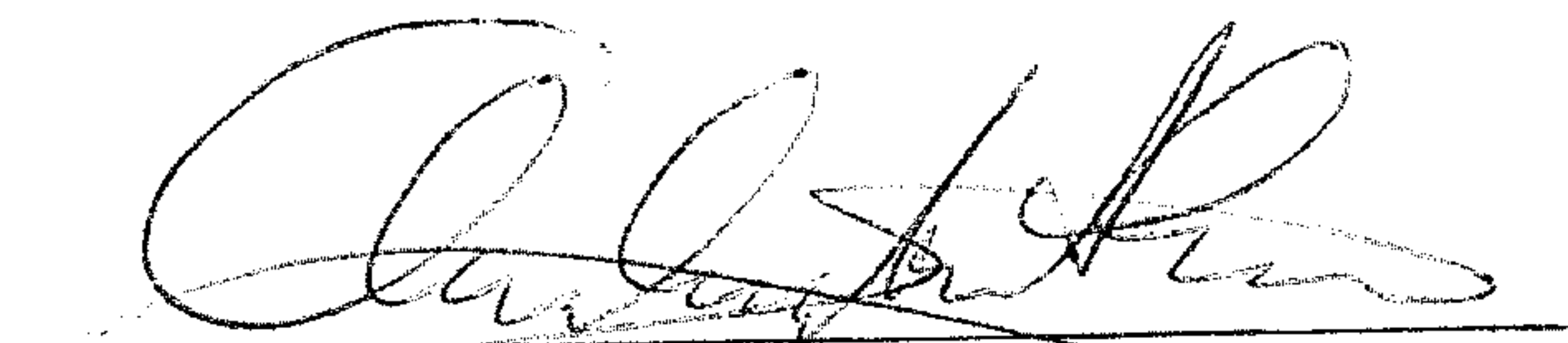
Received: Fed Ex 3:10PM 13 July 2011
Signed and Fed Ex Return 14 July 2011


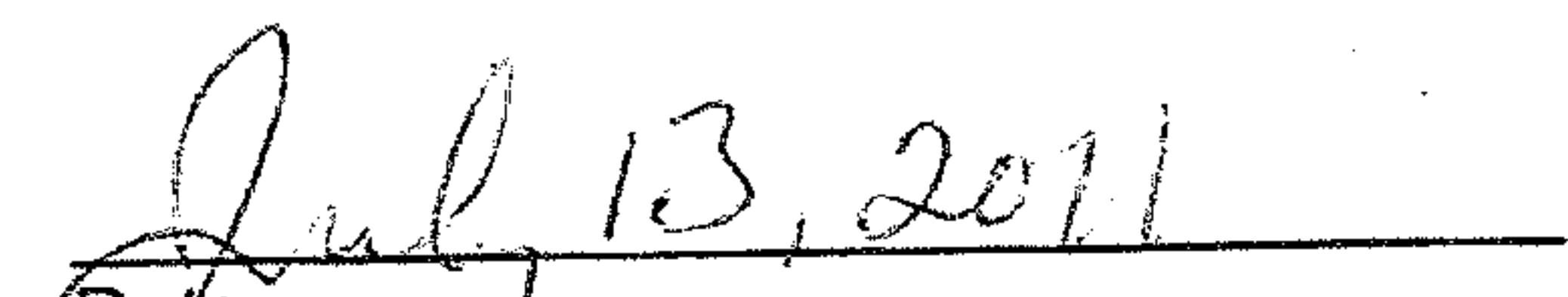
5. In the event this Promissory Note shall be in default and placed for collection, then the undersigned agrees to pay all reasonable attorney fees and costs of collection. In the event of default, the Maker further agrees to cooperate fully with the Payee in satisfying this Promissory Note and Payee's security interest in the Secured Property, including without limitation cooperating with the following to provide the Payee timely and reasonable access to the Secured Property:


- The American Organ Institute at the University of Oklahoma in Norman, Oklahoma; and/or
- ACE Theatrical Group LLC, d/b/a Kings Theatre Redevelopment Company; and/or
- Any other person, entity, or organization that has possession, custody, or control of the Secured Property in whole or in part.

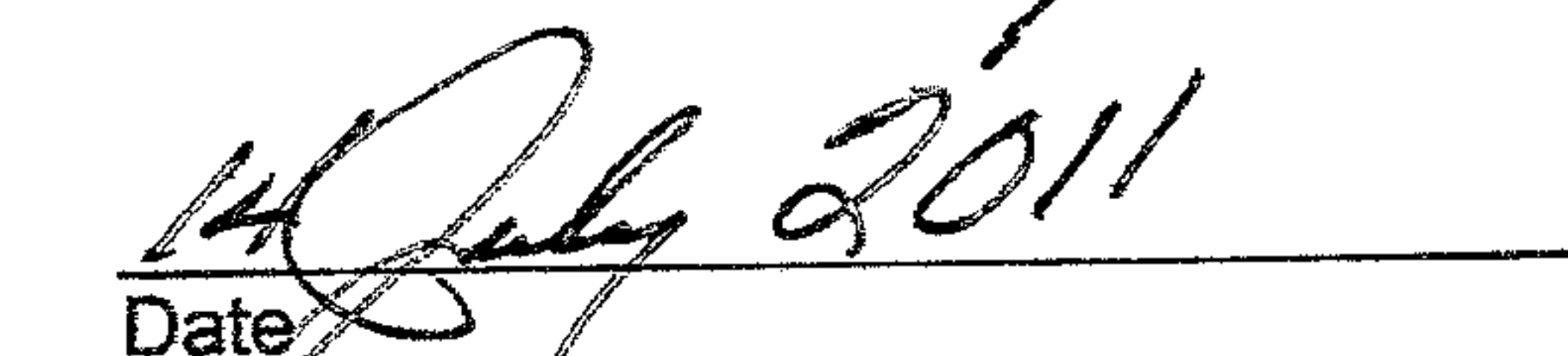
6. All payments hereunder shall be made in United States Dollars by U.S. Certified Mail Return Receipt Requested to the Treasurer of the American Theatre Organ Society to such address as may from time to time be designated by the Payee.

7. The undersigned and all other parties to this note, whether as endorsers, guarantors or sureties, agree to remain fully bound until this note shall be fully paid and waive demand, presentment and protest and all notices hereto and further agree to remain bound, notwithstanding any extension, modification, waiver, or other indulgence or discharge or release of any obligor hereunder or exchange, substitution, or release of any collateral granted as security for this note. No modification or indulgence by any holder hereof shall be binding unless in writing; and any indulgence on any one occasion shall not be an indulgence for any other or future occasion. Any modification or change in terms, hereunder granted by any holder hereof, shall be valid and binding upon each of the undersigned, notwithstanding the acknowledgement of any of the undersigned, and each of the undersigned does hereby irrevocably grant to each of the others a power of attorney to enter into any such modification on their behalf. The rights of any holder hereof shall be cumulative and not necessarily successive.


New York Theatre Organ Society (**Maker**)
By: Anders Sterner
Chairman Of The Board


Date


American Theatre Organ Society (**Payee**)
By: COL(R) Michael W. Hartley
Chairman of the Board


Date

AMERICAN THEATRE ORGAN SOCIETY ENDOWMENT FUND SECURITY AGREEMENT

Date: August 1, 2011

BE IT KNOWN, that for good and valuable consideration, the New York Theatre Organ Society, Inc., a New Jersey charitable nonprofit corporation (a/k/a NYTOS and/or the New York Chapter of the American Theatre Organ Society) ("**Debtor**"), grants to the American Theatre Organ Society, Inc., a California charitable nonprofit corporation and its successors and assigns ("**Secured Party**") a security interest pursuant to Article 9 of the Uniform Commercial Code in the following property ("**Secured Property**"), which shall include all after-acquired property of a like nature and description and proceeds and products thereof:

One (1) 4-manual 26-rank Robert-Morton theatre pipe organ, including all pipework, chestwork, relay, combination action system(s), blower, console, and/or any other part(s) now owned or later acquired forming a part of the instrument. The Secured Property is presently located at the Paul & Linda Van Der Molen Residence at 0N468 Willow Road, Wheaton, Illinois, and will be moved and stored at the American Organ Institute in Norman, Oklahoma pending reinstallation by the Maker at the Loew's Kings Theatre located at 1025 Flatbush Avenue, Brooklyn, New York.

This security interest is granted to secure payment and performance on the obligation of the Debtor to the Secured Party with respect to a Promissory Note dated August 1, 2011 ("**Promissory Note**").

Debtor hereby agrees and acknowledges to Secured Party that:

1. The Secured Property will be removed from the Van Der Molen Residence in Wheaton, Illinois and transported to the University of Oklahoma in Norman, Oklahoma where the Secured Property will be stored in a building adequately heated and ventilated, and reasonably suitable for safe pipe organ storage. Thereafter, the Secured Property will be transported to and reinstalled at the Loew's Kings Theatre in Brooklyn, New York. Except as otherwise required to transport and reinstall the Secured Property, and except as otherwise authorized in writing by the Secured Party, the Secured Property shall be kept at the University of Oklahoma in Norman, Oklahoma or at the Loew's Kings Theatre located at 1025 Flatbush Avenue, Brooklyn, New York. Other than as expressly provided herein, the Secured Property shall not be moved, relocated, or uninstalled without the express written consent of the Secured Party. Upon the execution of this agreement, Debtor shall notify the following of the existence of the Secured Party's security interest in the above-described property:

- Mr. Paul Van Der Molen, 0N468 Willow Road, Wheaton, Illinois.
- ACE Theatrical Group LLC, d/b/a Kings Theatre Redevelopment Company; and
- Dr. John Schwandt, Director of the American Organ Institute at the University of Oklahoma in Norman, Oklahoma.

2. The Debtor warrants that Debtor owns the Secured Property, and that it is free from any other lien, encumbrance and/or security interest or adverse interest granted or created by the Debtor, and that the Debtor has full authority to grant this security interest. The Debtor shall not grant or otherwise create any other security interest to any other party in the Secured Property.

3. The Debtor further represents and warrants that, to the best of Debtor's knowledge as of the date of execution of this agreement, the Secured Property is in good condition which would satisfy the reasonable professional expectations and prevailing standards within the theatre organ industry. The Debtor further represents and warrants that the Secured Property herein described has an aggregate value of at least \$30,000.00, and to the best of Debtor's knowledge as of the date of execution of this agreement, has an insured replacement value of at least \$50,000.00.

4. The Debtor agrees to execute and further authorizes the Secured Party to execute any and all financing statements or other documents that are reasonably necessary to the Secured Party to perfect this security agreement in accordance with applicable state law and the Uniform Commercial Code. The Debtor shall reimburse the Secured Party for all costs related to the perfection of this security agreement in accordance with applicable state law and the Uniform Commercial Code, including without limitation the filing of any financing statement(s) in any state.

5. Upon default in payment or performance of any obligation for which this security interest is granted, or breach of any term of this security agreement, then in such instance Secured Party may declare all obligations immediately due and payable and shall have all remedies of a secured party under the Uniform Commercial Code, as enacted in the Debtor's state, which rights shall be cumulative and not necessarily successive with any other rights or remedies. In the event of default, the Debtor further agrees to cooperate fully with the Secured Party in satisfying the Promissory Note and the Secured Party's security interest in the Secured Property, including without limitation cooperating with the following to provide the Payee timely and reasonable access to the Secured Property:

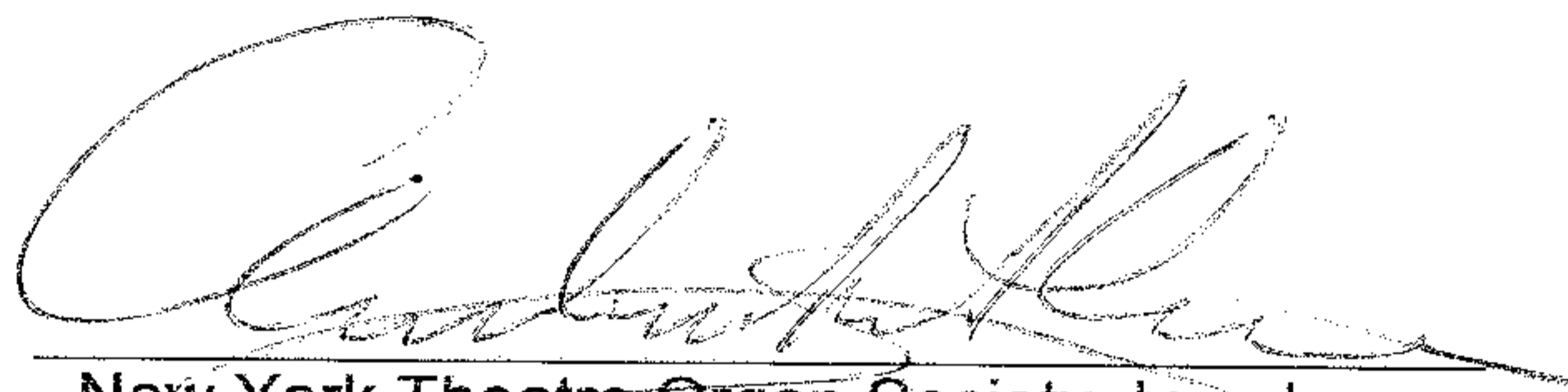
- The American Organ Institute at the University of Oklahoma in Norman, Oklahoma;
- and/or ACE Theatrical Group LLC, d/b/a Kings Theatre Redevelopment Company, and/or
- any other person, entity, or organization that has possession, custody, or control of the Secured Property in whole or in part.

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6. Debtor shall maintain such insurance coverage on the Secured Property as Secured Party may from time to time reasonably require and Secured Party shall be named as loss payee.

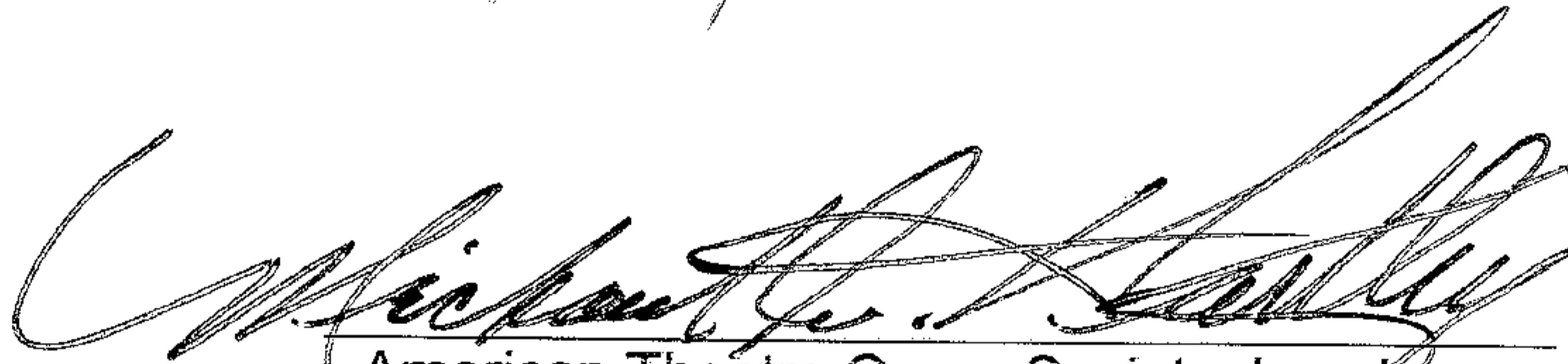
7. This Security Agreement shall further be in default upon the death, insolvency or bankruptcy of any party who is an obligor to this agreement or upon any material decrease in the value of the Secured Property or adverse change in the financial condition of the Debtor.

8. Upon default the Debtor shall pay all reasonable attorneys' fees and costs of collection necessary to enforce this agreement and/or the Promissory Note.



New York Theatre Organ Society, Inc., by
Anders Sterner, Chairman of the Board
(**Debtor**)

July 13, 2011
Date



American Theatre Organ Society, Inc., by
COL(R) Michael W. Hartley, Chairman of the
Board (**Secured Party**)

14 July 2011
Date