

Information Network of Kansas Board Meeting Minutes

January INK Board Meeting January 17, 2018

Opening

A meeting of the INK Board was called to order at 10:00 a.m. Wednesday, January 17, 2018 at 120 SW 10th Ave, 1st Floor Secretary of State's Office Conference Room, Topeka, Kansas by Eric Rucker, Chair, representing the Secretary of State, with the following members present:

Sam Williams, Secretary of Revenue

Lana Gordon, Secretary of Labor

Matt Billingsley, representing the Kansas Department of Revenue

Glen Yancey, representing the Executive Branch Chief Information Technology Officer

Gregg Wamsley, representing the Kansas Library Association (*attending by telephone*)

Others Present

Duncan Friend of the Information Network of Kansas, Inc.; Nolan Jones, Ashley Gordon, and James Adams, Kansas Information Consortium, LLC. Kathy Sachs and Craig McCullah of the Kansas Secretary of State's office.

Consent Agenda

The consent agenda for the meeting included the November 2017 INK Board minutes, the minutes of the December 21, 2017 Special Meeting via teleconference, the December 2017 Network Manager Report, and a contract for approval with the City of Topeka, Police Records Office for over-the-counter payment service.

Action Taken: Motion made to approve the Consent Agenda in its entirety by Secretary Gordon, seconded by Billingsley. Approved unanimously.

Discussion:

Billingsley referred to an item in the November 7, 2017 draft Board meeting minutes titled "Financial Analysis of Services potentially leaving portal" and questioned whether the figures that had been quoted were correct. Jones stated that the statement did accurately reflect what he had said in the meeting, but that this statement was factually incorrect. Jones provided the correct figures, agreeing to follow up with the INK Board Secretary in writing to confirm them, and a motion was made to correct the draft minutes.

Action Taken: Secretary Gordon moved to revise the draft November 7, 2017 INK Board meeting minutes to state "The Over-the-Counter (OT) loss is \$1.73 million (includes all OTC except for cities and school districts) which is composed of a loss of \$259,000 for INK and a \$1.47 million loss for KIC. The WebTags total loss is \$700,000, which breaks down to a \$595,000 loss for KIC and a \$105,000 loss to INK. The Uniform Commercial Code (UCC) total loss is \$275,000, which breaks down as a \$234,000 loss to KIC and a \$41,000 loss to INK. The motion was seconded by Yancey. There was no discussion. Approved unanimously.

Action Agenda

1. Network Manager Report - (*Jones*)

Jones reported on a charitable event that KIC staff and the National Information Consortium CEO organized for children at the Topeka Rescue Mission. Local law enforcement and the Kansas Attorney General also participated. He then summarized work occurring on the KanLicense system with KDOR and new efforts to cooperate in data sharing with the Kansas Fusion Center on security. They continue to work on updating servers. He also mentioned that the company was working on addressing risks posed by two widely publicized computer chip exploits, *Spectre* and *Meltdown*. He closed by discussing their successful annual disaster recovery exercise.

Action Taken: None.

2. “No Charge” Service Report - (*Jones*)

Jones briefed the Board on two services that generate revenue, but a low amount – not covering the associated costs, which he understood as part of the enterprise model. The first was licensing portals (made up of 3 elements) – initial licensing, renewals (which involve complexity and maintenance caused by recurring rule / fee changes and ongoing support), and verification. The second was nursing license status monitoring, where subscribers to the service, such as hospitals, are notified immediately when a license status changes.

Action Taken: None.

3. 3rd Quarter 2017 INK Financials for Approval - (*Wamsley*)

Wamsley (participating by phone) said that he didn't see anything that stood out to be of concern in the financial reports. Friend agreed, indicating year-end financials might be available as soon as the next Board meeting. He noted that there were always some differences in how KIC budgeted items in their GL and matching up with INK GL, but he believes at the top line of overall revenue it is on track. He asked Jones, who confirmed he also saw that from the KIC perspective.

Action Taken: Wamsley moved to accept the 3rd quarter INK financial statements, seconded by Billingsley. No further discussion. Approved unanimously.

4. Fiscal Year 2017 Financial and Contractual Audit Approach - (*Friend*)

Friend notified the Board that he had been presented with engagement letters from Berberich Trahan and Co. for the 2017 Financial audit and contractual audit (testing of selected contracts for payment compliance). He explained them both briefly, but noted that there had been some questions last year about how often INK rotated its auditors. Friend presented information gleaned from a discussion with Mize Houser and the state CFO, both indicating that it was not required, but was a good idea to do occasionally. The Board discussed the matter, weighing several aspects including the relatively low cost of the audit, their general level of confidence in the quality of Berberich Trahan's work and their independence, along with the additional level of work required to transition auditors at the present time.

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Friend then stated that it is \$5,000 for the contractual audit and \$16,000 for the financial audit with the agreements essentially identical to the previous year's. Seeing no further discussion, Rucker asked the members for a motion.

Action Taken: Secretary Gordon moved to approve the contracts to continue with Berberich Trahan audit services for next year, seconded by Wamsley. No further discussion. Approved unanimously.

5. Board Officer Nominating Committee/Nominations - (Rucker)

Rucker stated that in talking with Billingsley and others that have been serving currently, there would be no opposition from any of them to continuing to serve in their current capacity, if that were the wish of the Board. He continued that, if not, that also was fine. He would entertain nominations for any of the Board officer positions. Rucker recapped those currently holding officer positions: Rucker, Chair; Billingsley, Secretary; Wamsley, Treasurer. They were also in need of a vice-chair. Rucker asked for nominations for either the current slate to remain, or new officers, and then a motion.

Action Taken: Billingsley moved to nominate Secretary Gordon for vice chair, seconded by Yancey. No further discussion. Approved unanimously.

Action Taken: Secretary Gordon moved for the board members to continue in their respective capacities as officers, seconded by Billingsley. No further discussion. Approved unanimously.

6. Grant Committee Update - (Jones/Sachs)

Jones began the discussion about the "Big Idea", an event that would involve agency personnel – it is a business, rather than "IT" project in looking at problem-solving around a shared issue – his suggestion would be around Fraud Detection. He provided a handout outlining the effort it and the group discussed it. Next, he offered some suggestions for possible uses of the grant pool, Rucker asked if Sachs had any additional comments. Sachs stated that she thinks that it is a great idea and anytime the state can get agency cooperation is great. Would like to have a mixture of IT and business in the groups because sometimes a business person has a different understanding than an IT person does. Part of the reason here is to get a good foundation as input to the grant program to see if new ideas can be obtained from state agencies.

Rucker noted that, speaking of IT, it would be as good a time as any to introduce Craig McCullah, who is the Deputy Assistant Secretary of State, in charge of IT. McCullah also will represent Secretary of State's Office when Rucker is absent. He asked if McCullah had any additional comments on the "Big Idea" and he did not at that time.

Friend then gave a brief overview of the INK grant process and its source of funds, along with the two grants currently in play for audio streaming with the Legislature and a recently completed grant to KDOR for revenue estimating software. A conservative estimate of the budget available for grants currently could be as high as \$1.6 million.

Action Taken: None.

7. **Kansas Business Center update - (Sachs/Friend)**

Friend noted to the Board that the current work related to the Business Center related to Business Form Finder. What has been occurring is an ongoing process of working with agencies to get content in and they are waiting on several large players. During this time, they have gotten an agreement in place with Network Kansas to provide phone and online support for Business Form Finder similar to what they provide for the current Kansas Business Center. Technical updates and activity have also been occurring in response to an assessment of the application that was performed by OITS.

Overall, Friend characterized things as one leg over the hurdle. They needed to complete the assessment response to OITS, then there is a set of agencies that there really needs to be movement from so that there can be enough data in the system to do user testing so that they can then move towards rollout. Sachs agreed, saying between the Secretary of State and the Governor's office they would really need to push agencies to get the data entered. Sachs then recapped the user testing strategy they planned to employ, all of which depended on getting data in. Friend added that the Board did authorize some money for temporary help for agencies, and they did present that to KDHE, but it could still be a "bandwidth" problem as people might need to be involved who knew the agency.

Yancey added that he knew the deputy secretary for KDHE who has left had seen it as a high priority initiative. But, he didn't know whether the division director saw it as a similar priority. He noted that the people needed really had the expertise necessary to organize the metadata about the forms for input.

Action Taken: None.

8. **Status/Completion of 2017 INK Business Plan and Metrics - (Jones)**

Subject to review, Jones believes that they have completed all elements of the matrix. (Friend directed the members to a document summarizing status in their packet). He then briefly summarized their status using that material (attached).

12:08 pm the board took a lunch break.

12:45 pm the board came back from lunch break. No business was conducted.

9. **Strategic Discussion / Review of 2018 Business Plan, Metrics, and Budget**

Jones walked the Board members through the Business Plan Metrics matrix for 2018, reviewing each item. He stressed that his key theme was new services. Through the course of the discussion, questions were raised requesting further explanation of some individual items. Secretary Williams asked whether there had been an assessment of products used in other states that might be of help / use in Kansas. Jones agreed that more work like that could be done, but these applications have all been developed for individual states, so it is often a "heavy lift" to transfer. There was some interest in the proposed goal of having resources available to help agencies engage new technology, say, if they wanted to do a Facebook Live or live Twitter interview. Secretary Williams stressed the importance of KIC seeing what they were offering as a service and in competition with others doing so.

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Friend discussed next steps. The Board would need to consider approval of the 2018 Business Plan as well as determine whether the Board felt KIC had met the 2017 Business Plan objectives, which fed into the “rolling renewal” process. There was a question noting that, while there was information about 2018 in the plan, and a 2019 “horizon”, there seemed to be a disconnect between that information and what might be needed to support discussion of the future beyond that which was being committed to in a six-year contract. Friend offered that there had traditionally been a strategic plan within which the business plan fit that had covered multiple years.

Rucker noted that Sachs had been involved in INK strategic planning in the past and asked for her comments on how it matched up with the extension of the contract relationship. Sachs responded that she thought that was a wise suggestion and didn’t remember that this had been specifically discussed before. This meeting was supposed to have been a retreat, but there had been turnover on the Board and turnover at KIC – they have been positive changes, but she felt time needs to be taken to consider the impact of changes over time on what INK’s role is. Once the new members get on, it would be good to have a retreat. Yancey agreed that it seemed like there was a good chance to reinvent INK as they approach the next decade. Secretary Williams pointed out that there is an investment in INK and the Board exists to make sure the investment is returning money and there is an opportunity to share that money. So, when the Board tries to get into KIC’s business regarding meeting customer needs, the Board seems to be going beyond its scope.

Rucker stated that the Board would have from today until the next meeting, at which time they would consider the approval of both the new Business Plan and last year’s performance.

McCullah had some questions about the timing of delivery of the business plan, given that it was January and it seemed as if KIC would already be executing on a 2018 plan that would have been drafted six or seven months previous. Jones explained his perspective on this, that he wanted some more perspective from the INK Board that the plan was lining up with their mission. McCullah asked if the Board gave that feedback if he could project further and Jones indicated yes. Friend noted that the contract required the next year’s business plan to be provided by December 1 of the previous year. Secretary Williams emphasized that the Board wanted to help maximize its investment and that they looked to KIC to show where the world is going – there shouldn’t be a need for a lot of input into a five-year plan.

Secretary Williams asked Friend if the contract could be changed. Friend said yes, if the parties would come to the table and agree. The last time that it was updated was in 2014. Rucker said that it would be important for the Board to satisfy itself about where Kansas stood in relation to the services provided in other states – Kansas should be at the front of innovation. Jones agreed. McCullah noted that he would be interested to learn what other services they offer and they measure the success of those programs and benchmark them.

10. Board Budget - (Friend)

Friend went over the proposed 2018 INK Expense budget (copy attached), highlighting areas of reduction and explaining the Avamar / recovery situation and expenses.

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Action Taken: Gordon motioned to grant the Treasurer authority to approve all the expenses included in the approved annual INK expense budget and to add reporting previous month's payments to Consent agenda for review, seconded by Wamsley. Motion passes unanimously.

McCullah had a question on the KDOR contract because it looks like KIC lost some money on the 85%/15%. The contract was originally signed for \$1.7M increase to KIC and was just changed to \$1.3M increase. Secretary Williams also stated that he would have preferred to keep additional funds from the current increase, but understood that would not be permissible. Yancey explained the split of the revenue in the contract between KIC and INK vs. agency contracts. Jones stated that they will continue to provide the same services and is committed to provide additional resources. When they generate more revenue then they provide more services - that is how they grow as an operation.

Action Taken: Secretary Gordon motioned to sign the third amendment for the KDOR contract, seconded by Yancey. Motion passes unanimously.

11. New Business

Meeting schedule for 2018 will be set for the first Tuesday of every month.

Adjournment

Meeting adjourned at 2:20 p.m. The next INK board meeting will be held at 10:00 a.m. on February 6, 2018, at 700 SW Harrison, 2nd Floor Executive Conference Room, Topeka, Kansas.

Minutes submitted by: Nikki Reed/Duncan Friend