Meeting Minutes
April 5, 2016

Opening
A meeting of the INK Board was called to order at 10:08 a.m. Tuesday, April 5, 2016 in 700 SW Harrison, 2nd Floor, Topeka, KS 66603 by Chairman Eric Rucker, representing Secretary of State, with the following members present:

Chuck Knapp, representing Lt. Governor Colyer
Eric Rucker, representing Secretary of State Kris Kobach
Matt Billingsley, representing the Secretary of Department of Revenue
Scott Hill, representing the Kansas Bar Association
Phil Wittmer, Executive Branch Chief Information Technology Officer (arrived at 10:24 a.m).
Tom Tunnell, representing the Kansas Grain and Feed Association
Gregg Wamsley, representing Kansas Library Association

Others Present
Duncan Friend of INK, Phil Elwood of Goodell Stratton Edmonds & Palmer, Shane Myers, James Adams and Ashley Gordon of Kansas Information Consortium, LLC, Kathy Sachs of Kansas Secretary of State. Guests included John Thomas, Chief Executive Officer, Mike Plunkett, Chief Financial/Operating Officer, Ryan Townsend, Chief Technology Officer of Payit.

Approval of Minutes
Tunnell motioned to approve the minutes of the March 1, 2016 INK Board meeting as adjusted to include him in the listing of attendees. Minutes seconded by Billingsley, approved unanimously.

2016 March Network Manager Report - Knapp asked whether the post-project surveys noted in the Network Manager were all that had been received back. Gordon confirmed they were all the results they’d received back, but didn’t reflect all that had been sent out. Knapp called attention to the fact that they received a five (highest rating) on the four categories: “Treated respectfully by Kansas.gov staff Kansas.gov met their commitments to the project timelines; Timely responses of Kansas.gov staff to requests/messages, and Kansas.gov staff demonstrated expert knowledge in web design and development.” Chairman Rucker then stated that he had the contracts in his possession that are subject to Board approval. He noted the specific items on the consent agenda and asked for Board approval.

Approval of Consent Agenda
Knapp moved to accept the balance of the consent agenda, seconded by Hill. Motion carried unanimously.

Action Agenda
1. 4th Quarter 2015 Financial Update: Hill has presented the 2nd & 3rd Quarter report to the Board previously. He stated that overall, everything is falling in line, essentially, plus-or-minus with budget forecast. Nothing noteworthy or that raises a red flag that carries over at this time and nothing the Board hasn’t seen that is above or below budget. He asked the Board to let him know if they still found this format for reporting sufficient or if there were any other changes they might like to see provided in their packets. Hill drew the Board’s attention to the fact that there is still a board-designated project - The Kansas Business Center - that
will be depleted, so they should factor that in to their considerations. Hill then walked Board members through the individual financial reports included in the packet prepared by Mize Houser.

**Action Taken:** Wamsley moved to approve the 4th Quarter Financial. Seconded by Wittmer. Motion carries unanimously.

2. **INK Audit Status Update** – Friend reminded the group that the contracts for the 2015 INK audit had been approved in a previous meeting, so today’s report was just a short update on the status. A kickoff meeting was held on March 29, 2016. Berberich Trahan is performing the audit this year. The kickoff meeting was attended by representatives from Kansas.gov, NIC corporate (by phone), the board accounting firm Mize Houser, and Jim Hollingsworth also attended. The purpose was to get everyone on the same page to improve coordination going forward. Berberich Trahan plans to be on site at the INK Office the week of June 6th. Friend indicated he has this on his calendar and will keep the Board informed as the work moves forward. Berberich Trahan have provided a list of materials they’ll need that are “prepared by customer” and he will be getting with the accountants to provide that to them. One part of the audit are the confirmations that will be sent to state agencies on INK letterhead. The goal is to get these out towards the end of the month. It is a team effort, with NIC corporate also involved along with local Kansas.gov staff. It’s pretty straightforward. Rucker stated that he was not asking for board action on this item, just asking for board input. There were no questions.

3. **Financial Approvals** – Friend directed Board members to a letter in their packets from Jim Hollingsworth that he sent to the Board chair before he left. The letter suggested two approvals that are a part of the normal daily operations of INK could be ceded back to return authority to KIC/NIC for approvals they had performed previously without direct involvement of INK or the Executive Director. One of those was customer refunds. These had been handled by KIC previously, as they do in other states, but Jim wanted visibility into the process. So, while KIC identifies cases where refunds need to be processed, they provide this documentation to Jim, who then cuts the checks from the INK account. He then periodically reimbursed it from the UMB account. Duncan stated that he’d talked with NIC when they went up to meet with them last month and they were OK with taking this back. And, he talked with the auditor and our accountants who also thought it was fine. He’d also talked through the daily approvals of the UMB distributions, and the monthly CoreFirst distributions and they felt controls would be sufficient to delegate this. Friend then briefly went through a diagram showing the INK cash flow processes. He confirmed that in observing Jim’s work here, there really wasn’t much analysis that occurred at this point. Rucker noted the statement in the Hollingsworth letter that indicated Jim had not experienced any instances of issues since he had been doing this. Friend then indicated that, on the part of the banks involved, they would require INK to sign a Hold Harmless agreement that absolved them of responsibility. He also noted that he had a copy of a Hold Harmless agreement than had been put in place previously (2005) by the Board, so there was some precedent. Wittmer asked where the process was currently codified – if the Board were to approve this, what would they be approving a change to? Friend stated that there was not a formal procedure, it is a question of whether that needs to be put in place or not. It is just practice. Friend said he is aware of very little in the way of policies or written documentation for INK processes – the closest he’s seen is the documentation put together as part of the transition. Wittmer indicated his inclination is that there would be some type of threshold, and this would be an approval of raising that threshold. Chairman Rucker agreed that there should be some type of policy around this. Board counsel is to work with Hill and Duncan in the next few weeks to develop a policy in this area for the board to consider next month. Hill asked Myers how they would receive information about refunds going forward once they did not have a direct involvement in them. Myers indicated that reports were available through TPE (the Payment Engine) and Friend had access to them – Hill could be given access as well. Friend confirmed that the revised process for refunds and for delegated approvals would result in reports of each that could be reviewed after the fact. Friend confirmed with Myers that, yes, this is also a report in TPE (the Payment Engine) itself, but could be provided. Hill stated that there is nothing that he has seen in his six months as Treasurer on the refunds that has given him any concern. Friend closed by noting that Jim is off the bank accounts, and we have been able to get Scott Hill’s signature preprinted on the checks. The Executive Director is also no longer a cosigner on contracts. Those were the only significant changes related to finances at present.
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Action Taken: The Board would like to have a written policy on the delegation of financial approvals for consideration at the next meeting.

4. PAVS Update – Myers provided a brief update on PAVS. The committee had been working on two fee increases – the first for district court searches where they are working on rollout approach, the second for KDOR driver history records. Myers reported that they had an early meeting with KDOR and a follow up meeting last week to run through the proposal. They had a great conversation. It was a collaborative exercise, walking through the proposal to provide some history and background on sourcing of the numbers. Next action is for KDOR to evaluate the numbers further internally and then regroup with KIC/INK. The PAVS committee will report that back to the Board at a later date. Overall, it was a good dialog, conversation and collaboration on the fee increase proposals.

Hill stated that, while they were on the subject, he had discussed with Friend the idea that he would like some guidance from the Board on what the continuing focus should be for this committee. The group hasn’t met for a little while largely due to Jim’s turnover, but partially because it seems like we’ve received direction from the Board to refocus our efforts on very specific fee increases, and, while that’s not inappropriate, he thinks from his perspective it might be a little shortsighted compared to what the global focus on that committee is supposed to be. There are a lot of other things on the agenda of the committee, like looking at our contractual requirements and terms – things that may help the Board in the long run. He believes there’s more work to do. Myers noted that Jim Hollingsworth was the chairman on this committee so there is also the question now of who becomes the new chair. Hill then stated that the committee was down to three members. He thinks it is a very valuable committee – part of the focus on their long-term plan over the last year and half has been fixing some of these long term issues. However, there has been some criticism of this committee in the past for not taking enough action and he wants to make sure the Board supports what they are to do. They only have one board member on the committee meeting now and would like to have a couple of volunteers to focus on the long term plan to fix some of these issues. There were no additional volunteers. Shane indicated he would be happy to take over chairing the committee because KIC finds value in the initiative and agreed along with Hill that they would review the PAVS charter and come back to the next meeting with and update. Wittmer asked what Hill was proposing as a go-forward mission. Hill said they had a charter and plan that had been developed. Elwood suggested that his firm had an attorney that could be helpful. Myers confirmed he thought that was a good suggestion as looking at contractual agreements was on the roadmap for early this year. Hill mentioned that one of the things going on with the contracts at a high-level is that there’s very little obligation placed on the partner and no real mechanism for escaping contracts. Rucker asked who was on the committee – Myers stated himself, Friend, and Hill. Hill suggested that two more members were needed. Wittmer said he did believe someone needed to be looking at “product profitability”.

Action Taken: Wittmer motion that the existing PAVS committee regroup and come back with a charter in two months, motion seconded Billingsley. Motion carried.

The Chair indicated that he would like to move the next presentation by Payit to next on the agenda if there was no objection. None were noted, so it was moved up from #10 to #5.

5. Payit – John Thomson, Chief Executive Officer, Ryan Townsend, Chief Technology Officer, Mike Plunkett, Chief Financial/Operating Officer. Payit representatives made two connected presentations during the meeting. The first provided an overview of the company, the second focused on a proposal they had for developing the Form Finder application for the Kansas Business Center. The first presentation generally discussed the company’s experience and approach. The second, led by Plunkett, provided more detail on Form Finder functionality. Plunkett suggested that his company would like the opportunity to be considered to build Form Finder. Their proposal was to divide the project into two phases. Phase 1 would be rules-driven form finder for business services forms for all state agencies and specified business types – based on looking at the detailed specifications. This is to deliver a more modern experience on web and mobile devices. There would also be an administrative user interface. Phase II is a native mobile app, it would have more features like the “starter kit” functionality. They can deliver this within six weeks. From a cost perspective, this would not be transaction fee-based. Instead, it would be a
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flat monthly fee with no additional cost for licenses or maintenance fees. The cost for a SAAS contract would be $11,250 a month for both phase 1 and phase II.

Sachs noted as context that while this was in a different order than was on the agenda, there is a contracting issue that Phil Elwood is working on consistent with the DoF A opinion – Oracle does not want to sign a DA-146a, and, thus, at this point, Phil’s not recommending that the Board sign the Oracle agreement. So, when she saw that problem developing, several agencies we knew of were looking to Payit for solutions, and took a look at it so there would be another option depending on what Phil Elwood’s opinion was on those liability and jurisdiction issues in the DA-146a.

Rucker asked whether there was further discussion, indicating to the Payit representatives that there was a possibility of going into executive session, so he wanted to know if they had anything further to share before they might do that. They did not. Wittmer stated that he wanted to learn more about their architecture and its integration capabilities. Rucker then deferred to Knapp.

**Action Taken:** Knapp moved that, per Counsel’s recommendation - in consultation with Counsel - that the Board go into executive session at 11:25 am, with members, also with Duncan Friend, with the Portal Manager, and Counsel to discuss some confidential and proprietary issues. That Executive Session will not exceed 30 minutes. The motion was seconded by Hill. Rucker asked if there was any opposition to going into Executive Session, as well as asked Elwood about his opinion of going into Executive Session on this matter. Hearing no opposition, the Board voted unanimously to go into Executive Session.

At 11:55 am, the Board returned from Executive Session and did not take action.

The board recessed for lunch at 11:55 a.m. Reconvened at 12:15 p.m.

6. **HB2573 Update Legislative Streamlining** – Rucker directed the Board to the most recent copy of the bill in their packet. He stated that he and Sachs had the opportunity to give Legislative testimony before the House and then Sachs herself presented on the Senate side because Rucker had other obligations outside of the office. Rucker asked that Sachs share her experience with the Board. Sachs offered to summarize at a high-level. She stated that the Senate had asked a question that they had not asked in the House which was whether the Board would support this “forever and ever and ever”. Sachs said she had testified that she had not been in a conversation with the Board about that, and that the Board is made up of public and private, and there was no way that she could commit that the Board would do it - although it seems to be in the bailiwick of what the Board would like to do. She noted to them that that had not been requested and that they had just seen the fiscal note that day of $30,000 a year. It looks like it made it out of that committee so it looks like they voted in favor of the bill in the chamber. It never got called up. It doesn’t look like it passed as this point. Sachs noted that Friend indicated he’d heard that it might not be passed as he had received a phone message from Legislative Computing about seeking a grant from INK. She will continue to meet with the Governor’s Office and be a part of that effort. It is focused on being able to broadcast out of the House for the State of the State Address next year and for the other presentations that require that sort of thing being moved forward. Tunnell asked to confirm his understanding that there was no action taken on the bill. Sachs responded that the March 17 committee report recommended it be passed, but no action has been taken after that point.

**Action Taken** – No further action required at this time.

7. **Kansas Business Center**

**Action Taken:** Knapp moved to go into executive session at 12:20 for 15 minutes for a discussion in regards to contractual matters related to the Kansas Business Center. Seconded by Wittmer. Passed unanimously.
At 12:35 pm, the Board returned from Executive Session and Knapp moved to go back into Executive Session for 10 minutes until 12:45 p.m. Seconded by Wittmer. Approval unanimous.

At 12:45 pm, the Board returned from Executive Session and Knapp moved to go back into Executive Session for 10 minutes until 12:55 p.m. Seconded by Wittmer. Approval unanimous.

The Board returned from Executive Session at 12:55 p.m.

**Action Taken:** Tunnell motion to accept the amended Oracle position as it relates to paragraph 23.7. The motion was seconded by Hill.

8. **Portal Outages**

**Action Taken:** Chairman Rucker moved to go into Executive Session for a period of 15 minutes to discuss a report on portal outages from Counsel related to the INK contract at 1:05 pm until 1:20 pm. Motion was seconded by Billingsley and approved unanimously.

The Board returned from Executive Session at 1:19pm and took no action.

Upon return from the Executive Session, Chairman Rucker opened the discussion to Board members as well as the vendor with regard to the outages. His first question to the vendor was whether or not they had had the chance to fully digest the information that had been distributed about the three outages from Board counsel. Myers confirmed that they had. Rucker then asked if he had comments for the Board to consider.

Myers noted that 2 of 3 outages were due to Worldpay credit card processor, third due to maintenance site re: Federal ACH. Knapp asked Myers if he would agree with the assumption the letter from Counsel related to the March 19\textsuperscript{th} outage that at least 6 applications were affected. Myers agreed that it was probably more than 6 applications as it affected all ACH processing. Rucker asked if there were more questions. Knapp asked if there were other applications that had alarms, or it is just found when they find it. Adams said he expected that question – this is the first one he’s seen like this – he has a hundred checks in various datacenters, but he’s not aware of anything similar to this. Knapp then noted that Myers had been good about letting the Executive Director know about outages, and asked how the Board would have known about the outage had it not been for their honesty and integrity. Myers noted that one could become aware via surveys – but that is not an alert, just a customer happening to fill out a survey when there was a problem. Gordon said that the Board wouldn’t have known had they not told them, or a customer called. Adams said they’d addressed the issue by pulling down the file less often and putting checks in to prevent this.

Wittmer asked what the go-forward failover strategy was with Worldpay. Myers stated that Worldpay has two sites, a Tier 1 (Kansas site) and a Tier 2 (USA site). Myers said that the Worldpay site was in Tier 1 and they failed us over to Tier 2 on that Saturday event. Myers continued that on that Saturday event when they noticed that Worldpay was not going to be up for an extended period of time and it was the first day of driver license, they prioritized the list of DL locations that were running on Saturday for OTC processing and to the 6 locations up around 11 am that day. Then the rest we went through the process of migrating over to the Tier 2 site. Secondly, Myers stated that there is a NIC evaluation going on of Worldpay looking for another possible provider for credit card processing. Wittmer asked if this would be an alternative or backup? Shane stated it’s an alternative. Wittmer stated that it seems like in any event there should be a primary and secondary. Shane stated that they do have one and that that is what he’s been describing with the Tier 1 and 2. That is what we did on the Saturday event. Over all, the evaluation of our credit card processing shows that in 2015, three or four of the outages were Worldpay-related.

**Action Taken** – Hill moved to accept the recommendation of Counsel to assess the penalty of $20,000 for two outages for a total of $40,000. Seconded by Billingsley. Motion carried unanimously.
**New Business:** Friend noted that he had included the OITS contract for Avamar under New Business as it had been brought to his attention right before the Board meeting. Both Wittmer and Friend asked that the discussion of it be deferred to the next meeting.

**Agenda for Next Meeting**

Agenda for the next meeting was not discussed.

**Adjournment**

Knapp moved to adjourn the meeting, seconded by Wittmer. Meeting adjourned at 1:32 p.m. Next INK board meeting will be at 10:00 a.m. on May 3, 2016, at 700 SW Harrison Topeka, Kansas, 2nd Floor Conference Room.

Minutes submitted by: Nikki Reed