
REPORT TO THE ATOS BOARD OF DIRECTORS

TO: COL(R) Michael W. Hartley, Chairman,
Mr. Bob Evans, Secretary,
and ATOS Board Of Directors

FROM: R. Jelani Eddington, Chairperson, Bylaws & Policies Committee

DATE: January 16, 2010

RE: CONTRACT ADMINISTRATION PROPOSAL

BACKGROUND

As indicated in my email of January 13, 2010, I am concerned with the lack of unified approach in executing contracts and other legal documents binding on ATOS. While we currently have a policy in place generally requiring signature by the Chairman, we have no process for meaningful review of documents legally binding on ATOS.

Over the past several months and years, several important contract administration issues have arisen, including:

- Execution of a settlement agreement for the NYTOS litigation without prior disclosure to the Board
- Uncoordinated approach to executing Executive Staff and Editor contracts
- Execution of sub-contracts (graphic design services) without Board review
- Resistance to reviewing prior to signing an extensive \$100,000+ real estate lease agreement for space in a Chicago warehouse
- Execution of Deeds of Gift without Board review
- Negotiation of contracts for ATOS partnership with the Allen Organ Company
- Non-delivery to the Secretary of Deeds of Gift binding on ATOS

In short, Directors and staff members have negotiated and executed obligations binding on ATOS even without prior Board review. This lack of consistency is troubling because **even someone without actual express authority of the Board can nonetheless bind ATOS legally if they appear to have authority to speak for the Board.**

As a remedy, I propose that we centralize our contract review process such that a Contract Administrator with some legal experience (or in his/her absence the ATOS attorney) review each contract or agreement prior to acceptance. Such a procedure is in effect in other organizations. The Contract Administrator would have primary responsibility for making appropriate recommendations to the Board concerning the agreement in question, and the Board would retain final authority to accept or reject the document.

I propose we amend our policies as follows.

CURRENT POLICY

Our current policy ¶ 1(c) reads:

c. All agreements and contracts will be approved and signed by the Chairman unless the Board has specifically delegated this responsibility in writing to another official for a specified activity or program (e.g. The Convention Planning Coordinator). A copy of each such document signed by the Chairman will be maintained by the Secretary. (Board Meeting Minutes, January 7, 2006, St. Louis, Missouri)

PROPOSED POLICY

I propose that the above policy be replaced with the following:

c. (i) A Contract Administrator shall have the primary responsibility for reviewing and making appropriate recommendations to the Board, or in its absence to its Executive Committee, concerning all contracts, agreements, or other documents with legal significance purporting to bind ATOS to any third party (herein "**Legal Documents**"). The Contract Administrator may be a Director, Staff Member, or other member of ATOS, provided that he or she has reasonable experience in matters relating to reviewing, negotiating, and drafting Legal Documents. The Board shall have final authority for accepting or rejecting any Legal Document.

(ii) No Legal Document shall be signed, modified, approved, executed, or accepted in any manner without the prior review of the Contract Administrator, or in his or her absence or disability, the ATOS attorney. The Contract Administrator shall, upon reviewing any such Legal Document, make any appropriate recommendation to the Board, or in its absence, the Executive Committee, concerning such document. A Legal Document may be drafted or modified by a person other than the Contract Administrator, provided that it is reviewed by the Contract Administrator in the manner provided herein prior to acceptance or approval.

(iii) Any Legal Document that is accepted or approved by the Board shall be signed by the Chairman, unless the Board has previously specifically delegated such signature authority in writing to another person for a specified activity or program (e.g., the Convention Planning Coordinator). The originals of all signed Legal Documents shall be promptly sent to the ATOS Secretary upon execution for appropriate filing.