

**TIES**  
 Technology and Information Educational Services  
 Executive Committee Meeting

June 29, 2017

Pursuant to due call and notice thereof, the regular monthly meeting of the Executive Committee of TIES, Technology and Information Educational Services, began at 7:34 a.m. on Thursday, June 29, 2017, in the TIES Conference Center Lexington Room, 1640 Larpentour Avenue West, Falcon Heights, Minnesota. The meeting was called to order by Mr. Dan Luth; Executive Committee Chair. Other members present included: Mr. Mike Bash; Mr. Jim Burgett; Dr. John Schultz (arrived 7:39 a.m.); Mr. Jim Skelly; Dr. Scott Thielman; Mr. Steve Buettner, Coordinator Rep; and Dr. Mark Wolak, Executive Director. Also present were TIES Staff Members Shana Finnegan, Chief Operating Officer; Georgia Kedrowski, Chief Experience Officer; Susan Mussell, General Counsel; Corey Tramm, Chief Technology Officer; and Jon Daniel, finance consultant. Absent: Dr. Deb Henton; Mr. David Law; and Ms. Denise Pontrelli.

Mr. Mike Bash moved, seconded by Mr. Jim Skelly, approval of the agenda. The motion carried unanimously.

Dr. Scott Thielman moved, seconded by Mr. Mike Bash, approval of the consent agenda. The motion carried unanimously.

The consent agenda items approval included: the minutes of the May 17, 2017 regular monthly meeting and the Treasurer's List of Disbursements for the period ending May, 2017, categorized as follows:

| <b>Claim payments for May, 2017</b> |                   |                 |
|-------------------------------------|-------------------|-----------------|
| Check:                              | 208098-208193     | \$ 1,999,876.75 |
|                                     |                   |                 |
| E-payments:                         | 80006563-80006612 | 34,246.06       |
| Wire Transfers:                     | 90000312-90000329 | 307,768.42      |
| Totaling:                           |                   | \$ 2,341,891.23 |
|                                     |                   |                 |
| <b>Payroll for May, 2017</b>        |                   |                 |
| Direct Deposit:                     | 45442-45719       |                 |
| Totaling:                           |                   | \$ 364,717.25   |
|                                     |                   |                 |
| <b>Receipts for May, 2017</b>       |                   |                 |
| Receipt:                            | 11901-11963       |                 |
| Totaling:                           |                   | \$ 4,552,647.26 |

The following new hires: Wendy Hanson, 1.0 FTE Workshop Coordinator (grade 2), effective July 3, 2017; Darryl Lee, 1.0 FTE Network Engineer III (grade 7), effective June 14, 2017; and Charles Meier, 1.0 FTE Manager Technical Services (grade 9), effective May 24, 2017. The following change of assignment: Paul Muyskens, Product Manager, reduction from .80 FTE to .50 FTE, effective July 1, 2017. The following resignations: Damion Alexander, 1.0 FTE DevOps III, effective June 2, 2017; Scott Boutang, 1.0 FTE Network Engineer III, effective June 8, 2017; Jerome Figueroa, 1.0 FTE Manager, Software Development, effective June 30, 2017; Steven Hoff, 1.0 FTE Sr. Developer, effective May 17, 2017; and Cheryl Riley, 1.0 FTE Sr. Developer, effective June 23, 2017 (Retirement). The following

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leave of absence: Laura Bollensen, 1.0 FTE Client Svc. II, effective July 10, 2017 to September 4, 2017 (FMLA). The following member district lease levy distribution and managed security & Managed IT services strategy.

Agenda Item 6.0: Coordinator Report: Mr. Steve Buettner reported on the small group meeting that took place with TIES Coordinators and Executive Committee members. It was a good discussion and topics covered were ensuring that owner districts purchase TIES' products, governance of TIES, and teaming together to continue to make good decisions. Mr. Buettner also reported on the June TIES Coordinator meeting. Topics included TIES governance/owner districts and a report from TIES' Chief Operating Officer Shana Finnegan. This will be Mr. Buettner's last meeting. Penny Pease from Orono will be the new TIES Coordinator rep on the Executive Committee for 2017-2018.

Agenda Item 7.0: Annual Operating Plan FY2017-2018: Ms. Shana Finnegan presented the annual operating plan for fiscal year 2017-2018. Mr. Mike Bash moved; seconded by Dr. John Schultz, approval of the 2017-2018 annual operating plan with the request that within 60 days the Executive Director along with Executive Committee members hold a special meeting with the Joint Powers Board to share this operating plan and what it means for the owner districts of TIES. The motion carried unanimously.

Agenda Item 8.0: Resolution Authorizing TIES to Enter into a Line of Credit Agreement with Financial Institution: Ms. Shana Finnegan presented the following resolution authorizing a line of credit from Venture Bank.

Member Jim Skelly introduced the following resolution and moved its adoption:

### **RESOLUTION AUTHORIZING TIES TO ENTER INTO A LINE OF CREDIT AGREEMENT WITH A FINANCIAL INSTITUTION**

WHEREAS, upon review of financial projections, the Board has determined that it is in the best interests of Technology and Information Educational Services ("TIES") to enter into a line of credit agreement with Venture Bank, Golden Valley, Minnesota (the "Bank") as described further below;

WHEREAS, TIES staff has entered into negotiations and has reached such an agreement with the Bank for a revolving line of credit for the principal amount of up to \$6 million (the "LOC") pursuant to a loan agreement and related documents (collectively, the "Loan Agreements") subject to Board approval and Bank acceptance;

WHEREAS, the Board desires that TIES enter into such Loan Agreements with the Bank, as authorized by the TIES Bylaws and in compliance with any applicable statutes;

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

1. Upon the effective date of this resolution, the Board hereby authorizes TIES to establish the LOC with the Bank whereby the Bank will advance funds to TIES for business purposes.
2. The Chief Executive Officer and/or his designated agent(s) is directed to prepare and execute the Loan Agreements with the Bank as necessary to effectuate the LOC, and to renegotiate the terms of the Loan Agreements as necessary for the financial needs of TIES, including continuation of the initial maturity date, June 30, 2018, subject to the Bank's acceptance.
3. The amounts advanced under the LOC are not designated as "Qualified Tax-Exempt Obligations" for the purposes of Section 265 of the Internal Revenue Code of 1986, as amended.
4. This resolution shall be effective upon receipt by the Chief Executive Officer on behalf of the Governing Board of written acceptance of its terms by an authorized official of the Bank, and thereafter shall constitute the terms of the Loan Agreements.

The motion for the adoption of the foregoing resolution was duly seconded by Member John Schultz, and upon vote being taken thereon, the following voted in favor thereof: Scott Thielman, Mike Bash, Jim Skelly, Dan Luth, John Schultz, and Jim Burgett, and the following voted against the same: None. Whereupon said resolution was declared duly passed and adopted.

### Agenda Item 9: Resolutions:

Agenda Item 9.1: Governance Review: At the May 17, 2017 Executive Committee meeting Dr. Mark Wolak presented a draft of the Governance Review policy which was reviewed and discussed. The policy is now being brought for approval.

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### GOVERNANCE REVIEW RESOLUTION

*Whereas*, over the last two years, the TIES Executive Director and his staff have evaluated TIES' existing portfolio of products and services ("Programs") available to Members and other school customers. The purpose of this review was to better align TIES' Program offerings with the needs of its Members;

*Whereas*, TIES has developed innovative new Programs which are expected to provide significant value to its Members and to benefit the organization as a whole. At the same time, TIES is in the process of updating its current business strategies and operations to support the new Programs and exploit marketing opportunities;

*Whereas*, the EC fully supports the development of new Programs and the reorganization of TIES' business operations;

*Whereas*, in connection with the restructuring described above, the EC has also determined that it is necessary to review TIES' current organizational structure as a joint powers board and evaluate alternative structures to best facilitate and support the new business strategies (the "Governance Review");

*Whereas*, as a member of a joint powers entity organized under Minn. Stat. §471.59, each Member of TIES is contractually bound by the provisions of the bylaws;

*Whereas*, the bylaws currently in effect are the TIES Bylaws dated October 3, 2007 (the "Bylaws");

*Whereas*, pending future legal analysis, it is possible that TIES may be required to technically dissolve under applicable law in the process of converting to a new organizational structure. Accordingly, the EC has determined that the Executive Director and his staff should define the process and, if a technical dissolution is necessary, develop a plan for any such dissolution pursuant to the provisions included in Article III, subsection D of the Bylaws;

*Whereas*, in addition, the Plan shall comply with Minn. Stat. §471.59, Minn. Stat. §123A.24, subd. 1 (a) (subject to Minn. Stat. §123B.02, subd. 3), and any other applicable statutes governing public funds, open meeting laws, etc.;

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

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

1. The EC shall complete the Governance Review and develop a plan for presentation to the Board at a Special Meeting called pursuant to Article IV, subsection (E) of the Bylaws, or at the annual meeting scheduled for November 15, 2017 (the "Initial Review Phase"). The plan for the Initial Review Phase ("Plan") shall include at a minimum the following information: (a) recommendations for conversion to a different organizational structure or restructuring as a joint powers entity; (b) evaluation of whether technical dissolution is required for any such conversion; (c) a process for the possibility of permanent dissolution as a contingency; and, (d) a formula to be used to determine each Member's proportionate share of debts and liabilities, and allocation of any surplus monies or property after such liabilities are paid or reserved for should permanent dissolution be required.

2. The EC hereby authorizes the Executive Director and his staff to research and analyze all phases of the Governance Review, including for example, the evaluation of financial and legal issues necessary for the Plan, e.g., debts and liabilities, assets, indemnifications, and any documentation and agreements required under applicable law.

3. Following a Special Meeting, or the annual Board meeting on November 15, 2017, the EC and Executive Director and his staff shall complete the "Second Review Phase" of the Plan. The Second Review Phase will refine details of the Plan in accordance with the direction and guidance provided by the Board. The Second Review Phase will be completed by June 30, 2018.

Mr. Jim Skelly moved, seconded by Mr. Jim Burgett, approval of the Governance Review resolution. The motion carried unanimously.

Agenda Item 9.2: Member Withdrawal: At the May 17, 2017 Executive Committee meeting a draft of the Member Withdrawal policy was reviewed and discussed. Dr. Mark Wolak brought forward two versions of the resolution and after further discussion Member Mike Bash introduced the following resolution and moved its adoption:

### MEMBER WITHDRAWAL RESOLUTION

*Whereas*, as a member of a joint powers entity organized under Minn. Stat. §471.59, each Member of TIES is contractually bound by the provisions of the bylaws;

*Whereas*, the bylaws currently in effect are the TIES Bylaws dated October 3, 2007 (the "Bylaws");

*Whereas*, Article III, subsection D of the Bylaws provides that any Member may withdraw from TIES upon written notice to the Clerk of the EC; that such notice must be accompanied by a certified copy of the appropriate resolution of the school board of a Withdrawing Member; and, that such withdrawal shall be effective on June 30 of the following school year, provided that notice is received by the Clerk on or before July 31 of the preceding school year;

*Whereas*, Article III, subsection D of the Bylaws provides that any Withdrawing Member shall remain obligated to pay its pro rata share of contractual obligations previously entered into by the EC on behalf of the Withdrawing Member;

*Whereas*, under Minn. Stat. §123A.24, subd. 1 (a), each Withdrawing Member remains responsible for its share of liabilities of TIES (subject to Minn. Stat. §123B.02, subd. 3 regarding debt incurred by TIES);

*Whereas*, prior to the date of this meeting, certain Members have provided TIES with written notice pursuant to Article III, subsection D of the Bylaws stating that they *may* wish to withdraw from TIES effective June 30, 2018;

*Whereas*, also prior to the date of this meeting, certain Members who have not provided TIES with such notice, have expressed concern about the potential financial impact if they are responsible for a greater share of TIES' debts and liabilities in the event that several Members do, in fact, withdraw from TIES;

*Whereas*, the liabilities of TIES exceed the assets of TIES;

*Whereas*, under the provisions in Minn. Stat. §123A.24, subd. 1 (b), a Withdrawing Member and TIES may mutually agree through a resolution to the "terms and conditions for the assignment of liabilities and distribution of assets";

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Whereas, Section 1.1 of TIES' Financial Policies (General Fiscal Responsibilities) obligate the EC to use "sound fiscal management" as a tool to achieve the general purpose of providing "quality service to member districts";

Whereas, the EC has determined that it is in the best interests of all Members to define the process and the formula to be used to determine each Withdrawing Member's proportionate share of liabilities in the event a Member wishes to withdraw from TIES in order to implement the terms set forth in Article III, subsection D of the Bylaws; to exercise sound fiscal management; to ensure compliance with the Minnesota statutes referenced above and with Minn. Stat. §471.59; and, any other applicable statutes governing public funds, open meeting laws, etc.;

Whereas, all capitalized terms in this resolution shall have the same meaning as in the Bylaws unless defined differently herein; NOW THEREFORE, BE IT RESOLVED by the EC as follows:

1. Upon receipt by TIES' Clerk of written notice that fully complies with the requirements set forth in Article III, subsection D of the Bylaws ("Notice") from a Member stating that it wishes to withdraw from TIES (a "Withdrawing Member"), the EC shall promptly begin planning for the withdrawal of such member.

2. Provided that Withdrawing Member has served Notice on or before July 31 of a school year, its withdrawal will be effective on June 30 of the following school year. This period shall be referred to as the "Notice Year".

3. During the Notice Year, the EC will determine the "Withdrawal Fee" to be paid by Withdrawing Member in a single cash payment on the last day of the Notice Year. The Withdrawal Fee represents the sum of Withdrawing Member's pro rata share of each of the five (5) outstanding liability categories as defined below, and shall be calculated in the manner described in each category in reliance on the financial audit received by TIES for the Notice Year.

(A) Debt Service Liability on Event Center:

Withdrawing Member's liability will be the pro rata share of outstanding principal and interest payments as of June 30<sup>th</sup> at the end of the Notice Year. Withdrawing Members must continue to levy for their pro rata share as they have in prior years until the debt has been paid off.

(B) Capital Equipment Lease Liabilities:

Withdrawing Member's pro rata share of liability for Capital Equipment Leases will be determined by the ratio of the Withdrawing Member's student enrollment as of October 1<sup>st</sup> of the Notice Year to the total TIES' Member student enrollment as of October 1<sup>st</sup> of the Notice Year.

(C) General Contractual Liabilities:

Withdrawing Member's pro rata share will be determined by the ratio of the Withdrawing Member's student enrollment as of October 1<sup>st</sup> in the Notice Year to the total Member student enrollment as of October 1<sup>st</sup> of the Notice Year.

(D) Outstanding Line of Credit:

Withdrawing Member's liability will be the pro rata share of the outstanding principal and interest payments as of June 30<sup>th</sup> at the end of the Notice Year.

(E) Operational Liabilities:

Withdrawing Member's liability for operations will be the greater of: (1) Withdrawing Member's membership fees for the Notice Year or, (2) Withdrawing Member's membership fees plus the dollar amount of purchased services from TIES during the Notice Year.

4. Payment and receipt of the Withdrawal Fee by each Withdrawing Member shall be recorded on a "Withdrawal Statement" signed by the EC and the Withdrawing Member on or before expiration of the Notice Year. In addition, the EC shall prepare and enter into any agreements with Withdrawing Member required by applicable law.

5. In the event there is a dispute between a Withdrawing Member and TIES related to such member's withdrawal, the parties shall complete mediation, 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.

The motion was seconded by Dr. John Schultz, approval of the Member Withdrawal resolution. The motion carried unanimously.

Agenda Item 10: Resignation of Executive Committee Member John Schultz: With a phenomenal amount of regret, Mr. Mike Bash moved, seconded by Mr. Jim Burgett, approval to accept the resignation of Executive Committee Member Dr. John Schultz. Dr. Schultz is leaving Hopkins School District to become superintendent at Edina. The motion carried unanimously.

Agenda Item 11: 2017 Executive Committee Election Results: The following were elected or reelected to the executive committee: Ms. Denise Pontrelli, from Stillwater as the superintendent representative for category II; Mr. Scott Thielman from Buffalo-Hanover-Montrose as the superintendent representative for category III; and Mr. Rob Rapheal, from Forest Lake as the school board representative for category III (completing a remaining three-year term). Dr. John Schultz moved, seconded by Mr. Jim Burgett approval of the election results. The motion carried unanimously.

Agenda Item 12: Resolution of Appreciation for Executive Committee Member: Chair Dan Luth read the resolution of appreciation for Vice Chair John Schultz, who will be leaving the Executive Committee due to a change in jobs moving from Hopkins to Edina as their new superintendent, presented him with a bell,

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and thanked and acknowledged his contributions during his time on the Executive Committee. Dr. Scott Thielman moved, seconded by Mr. Mike Bash approval of the resolution of appreciation. The motion carried unanimously.

Agenda Item 13: Preparing for July Organizational Meeting: Chair Dan Luth will be contacting Executive Committee members prior to the July 19 organizational meeting regarding officers and ad hoc team members.

Agenda Item 14: Executive Director Report: Dr. Mark Wolak reported that he will work on scheduling a special meeting with the Joint Powers Board school districts to present the 2017-2018 annual operating plan and the Governance Review and Member Withdrawal resolutions, reached out to the Minnesota School Boards Association (MSBA) and they are interested in TIES' Managed Security Program offering, and Dr. Wolak recognized Georgia Kedrowski, Chief Experience Officer, who is retiring and thanked her for her years of serviced with TIES.

Mr. Jim Skelly moved, seconded by Mr. Jim Burgett, adjournment of the meeting at 9:01 a.m. The motion carried unanimously.

Respectfully Submitted,  
Dr. Deb Henton, Clerk