

TIES
Technology and Information Educational Services
Executive Committee Meeting

October 18, 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 7:35 a.m. on Wednesday, October 18, 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. Deb Henton; Mr. David Law (left 9:00 a.m.); Ms. Denise Pontrelli (left 9:00 a.m.); Mr. Rob Rapheal; Mr. Jim Skelly; Dr. Scott Thielman (arrived 7:39 a.m.); Ms. Penny Pease, Coordinator Rep; and Dr. Mark Wolak, Executive Director. Also present were TIES Staff Members Jon Daniel, Finance Consultant; Shana Finnegan, Chief Operating Officer; and Susan Mussell, General Counsel.

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

Agenda Item 5.0: Consent Agenda Items: Dr. Deb Henton moved, seconded by Ms. Denise Pontrelli, approval of the consent agenda. The motion carried unanimously.

The consent agenda items approval included: the minutes of the September 20, 2017 regular monthly meeting and the Treasurer's List of Disbursements for the period ending September, 2017, categorized as follows:

Claim payments for September, 2017	
Check:	\$ 1,162,064.20
E-payments:	10,295.88
Wire Transfers:	394,344.62
Totaling:	\$ 1,566,704.70
Payroll for September, 2017	
Direct Deposit:	
Totaling:	\$ 321,471.91
Receipts for September, 2017	
Receipt:	
Totaling:	\$ 1,516,312.26

The following new hires: June Moore, 1.0 FTE Administrative Assistant, grade 4, effective October 18, 2017, and Tanner O'Clair, 1.0 FTE Project Manager, grade 7, effective October 23, 2017. The following resignations: Heidi Bailles, 1.0 FTE Software Developer, effective October 25, 2017, David Boeser, 1.0 FTE Software Developer, effective September 29, 2017, and Jessica Koons, 1.0 FTE Administrative Assistant, effective September 29, 2017.

Agenda Item 6.0: Coordinator Report: Ms. Penny Pease reported on the October TIES Coordinator meeting. Topics included Synergy exports, update from MDE regarding eLearning Days, reports from TIES staff, and planned future meetings and topics.

Minutes – October 18, 2017

Agenda Item 7.0: Ad Hoc Team Meeting Reports: Reports were given on the Governance, Finance & Facility, and Human Resources Ad Hoc Team meetings that have taken place. Governance reviewed the findings from Phase I of Governance Review, Finance reviewed the goals of the team, compensation of executive committee members, adding business managers to the team, the financial health of TIES, a member district special assessment, and the possibility of dissolution, and Human Resources reviewed a summary of the Executive Director's 2016-2017 goals and proposed 2017-2018 goals, a member district special assessment, and the possibility of dissolution.

Agenda Item 8.0: Member Withdrawal Resolution – Amended: Ms. Susan Mussell reviewed with the Executive Committee the changes that were made from the original Member Withdrawal Resolution.

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

Member Withdrawal

Whereas, on June 29, 2017 at a regular monthly meeting of the EC, it adopted a resolution providing for the manner in which the Withdrawal Fee shall be calculated for each Withdrawing Member (the "Withdrawal Resolution");

Whereas, subsequent to the EC meeting referenced above, it was determined that certain provisions in the Withdrawal Resolution should be amended to clarify the manner in which the Debt Service Liability on the Event Center shall be paid off (Paragraph 3), and to amend the calculation for Operational Liabilities (Section E);

Whereas, the purpose of this Restated Withdrawal Resolution is to restate the provisions in the Withdrawal Resolution and include such amendments so that this Restated Withdrawal Resolution shall supersede and replace the original 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 certain 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;

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

Whereas, such terms and conditions as referenced in Minn. Stat. §123A.24, subd. 1 (b), were set forth in the Bylaws;

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, 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 TIES Executive Director and his staff shall determine the "Withdrawal Fee" to be paid by Withdrawing Member in a single cash payment on the last day of the Notice Year, *subject to the exception* that the Debt Service Liability on the Event Center shall be paid on an annual basis until the debt is paid off on or about February 1, 2023 as described below in Section (A). The Withdrawal Fee represents the sum of Withdrawing Member's pro rata share of each of the four (4) 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 during 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 30th 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.

Minutes – October 18, 2017

(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 1st of the Notice Year to the total TIES' Member student enrollment as of October 1st of the Notice Year.

(C) Data Center Infrastructure Liabilities:

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

(D) Operational Liabilities:

Withdrawing Member's liability for operations will be equal to the amount of Withdrawing Member's membership fees for the Notice Year plus the dollar amount of cancelled 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.

6. This Restated Withdrawal Resolution shall supersede and replace the Withdrawal Resolution adopted on June 29, 2017.

Member Deb Henton moved to amend the resolution by changing the word must to may in 3 (A) and the following language be added in 5: "...an authorized representative of each party shall enter into good faith discussions and attempt to resolve the dispute. The motion was duly seconded by Member David Law. The motion carried unanimously.

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

Agenda Item 9.0: Dissolution Process Resolution: Dr. Mark Wolak brought a Dissolution Process resolution before the Executive Committee for discussion only. The resolution will also be brought to the Engagement Team as one of three options (the other two being reinvent and stay as is). After lengthy discussion, it was recommended a special meeting be scheduled to continue discussion on this topic.

Agenda Item 10.0 Member District Special Assessment Resolution: Ms. Susan Mussell reviewed with the Executive Committee a Member District Special Assessment Resolution.

Member Deb Henton introduced the following resolution with the change to mail the bill November 1, 2017, and the due date to January 1, 2018 and moved its adoption:

Special Fee

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 TIES bylaws dated October 3, 2007 (the "Bylaws");

Whereas, Article III, subsection C (2) of the Bylaws provides that TIES may charge Members "such other fees in accordance with the fee structure established by TIES" (in addition to the initial membership capital contribution fee specified in Article III, subsection C (1)).

Whereas, the EC has determined that it is necessary to charge each Member a fee ("Special Fee") in order to address a deficit in the budget for Fiscal Year 2017-2018;

Whereas, the EC has further determined that it is in the best interests of all Members to assess such Special Fee to ensure the ongoing operation of TIES during the remainder of the current Fiscal Year ending on June 30, 2018;

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:

3. TIES Management (which includes the Executive Director and his staff) shall assess each Member a Special Fee equal to the amount of \$7.00 for each student enrolled in each Member's schools as of October 1, 2017.

4. The Special Fee shall be assessed by written notice from TIES Management sent to each Member on or before December 1, 2017.

5. The Special Fee shall be paid in full by each Member on or before February 1, 2018.

The motion for the adoption of the foregoing resolution was duly seconded by Member Mike Bash, and upon vote being taken thereon, the following voted in favor thereof: Scott Thielman, Mike Bash, Deb

Minutes – October 18, 2017

Henton, Dan Luth, Jim Burgett, and Rob Rapheal, and the following voted against the same: Jim Skelly. Whereupon said resolution was declared duly passed and adopted.

Agenda Item 11.0 Review Plan for Meetings that will take Place through January 2018: Dr. Mark Wolak shared a plan for meetings that should take place over the next several months. These meetings include regular and special executive committee meetings, engagement team meeting, superintendent meeting, and annual and special Joint Powers Board meetings.

Agenda Item 12.0 Chief Operating Officer Report: Ms. Shana Finnegan informed the Executive Committee that she has received a letter of intent for purchase of the building.

Agenda Item 13.0 Executive Director Report: Dr. Mark Wolak reported that he has scheduled consultation with Barb Nicol to help improve communications.

Mr. Mike Bash moved, seconded by Mr. Jim Skelly, adjournment of the meeting at 9:33 a.m. The motion carried unanimously.

Respectfully Submitted,
Dr. Deb Henton, Clerk