

TIES
Technology and Information Educational Services
Executive Committee Special Meeting

January 18, 2018

Pursuant to due call and notice thereof, the special meeting of the Executive Committee of TIES, Technology and Information Educational Services, began at 7:35 a.m. on Thursday, January 18, 2018, in the TIES Conference Center Lexington Room, 1640 Larpenteur Avenue West, Falcon Heights, Minnesota. The meeting was called to order by Mr. David Law, Executive Committee Vice Chair. Other members present included: Mr. Mike Bash; Mr. Jim Burgett; Dr. Deb Henton; Ms. Denise Pontrelli; Mr. Rob Rapheal; Dr. Scott Thielman; Ms. Penny Pease, Coordinator Rep; and Dr. Mark Wolak, Executive Director. Also present were TIES Staff Members Shana Finnegan, Chief Operating Officer; Susan Mussell, General Counsel; and Corey Tramm, Chief Technology Officer. Absent: Mr. Jim Skelly.

Dr. Deb Henton moved, seconded by Ms. Denise Pontrelli, approval to add Agenda Item 3.5 Election of Officers. The motion carried unanimously. Mr. Mike Bash moved, seconded by Dr. Deb Henton, approval of the agenda. The motion carried unanimously.

Agenda Item 3.5: Election of Officers for remainder of 2017-2018: At the January Burnsville-Eagan-Savage School Board organizational meeting, Mr. Dan Luth was not appointed to be the district's TIES School Board Member Rep which means Mr. Luth will no longer be on the TIES Executive Committee and no longer Chairperson. The Executive Committee discussed electing a chairperson for the remainder of term ending July 1, 2018.

Mr. Mike Bash nominated current Vice Chair Mr. David Law, Superintendent, Anoka-Hennepin, for chairperson, seconded by Dr. Deb Henton. The motion carried unanimously.

Dr. Deb Henton nominated current Treasurer Mr. Mike Bash, Board Representative, Orono for vice chairperson, seconded by Ms. Denise Pontrelli. The motion carried unanimously.

Dr. Deb Henton nominated Mr. Jim Burgett as Treasurer, seconded by Ms. Denise Pontrelli. The motion carried unanimously.

The officers for the remainder of 2017-2018 are: Mr. David Law, Chairperson; Mr. Mike Bash, Vice Chairperson; Mr. Jim Burgett, Treasurer. Dr. Deb Henton remains Clerk.

Agenda Item 5.0: Review Plan and Resolution for January 24 Special Joint Powers Board Meeting: Dr. Mark Wolak reviewed the resolution recommending that the Joint Powers Board Members vote on January 24 to dissolve the TIES Joint Powers Agreement. Dr. Wolak has been reaching out to the 48 member superintendents to discuss the reasoning behind the resolution. An asset sale/transfer to a private company or a public entity can only happen if the Joint Powers Agreement is dissolved. Dr. Wolak informed the Executive Committee that the National Joint Powers Alliance (NJPA) (a public entity) will be sending a letter of intent concerning a potential transfer of assets and liabilities of TIES to NJPA. Mr. David Law shared with the Executive Committee the conversation that took place during a meeting with Infinite Campus (a private company) about their intentions. Sale to a private company is more complex than to a public entity but leadership is considering all options. Dr. Wolak stated that the goal is to ensure that risk and costs are mitigated for the member districts with no interruption of services through the dissolution period.

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Member Mike Bash introduced the following resolution and moved its adoption:

(Dissolution Recommendation for Special Board Meeting)

At a Special Meeting of the TIES' Executive Committee (the "EC") pursuant to Article V, subsection G of the Bylaws on January 18, 2018 the following resolution was proposed and approved by the EC:

RESOLVED:

Whereas, TIES is a joint powers entity organized under Minn. Stat. §471.59, by agreement dated November 5, 1965 (the Memorandum of Agreement ("MOA")), and governed by a joint board;

Whereas, under Minn. Stat. §471.59, subd. 4, a joint powers agreement may be terminated in accordance with its terms (i.e., the MOA);

Whereas, as directed by the EC per the "Governance Review" resolution dated June 29, 2017, TIES Management completed the Initial Review Phase by September 8, 2017 when a Special Meeting of the Board was held. The Initial Review Phase included preliminary information about the dissolution process;

Whereas, as also directed by the resolution referenced above, and the subsequent "Governance Review - Second Review Phase; Contingent Dissolution Process" resolution dated November 10, 2017, TIES Management completed the Second Review Phase via presentations to the Board during the annual meeting on November 15, 2017 - and during a meeting on December 20, 2017 attended by superintendents (and other staff) of all Members;

Whereas, the Second Review Phase included a summary of estimated costs that will be incurred by Members if TIES dissolves ("Dissolution")¹ - and estimated costs if TIES does not dissolve and instead continues operating and reforms ("Reformation")² (Reformation costs also included the minimum future revenue from purchases of product and services by Members required for a reformed TIES to maintain financial health);

Whereas, the purpose of the Second Review Phase was to educate the Members about the financial consequences if TIES dissolves - versus if TIES continues operations and reforms so that the Members would be fully informed to vote in favor of Dissolution or in favor of Reformation at the Special Board Meeting on January 24, 2018;

Whereas, after careful evaluation of the information gathered by TIES Management during completion of the Initial Review Phase and the Second Review Phase, the EC has determined that it is in the best interests of the Members, including their employees, parents and students for the TIES joint board to dissolve and the MOA to be terminated, and for TIES Management to promptly begin the "Dissolution Process" as outlined in the Second Review Phase;

Whereas, the EC desires that TIES Management continue previous efforts to minimize the negative financial impact on the Members - and disruption of essential services - related to either Dissolution or Reformation, including without limitation, investigation of a partnership, asset sale as a going concern, or similar business deal with a third party consistent with applicable Minnesota law (i.e., the bid solicitation process per Minn. Stat. §471.345 and Minn. Stat. §123B.52 for sale to a *private company*, or sale to a *public entity* under the provisions set forth in Minn. Stat. §471.64).

Whereas, all capitalized terms in this resolution shall have the same meaning as in the Bylaws or the referenced resolutions unless defined differently herein;

NOW THEREFORE, BE IT RESOLVED by the EC as follows:

1. The EC hereby recommends that the Members vote in favor of Dissolution at the Special Board Meeting on January 24, 2018;
2. The EC hereby authorizes the Chair of the EC to take both a roll call vote and a written vote by individual ballot submitted by each Member in a similar form and substance as Exhibit A attached to this resolution at the Special Board Meeting;
3. If a majority of the Members vote in favor of Dissolution³, TIES Management will promptly begin the Dissolution Process previously outlined in the Second Review Phase.
4. If less than a majority of the Members vote in favor of Dissolution, TIES Management will promptly begin the "Reformation Process" previously outlined in the Second Review Phase.
5. TIES Management shall actively pursue potential business opportunities in order to achieve the following objectives for Members: (a) minimize negative financial impact, and (b) minimize disruption of essential services. Such opportunities may include a partnership, an asset sale, or a similar business deal with a third party consistent with applicable Minnesota law (i.e., the bid solicitation process per Minn. Stat. §471.345 and Minn. Stat. §123B.52 for sale to a *private company*, or sale to a *public entity* under the provisions set forth in Minn. Stat. §471.64).
6. TIES Management shall coordinate a Dissolution Process or a Reformation Process as necessary to accommodate viable business opportunities with any third party.
7. TIES Management will inform the EC as to the status and substance of any such activity with a potential bona fide buyer. The EC will inform the Members of the same by forwarding minutes of EC meetings, *subject to* any confidentiality provisions in a non-disclosure agreement, letter of intent, or similar agreement with a potential buyer.
8. All final transactional agreements between TIES and a buyer are subject to approval by the EC and no such agreements will be effective or legally binding on TIES until the EC has provided such approval. At which time the EC approves the terms and conditions of any such agreements, they shall be legally binding on TIES.
9. In the event there is a dispute between any Members, or between any Member (or Members) and TIES arising out of or related to the Dissolution Process or the Reformation Process, the parties involved in the dispute shall complete mediation and the mediator's fees and any out-of-pocket costs shall be shared equally. If the dispute is not resolved during mediation, after a 20-day cooling off period following the conclusion of mediation, the matter shall be submitted to binding arbitration pursuant to the rules and procedures of AAA (American Arbitration Association), arbitrator's fees and any out-of-pocket costs to be shared equally.

¹ Dissolution was referred to as "Option A" during presentations as part of the Second Review Phase.

² Reformation was referred to as "Option B" during presentations as part of the Second Review Phase.

³ 25 of the 48 Members must vote in favor of dissolution in order to legally dissolve TIES. See, MOA, Paragraph 7.

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Exhibit A
BALLOT FOR DISSOLUTION OR REFORMATION
TIES
SPECIAL BOARD MEETING
January 24, 2018

- Vote in favor of dissolution by placing an (X) in the square next to the word "YES".
- Vote against dissolution by placing an (X) in the square next to the word "NO".
- Print the name of the Member school district you represent, print your name, sign below, and turn in your ballot to the Chairperson.

BALLOT QUESTIONS FOR EACH OF TIES' 48 MEMBERS
DISSOLUTION or REFORMATION

The purpose of this Special Board Meeting on January 24, 2018 is to allow each of the 48 Members to cast a single vote in favor of dissolution or against dissolution.⁴ Per a resolution dated January 18, 2018 adopted at a Special Meeting, the Executive Committee recommends that TIES Members vote in favor of dissolution.

In order for dissolution to be effective, TIES Memorandum of Agreement ("MOA") dated November 5, 1965, provides that "a majority of the Members" must vote in favor of dissolution. Each Member is entitled to cast one vote by submitting a single ballot to the Chairperson of the Executive Committee at the Special Board Meeting.

If *25 or more* Members vote "YES" to dissolve then TIES Management will begin the dissolution process.

If *less than 25* Members vote "YES" to dissolve (by voting "NO") then TIES will continue operations and begin the reformation process.⁵

DISSOLUTION

- YES Does the TIES Member identified below vote in favor of dissolving TIES?
- NO Does the TIES Member identified below vote against dissolving TIES?

Print District Name: _____

Print Name of Superintendent or School Board Member Completing the Ballot: _____

Signature: _____

The motion for the adoption of the foregoing resolution was duly seconded by Member Deb Henton, and upon vote being taken thereon, the following voted in favor thereof: Jim Burgett, Scott Thielman, Denise Pontrelli, Rob Raphael, Mike Bash, Deb Henton, and David Law, and the following voted against the same: None. Whereupon said resolution was declared duly passed and adopted.

Mr. Mike Bash moved, seconded by Dr. Deb Henton, adjournment of the meeting at 9:10 a.m. The motion carried unanimously.

Respectfully Submitted,
Dr. Deb Henton, Clerk

⁴ Dissolution was referred to as "Option A" during presentations as part of the Second Review Phase.

⁵ Reformation was referred to as "Option B" during presentations as part of the Second Review Phase.