

Information Network of Kansas Board Meeting Minutes

August 2019 Board Meeting August 1, 2019

Opening

A meeting of the INK Board was called to order at 10:00 a.m. on Thursday, August 1, 2019 at 700 SW Harrison, 2nd Floor Conference Room, Topeka, Kansas by Vice-chair Doug Gaumer, representing the Kansas Bankers Association, with the following members present:

Mark Burghart, Secretary of Revenue
Deputy Secretary Patty Clark, representing the Secretary of Commerce
Jennifer Cook, representing the Kansas Secretary of State
Lucas Goff, representing the Kansas Association of Counties
Gregg Wamsley, representing the Kansas Library Association (Board Treasurer)
Glen Yancey, representing the Executive Branch Chief Executive Technology Officer

Others Present

Duncan Friend, Information Network of Kansas; Nolan Jones, Ashley Gordon, and James Adams - Kansas Information Consortium, LLC.

Consent Agenda

The consent agenda for the meeting included the July 11, 2019 INK Board meeting minutes, the July 2019 INK Network Manager report, and contracts for *AppEngine* services for data collection and payment for Crawford County EMS and Meade County EMS.

Action Taken: Yancey moved to approve with the consent agenda, seconded by Wamsley. There was no further discussion. The motion was unanimously approved.

Regular Agenda

Regular Business

1) Public / Agency / Legislative Relations Update

Friend explained that this was a new standing item asked for by the Board chair. The Board had been reforming and INK was starting to reach out again to agencies, so he felt it would be helpful for both Friend and Jones to provide an update on what they had been doing in that area. He noted that there was also an existing marketing / communication function at INK that did this as a matter of course.

Friend began by referencing a presentation at the July meeting where he had outlined how INK fit into the state IT governance structure. Along those lines, he had contacted the Kansas Partnership for Accessible Technology (KPAT) to see how INK could help and re-establish INK membership on the Partnership – they plan to begin meeting again this fall. He had been the original chair of this group when it was established by Executive Order by Governor Sebelius and INK had invested in several grants with them. He had also met with Ken Nelson, the State Geospatial Officer - the Executive Director position is on the Geographic Information Systems Policy Board - to talk about opportunities and “synergy” as they were also focused on information. The GIS Policy Board has been meeting but haven’t had a robust policy agenda and are starting to rebuild as well – they have a new chair and a meeting coming up here this fall.

Information Network of Kansas Board Meeting Minutes

He continued, explaining more about their mission and the GIS ecosystem. He then mentioned that he knew some people at KU that had been facilitating some activities with the Governor's office that INK might be involved in, but nothing clear has come out of that yet. The state head of Unmanned Aerial Systems (UAS), Bob Brock – who had presented to the Board previously – asked Friend to represent INK to on their Joint UAS State Task Force. There is a meeting on August 7th. It is not clear yet where an opportunity is, but there are data and commercial applications involved. There has also been talk with them over time about possible grants.

Friend had a meeting scheduled the next day with the state's Chief Information Technology Architect (CITA) to get oriented on where things are on some of the efforts they are making around planning. The 3-year IT plan is of interest to INK as it catalogs planned IT projects of state agencies, for example. This is especially important around the subject of data, trying to understand what information about data they were going to collect, as INK may have an interest in collecting similar information as part of its strategic planning.

Finally, Friend explained INK's involvement and history as a member of the Information Technology Executive Council (ITEC) Security Council and indicated he planned to attend their upcoming meeting. He also explained his idea about how INK might be able to help invest in security in the state in a way that could pay off for both the state and INK by working with them to help fund some consulting in support of developing implementation guidance for agencies on a new update to the state security policy. It had sounded when he attended ITEC that it was viewed as somewhat of an unfunded mandate and difficult for the smaller agencies to find resources to address. As part of such an effort, inventorying and classifying data would be key, so it could also be tailored to produce an inventory of public data that INK could evaluate for investment in making public while helping to ensure its information supply chain was secure.

Jones then continued the discussion, talking about INK's marketing efforts using social media, including Facebook and Twitter. They have had inquiries from state agencies on this topic and are considering developing a class for later this year. They also reach out via more traditional means – for example, they created and supplied posters for the WebFile applications to libraries. He then talked about some of the civic groups KIC was involved in to establish a presence in the local community, including Let's Help where he was on the Board of Directors and they do various events, like a Batman event at the Topeka Rescue Mission. It has been very rewarding. They also invested, with INK, in the Law Enforcement Memorial.

KIC also is engaged in legislative relations, but they are very careful there – they don't normally lobby bills, they are just looking for "gotchas" that may affect INK operations, or provide advice, like, for example, on the KBI's scrap metal bill. The bulk of their time is spent on agency relations, both taking care of the people they are already working with and looking for new opportunities with them. Then, taking a look at agencies where they don't provide services, but understanding there is a lot of need and trying to carefully focus their services with an eye toward available resources. They also try to bring expertise from their national network of states to provide advice to agencies where they can be helpful. Finally, they try to work with associations, like AAMVA in the motor vehicles area, NASCIO – the state CIOs, Secretary of States, etc. Finally, INK often serves as a middleman with the agency customers, so they try to help with those relations as well.

Gaumer asked about how often Friend and Jones got together to talk about alignment. He noted that he wrote down to say to Jones that if they were going to support bills, please support those the Legislature would properly fund. He continued that it gets to the six elements (from Friend's presentation the previous

Information Network of Kansas Board Meeting Minutes

month) that are the components of INK's mission. Gaumer asked how they coordinated in addressing those and how that gets back to the Board to make sure they are focused on advancing the Board's mission. Jones said that he would say something that Friend couldn't say, which was with prior administration of the Board they couldn't coordinate nearly as much as they could now, so he is happy about this. He said they talk several times a day and meet once a week. Gaumer asked if they did joint calls when they talk to agencies. Jones said that they had not yet, but he and Friend had been starting to take steps to coordinate that better. One area that Friend has pushed on that Jones agreed with is that, in the past, they had various reasons where they had come to keep KIC very separate from INK. But, that is unnecessary, and they are starting to look at how they can combine websites, content, and how they represent themselves. It does take coordination to make they are on the same message.

Friend said it was great when he heard Gaumer talk about the six things – it made him super happy. He continued that he was very conscious of this, he had abstracted them from the statutes, and this wasn't always the way INK's mission had been presented. So, he took that as the beginning, and he realizes the Board wants to get up to speed as quickly as possible, of trying to build something around those things and move into strategic planning. He stopped to emphasize that the things they had heard him talk about were really his effort to reconnect this to their customers, the state side of this. In the meantime, the other efforts don't stop. For example, when the Scrap Metal bill was in the Legislature, he was applying for the job, so he didn't feel like he was in a position to represent INK – now he does.

He then went through the six items and talked about what the issues were or what they were starting to do around them. He discussed rebuilding their capacity to advise, how they would start to address competitive issues with the focus on being a gateway, and several other aspects of their activities (the inventory of data, marketing). As far as how they would get that back to the Board, he said he was very conscious of this idea of standardized reporting around progress and metrics for what they are doing. He has not forgotten it, it has just been his own internal prioritization to get things to the point where they can be successful with that. At the end of the meeting, he noted, Jones would be going over where things are on the Business Plan. He felt like in the September timeframe, they would be in the position to start on a quick environmental scan, see how the business plan fits in, and then what kind of reporting the Board would like to see out of it.

Gaumer expressed that he appreciated Friend's comments. He felt like from an organizational architecture perspective, to make sure their performance measure align, he would love to see a report, per element, about what has been done to advance the six components of the mission. It doesn't have to be to the "nth" detail, more at the 10,000-foot level, like "here are the things we are doing to advance each step." It's easy, it is simple for the Board to understand, and it would be a great report for the legislative body, their constituents...Clark added "and agencies." He said that he wasn't necessarily suggesting that it would start this year, it was great that Friend and Jones were working on this, but maybe with the new business plan.

2) Network Manager Report

Jones noted that it had only been about three weeks since the last meeting, but he had a few things to provide updates on. He turned things over to James Adams, the head of technology for KIC. A key part of his focus is on security and he updated on the Board how he works closely with their corporate IT shop, ETS on this, including PCI compliance, penetration testing, and vulnerability scans. Gaumer noted that, as a banker, there were some things his organization had started to think about and he was curious about their protocol. He talked about the Capital One breach and wanted to know what INK's process was when a breach was identified, and also about what the public sector's approach was to cybersecurity insurance, whether INK was able to be on NIC's policy – only because it is a significant cost to try to recover. Adams

Information Network of Kansas Board Meeting Minutes

addressed his first question. Yancey asked if corporate had a battle plan or protocol that could be shared. Jones said he would need to review with corporate about what could be shared on open record. Yancey confirmed he wasn't asking for proprietary information, but a response plan isn't necessarily sensitive. Clark asked how much INK integrated with what OITS was doing. Adams said they adhered to their corporate security policy and the state security policy. Friend confirmed that he was also resuming INK's role on the ITEC Security Council as he had discussed earlier. Jones then talked about their relationship with the Fusion Center. Friend also drew attention to the fact that Legislative Post Audit included INK in their rotating review of data sets held by agencies for risk. And, Adams and Jones had just recently compiled a response to LPA on INK's behalf. So, this is also a point of integration. Gaumer closed by asking if INK did have cybersecurity insurance or the state did. Friend responded that he would look into that – his understand was that the state was, in most areas, self-insured. He knows that the contract with KIC has provisions for insurance, but he doesn't believe it addresses anything like this.

Jones added several items, indicating that the new person for the scrap metal project was set to be in place the 12th, so they had a meeting for the 13th to get that project kicked off. There is an ongoing challenge as it related to court records. The Judicial Branch is implementing a new system and they are still attempting to understand the approach to rolling that out. The service that INK provides generates roughly \$1.6MM for INK and \$1.6MM for the counties. However, as the system rolls out, it will definitely result in loss of revenue. The supreme court wants access to be free, so they are starting to see how that will work. Finally, they had their first working group meeting of the Kansas Business One Stop. They plan to try to have their first launch within 90 days of that meeting and he doesn't see any reason why they won't make that.

3) Draft 2018 Financial Audit

Friend noted that there were 15 minutes devoted to this item on the agenda. In a previous meeting when the Board had reviewed and approved the quarterly financials, he has gone through them in some detail, so he had been considering how to address this without going to that length. He began by providing context and history of the annual audit, then talked about the process, including the annual financial audit and an agreed-upon-procedures audit to make sure they were complying with their contracts to pay agencies. He then walked through what the documents in their packet were, and emphasized that, in the last several years, they had been brought into the state's Comprehensive Annual Financial Report (CAFR), with associated attestations on accounting matters and deadlines. The process for the Board's approval has historically been that Friend would present the draft to the Board and then they could ask questions, as well as get a hold of him with questions prior to the next meeting. Then, in September, the final audit would be presented and an official from the audit firm would attend the Board meeting to discuss the audit and address any questions, after which the Board would normally approve/accept the audit. He noted that due to some conflicts and cancellations, however, the firm representative did not attend the meeting last year.

Friend then reviewed the draft financial audit and AUP audit with the Board. When Friend talked about net position and reviewed the comments in the Management Discussion and Analysis, they came to the decrease related to WebTags no longer being delivered by INK. Clark said this is something she recommends the Board revisit at a future meeting. She noted that at the last meeting, she had asked about PayIt, as she had been stumbling through learning about this situation and, as a board member with responsibility, she would like to learn more about how all that occurred and how it exists today.

Friend interjected that the Secretary of Revenue was obviously involved in this, but they could all explain it jointly, as OITS was also involved. Yancey responded that OITS generated the RFP and signed the contract. Clark said that she didn't even understand how the RFP came about – but it didn't have to be taken up

Information Network of Kansas Board Meeting Minutes

today. Yancey continued that the two-minute version was that the CITO at the time, Phil Wittmer, was very big on mobile initiatives. And, he hired a mobile “czar” to craft an RFP – INK...NIC was actually one of the respondents to the RFP. Yancey said that he wasn’t involved in the RFP selection process, but they selected PayIt to sign a contract with for the purposes of developing a portfolio of mobile applications.

Yancey continued that Wittmer never really explained why he wanted to go the RFP route rather than leverage the existing contract or relationship. He expressed that he thought that part of his rationale was that he did talk about was that he felt like it was getting the attention and the energy it deserved at the time. And, he looks and says – “well, this is the current structure – why would I – they ought to already be doing this so I don’t have faith that they can step up and do it to the level I want” so we ought to get a serious player in mobile as a unique strategy rather than kind of leverage a shop that does lots of different things.

Friend said that he didn’t want to put the Secretary (of Revenue) on the spot or leave him hanging as he inherited this, but the current status is that in addition to Department of Revenue they also do some things at KDHE (birth certificates) including some upcoming payment stuff, and they originally had the KTAG – the turnpike piece and they are still doing that. As a practical matter, Friend said, the Board can come back and have a conversation about it – it is touching the bottom line obviously and that’s part of the deal – both ways – and it’s also this sort of weird cross-promotion. The idea being that if the Board is trying to ramp up and be the front end to the state, which the statute wants us to be, and yet when Lee Allen came to the meeting, he was like he viewed INK as just a vendor. He assumes that they want to keep moving with those mobile pieces. NIC has started to do vehicle registration via mobile in Oklahoma recently. So, there is an application that we have, so he guessed it was just a matter of working it out.

Gaumer asked, to the Deputy Secretary’s point, if the opportunity costs could be identified associated with this – so they could see what we were talking about? Friend said, yes, he could bring that back to the next meeting – and that could be part of the Board’s strategic planning. Clark stated that the opportunity cost was not just to INK, but also to the citizens of Kansas as well. They are paying fees – she needs to understand it better.

Friend then continued with his review of the draft audit, explaining how the funds flowed through INK to the agencies and then how remaining revenue was split between INK and KIC. In a later presentation of the financial activity in the report, Secretary Burghart asked if the \$50 million drop in revenue collected that was reflected in the draft annual financial report for calendar year 2018 was unusual. Friend responded that it was unusual, and noted that it was an approximately 8% reduction, but the members would notice that the net from that went up 15-17%. So, that points to rates (the amount earned off particular types of revenue). Friend continued that he’d had some conversations with Jones about this as part of drafting the Management Discussion and Analysis and the reduction in collections is really mostly attributable to the loss of WebTags. Friend recognized that this had happened in the prior Administration, but they had also lost UCC from the SOS. So, that’s where some significant loss in overall revenue collected came from – about \$40 million of it.

Friend then said that he wanted to be careful in discussing this that he doesn’t just want to toss numbers around, and it is the Secretary’s agency involved. So, he can work to get him some more exact numbers to explain how much that was and run it by him first. The overall number might even be larger, but be netted out with some other things, so he is really just talking big picture. So, he continued, that loss is notable, but the members should now consider the loss coming up for the court records. When they look at the investment plan in the next agenda item, the members would see that the Board’s revenue goes down by about 20% based on their cut of the court records. It is somewhat different as that is more of a freedom of

Information Network of Kansas Board Meeting Minutes

information issue that the judges decided they wanted to go that way on. And, this will also hit the counties, like with Goff and Cowley county, as every one of the counties is getting a share of that money just like INK is.

He then explained he efforts around the audit confirmation process, the fraud interviews conducted by the auditors, and closed by addressing the Agreed-upon-Procedures report and indicated things had come out OK.

4) Finance Committee: Board Investments

The Board discussed the investment plan and RFB that had been sent out to solicit quotes for a CD rate to invest idle funds of the Board in the amount of \$2MM.

Action Taken: Gaumer move to empower Friend to make the decision among the investment bids and procure the investment(s) that offers the most effective yield. Seconded by Secretary Burghart. Approved unanimously.

5) Board Candidate Recruitment Update

Friend noted that he was continuing to contact the organizations the board had requested to solicit candidates, but they were in various stages of discussion, including the Kansas Society of Professional Engineers and Kansas Wheat, as well as Secretary Beam to get his input. No names yet.

6) Payment Processing (*Presentation*)

Ashley Gordon, the Director of Marketing and Portal Operations, provided an overview of INK payment processing services, along with a live demonstration. A copy of the presentation is attached.

Action Taken: None.

The Board suspended the meeting briefly to select lunch and then resumed discussion. They then move to the New Business item, the Department of Commerce Grant Proposal to ensure it was covered while the membership was still in attendance.

New Business

1) Department of Commerce Grant Proposal

Clark thanked the Board for offering her this time and said she just wanted to address the Board to ask if they would consider a grant, which she was about to describe, before Commerce would go through the full process of applying. She discussed her familiarity with the grant process from being involved, at the request of the Governor's office with the broadband planning grant, as well as broadband efforts through a legislative task force.

The grant she would like to propose would leverage the investment that has already been made in Broadband map. She continued that many of the investments the Board had made in grants, such as legislative streaming, were only going to reach a certain number of Kansans without people having the access and hardware to participate. So, what they are looking at is something like what the State of Indiana did with Purdue University, on the economic impact of Broadband enhancement throughout the state, imagining what it would mean if the entire state was connected and, in the case of INK, the impact on the

Information Network of Kansas Board Meeting Minutes

very services that INK provides to citizens and businesses. And, the reverse of that, the opportunity cost of that would be lost to the Kansas economy. To her, the map investment is incomplete, it is just a step in what Kansas needs to do. So, she was just asking, if they were to pull together a grant proposal similar to what Indiana did for this – they think they could do it even better – would the Board even entertain it. They could weigh in now or, if questions, email here. Gaumer asked about the cost, which Clark estimated as around \$35-\$40K for what Indiana's cost. Commerce has the ability to work with somewhere like Docking Institute at Fort Hays State, for example that should have capacity to do this type of study. Purdue is also willing to share their methodology which should jumpstart things.

Gaumer said it certainly seems like an idea that would fit the Board's goals – it is hard to meet goal Number 1 (state gateway) without broadband. Clark said she wouldn't take that as approval of the grant application when it comes in, she just wanted to inquire about their interest.

Action Taken: None.

7) INK 2019 Business Plan Status Update

Jones walked through the Business Plan Metrics matrix included in the board packet and discussed progress on the items listed. Highlights include work on ITIL, Alexa, their work on building relationships, and from marketing perspective he mentioned the launch of the new portal and an application for an award from the Center for Digital Government, along with marketing campaigns and some work with the Governor's office. Clark asked about Envision in Wichita with regard to the subject of accessibility and she discussed their services.

Action Taken: None.

Adjourn

The meeting adjourned at 12:10 pm.

KIC PAYMENT PROCESSING



What services do we provide?



Who do we serve?



What features/benefits do we offer?



How much revenue does this generate?

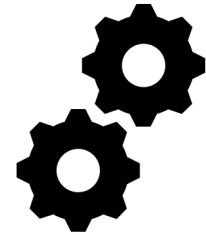


Demos

KanPay Counter- KPC is an point-of-sale solution specifically designed for state and local government entities. Payments may be made in person (OTC) or online.

KanPay (CCP) – KanPay, and it's newer counterpart CCP, are online checkout platforms that offer configurable payment processing options for government-to-citizen transactions.

Prompt Pay – Prompt Pay is on admin service designed to quickly and easily present invoices to customers and collect payment for government services via web or mobile channels.

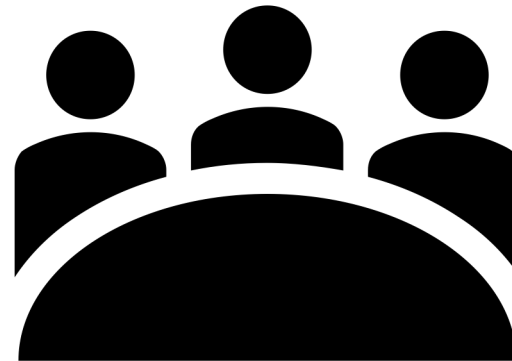


WHAT PAYMENT PROCESSING SERVICES DO WE PROVIDE?

500+ organizations

This includes the following installations:

- State Agencies & Boards - 35
- School Districts – 100
- Cities – 102
- County – 198
- Libraries – 41
- Rural Water Districts – 20



WHO WE SERVE

FEATURES + BENEFITS

Our payment processing solutions are specifically designed with the needs of government in mind.

We offer full life-cycle transaction management for total transaction transparency.

Other features include:

Fully-hosted

PCI-Compliant (Level 1)

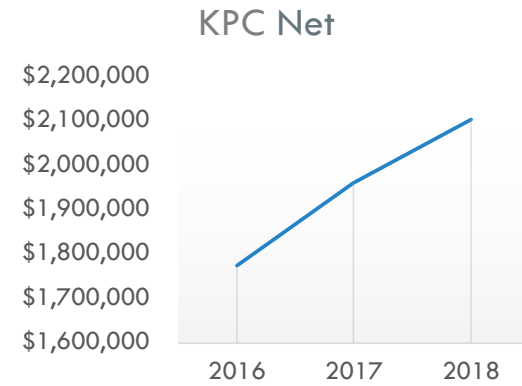
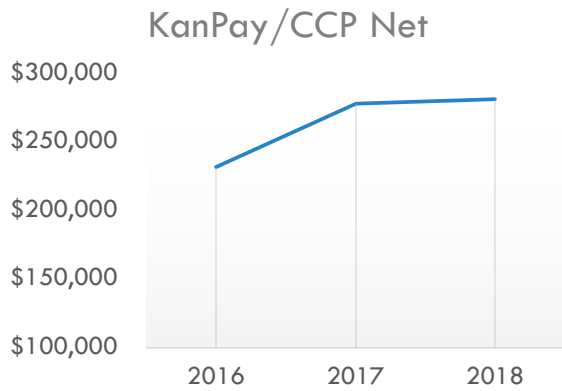
Configurable

Extensive Reporting

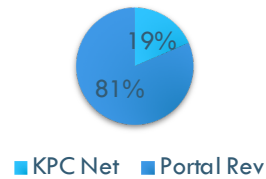
Disbursement

Flexible banking





KPC as a Percentage of Portal Revenue



REVENUE GENERATED





DEMOS