

ASSOCIATION OF EDUCATIONAL PURCHASING AGENCIES

MEETING REPORT #9 (Revised)

December 18, 2003

Phone Conference

The meeting was held via phone conference, and commenced at 9:00 a.m. on Thursday, December 18, 2003. An overview of the agenda indicated the following tasks:

1. Call to Order
2. Motion and second
3. Answers to seven questions
4. Member comments
5. Electronic vote

1. Call to Order

The Chair noted that for this meeting to proceed, a majority of the members needed to approve the meeting. It was also indicated that during the roll call, a vote to approve the agenda would be taken.

Roll Call

The meeting began with a roll call of participants, alphabetically by state represented. Agency representatives indicated their agency, their approval of the meeting, and approval on the previously published agenda. The following members and their votes are indicated below:

<i>Members</i>	<i>Representatives</i>	<i>Meeting Confirmation</i>	<i>Agenda Approval</i>
Arizona	Jim Migliorino	yes	yes
California	Mike Mellon	yes	yes
Colorado	John Tillman	yes	yes
Indiana	Larry Risk, Pam Clover	yes	yes
Iowa	Dan Dreyer	yes	yes
Kansas	Steve Spade	yes	yes
Kentucky	not represented		
Minnesota	Mike Hajek, Gary Nytes	yes	yes
Missouri	Tom Post, Bob Slama	yes	yes
Montana	Frank Loehding	yes	yes
Nebraska	Lynn Thorpe	yes	yes
New Mexico	Max Luft, Llew Perry	yes	yes
North Dakota	John Jankowski	yes	yes
Ohio	Elmo Kallner	yes	yes
Oregon	Tammy Standley	yes	yes
Pennsylvania	Jeff Kimball, Jim Randecker	no	
South Dakota	Scott Westerhuis	yes	yes
Texas	Pete Paul	yes	yes
Washington	Ron Ricketts	yes	yes
Wyoming	David Swantek	yes	yes

Note: All members except Kentucky were represented.

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Meeting Approval

The AEPA Procedures indicate, "Additional Meetings may be called by a majority vote of the total membership". The Chair had previously canvassed members to obtain approval, but now has requested a formal majority vote. The vote indicates 18 for the meeting, one against the meeting and one absent. This was therefore declared a duly convened meeting of the Board.

Agenda Approval

A proposed Agenda had been disseminated by email prior to the meeting. Approval of the Agenda, as voted on at time of Roll Call, indicated 18 approving the Agenda, one not voting and one absent. The Agenda was therefore approved as presented.

2. Motion

Ron Ricketts of Washington indicated the purpose of AEPA is to assist the local cooperative purchasing agency to serve its area as originally established at time of membership. He continued, "as the future of the AEPA in member growth and individual member activity is affected by various attempts to market outside the original service area". Mr. Ricketts then moved that *member organizations who are aggressively marketing beyond the state boundaries review their marketing plan and place a moratorium marketing in AEPA states on such marketing until this situation can be addressed at the March AEPA meeting of the members, and further vendors that have approved AEPA contracts not be contacted about contracts for use outside of the members state. Failure to abide by this motion could result in a vote to terminate membership in the AEPA of the offending member. The member organizations of AEPA should individually correspond with the offending member as to what activities are allowed and which are considered detrimental to the member's activity.* The motion was seconded by Elmo Kallner of Ohio.

3. Minnesota Response to Question

Max indicated that previously he had requested Mike Hajek of Minnesota to explain his position more fully regarding the NJPA. A request had been made for Mike to address the group on seven questions listed that come from many AEPA members.

AEPA Relations

- What does NJPA present as its involvement and relationship with AEPA? **NJPA would offer to be a strategic partner to AEPA such much like AESA.**
- How is NJPA going to benefit AEPA and conversely how is AEPA going to benefit from NJPA? **NJPA would compliment selected AEPA contracts a through strengthened vendor relationships and added volume. This would specifically apply to contracts where the vendor is the same as the AEPA awarded vendor. At the same time, product categories that are the same as AEPA will not be allowed to compete in the AEPA state as specifically stated in the bid documents and solicitation. NJPA would further agree not to include AEPA states in any solicitation of products without the permission of the AEPA state representative.**

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- How is NJPA going to benefit

NJPA goal and mission is to serve schools and other qualified customers ! The fact that only the schools in states with organized purchasing programs receive the benefit volume savings and times savings is not right or fair in many ways. As a part of AESA we share the common goal to serve in a cooperative manner to make a difference in the educational process by conserving valuable class room dollars. The only difference between NJPA and AEPA is we have broadened our vision to serve as many as we can as soon as we can. Our country's educational systems are screaming for this service and with multiple states not in a position to meet these need through cooperative services we feel directed and encouraged to meet those needs. Any national volume program we are a part of truly helps us and better serve our local MN schools as well. This was our initial goal even as we were a part of developing and growing AEPA. It's always about the kids first for us and I trust that is the front running goal of all of us.

Regarding vendors

- What enticements have been made to vendors to encourage them going to NJPA instead of or in addition to AEPA? NONE WHAT SO EVER. I AM OFFENDED BY THAT IMPLICATION. MORE THAN EVER WE ALWAYS LEAD THEM AND OTHER TO AEPA, MANY TIMES A DAY! THIS MAY BE A THOUGHT FOR SOMEONE ELSE BUT NOT NJPA OR NCSC. I CAN'T EVEN THINK THAT WAY.

- What AEPA vendors have you contacted about joining/participating with NJPA and will these vendors be formally solicited and awarded by NJPA or will they "piggyback" on the NCSC/AEPA award. Just like Tremco we offer them the option to use MN to further the volume and service area of the contract if the opportunity comes up to serve a schools needs. Again From the NJPA position we will not allow vendors to compete with AEPA states as stated. This is our position as we move forward as a complimentary organization.

NJPA Organization and Operations

- With all of NCSC's efforts to grow member states and program offerings by creating NJPA, why weren't these efforts funneled through the existing organization AEPA as opposed to starting another organization and creating competition for the AEPA? Many state are not in a postion to offer or participate in a purchasing program much less join a multi-state purchasing group. As I stated 9-10 states do not even have cooperative stucture or athority to function by law. As in the past we help states get started by consulting guiding marketing efforts as well as offers contracts and program to lead the way to a successful purchasing program. We have been involved in drafting or suggesting legislative language by sharing Minnesota language to help create organization. Montana is an example. Once there is interest and many times there is just no interest and required committment at the cooperative level we invite them to join AEPA, as we have done several times. If there is no committment or interest does that mean that those schools are just out of luck and on there own. We really hope that is not the consensus or direction. I did not notice any new members or report of interest from our AEPA membership committee.

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If you have contracts not under AEPA, is it your intention to contact individual AEPA members to work with them on those products in their states, and if they do not wish to work with you what is your intent. I have multiple times offered different opportunities as you all are fully aware of. The AEPA contact and relationship is my first and many times only communication. If you are not interest the program generally dies. Sharp is an exception which is at this point can not be stopped. In fact we paid over \$\$ \$40,000 in shared marketing fees over the past few years and recently Over \$ 13,000 to AEPA states as they enjoy the benefits of our national Sharp program for their schools. Indiana, Montana, Nebraska and Kansas are a part of this program and I have offered it to all of you multiple times. And of course in other product areas If you are not interested for your membership we back off. As a part of AESA we get calls or communicate with other coops through AESA endorsed programs and other coops show interest in specific program such as AFLAC but we are specific not to infringe on your market area.

Bottomline

- Given the choice of membership in AEPA or development of NJPA what would be your direction? Form a strategic alliance between NJPA and AEPA that would be extremely beneficial to AEPA, and directly to schools, by adding volume and strengthened vendor relationship. We anticipate a mutually beneficial agreement with clear understanding and boundries.

4. Questions by Members

Each member was then afforded the opportunity to make a statement or ask questions. The presentations were in reverse alphabetic order by member. A transcript of the conversation is available. It should be noted that noise on the line made the latter part of the conference difficult to understand.

5. Electronic Vote

The meeting Agenda indicated that at 90 minutes or at the conclusion of questions, which ever came first, this part of the meeting would conclude. An electronic vote would then be conducted with all members on the motion. After 80 minutes, most questions had been answered and most statements made; however, the quality of the line was deteriorating so badly that the phone conference ended. The following email was then sent to all members:

I believe the phone conference Special Meeting was a positive step in the right direction. It certainly outlined many tasks to be completed at our Las Vegas meeting.

According to the procedures, an electronic vote is being used for the following motion that was made by Ron Ricketts of Washington and seconded by Elmo Kallner of Ohio. It is the responsibility of each state chair (the primary contact) to coordinate voting by each member agency. Please respond by email to me.

I move that member organizations who are aggressively marketing beyond the state boundaries review their marketing plan and place a moratorium marketing in AEPA states on such marketing until this situation can be addressed at the March AEPA meeting of the members, and further, vendors that have approved AEPA contracts not be contacted about contracts for use outside of the members state.

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Failure to abide by this motion could result in a vote to terminate membership in the AEPA of the offending member.

The member organizations of AEPA should individually correspond with the offending member as to what activities are allowed and which are considered detrimental to the member's activity.

I will complete the Minutes of this meeting and the Marco Island meeting as soon as possible. I hope that arrangements can be confirmed for Las Vegas shortly. As I indicated at Marco Island, several other conferences are occurring that week, and space is a problem.

Thank you for your time, and Merry Christmas.

Results of email votes received by the close of business, December 22, indicate 14 votes for the motion, four votes against the motion, and two members did not vote. The other two votes could have no effect on the outcome regarding passing or not passing the motion. Therefore, the motion carries.