

# Information Network of Kansas Board Meeting Minutes

---

## October 2020 INK Board Meeting October 1, 2020

### Opening

A meeting of the INK Board was called to order via online videoconference in Microsoft Teams at 10:05 a.m. on Thursday, October 1, 2020 by Chairman Aaron Kite with the following members present:

Mark Burghart, Secretary of Revenue  
Jennifer Cook, representing the Secretary of State  
Doug Gaumer, representing the Kansas Bankers Association (*joined at 10:39 a.m.*)  
Jim Haugh, representing the Secretary of Commerce  
Glen Yancey, representing the Executive Branch Chief Executive Technology Officer

### Others Present

Tim Shultz, INK Board Counsel; Duncan Friend, Information Network of Kansas; Nolan Jones and James Adams, Kansas Information Consortium, LLC.

### Consent Agenda

The Consent Agenda for the meeting listed draft minutes for the September 3, 2020 regular meeting of the INK Board and for the September 22, 2020 Special INK Board meeting, along with the September 2020 Network Manager report and contracts for KanPay Counter services for Barton County, City of Macksville, Franklin County Rural Water District #2, and Pottawatomie County Rural Water District #2.

**Action Taken:** Cook moved to approve the items on the Consent Agenda. Yancey seconded. There was no further discussion. Approved unanimously.

### Regular Agenda

#### 1) Governor's COVID-19 Pandemic Response Public Communications and Supporting Activities Grant – Additional Projects for Consideration

Friend began by noting that there was a status report in the packet that showed where things were expenditure-to-budget with the projects under the Governor's grant. Friend explained to the Board that there were two additional projects being proposed by the Governor's office that he wanted to make the Board aware of. The first was for \$5,000 and was to continue to help with sign language interpretation for meetings. The second was to do something similar to what the Governor's office had been doing for COVID-19 public briefings using Facebook Live, but with Kansas Department of Labor for Unemployment Insurance in the amount of \$10,000. He then turned to the summary sheet that showed the individual projects and noted that Kate Davis of the Governor's office told him that what was shown on that sheet as Item 10, COVID-19 Website Messaging, had been suspended and they were unlikely to move forward with that project.

Friend stated that his intent in talking about these projects was to confirm that the Board was okay with moving forward with approving them. The sign language interpreters, for example, could well be used for purposes beyond just COVID-19 related briefings.

## Information Network of Kansas Board Meeting Minutes

---

**Note:** At this point, Friend had difficulty with his connection to the videoconference so the audio was handled by having those in attendance call in to the teleconference line at about 10:15 a.m.

Friend continued, noting that he could approve them, but because there was now CARES Act money and things were sort of in operational phase in terms of ongoing efforts, he wanted to see if the Board had any questions on this.

Kite asked Friend to confirm whether or not these projects were within the authority delegated to him to confirm. Friend confirmed that they were. He then asked if they were within the purpose of the granting authority. Friend said that they were. The reason he was bringing it forward was informational. But – and he stated that he knew this had been discussed before - there was a provision in the grant application that asked what other funding sources were pursued. These are relatively minor expenses, but the Board members were aware that other funding sources were now being made available to address unexpected COVID-19 impacts. Previously it has been discussed that the idea was to get that money primarily to those affected by the pandemic, vs. administrative expenses. So, as long as everyone knows this and it doesn't cause anyone any heartburn, this is why he asked. He will move forward to approve it.

Cook noted that she agreed and these were relatively minor. The one thing to be careful about was the Board did approve the grant for COVID-19 expenses, so he would want to confirm that the expenses were being used in that vein. She wouldn't have a concern if it were used in the vein in which the Board had intended it. Friend said that she was right to the point. He didn't want to put too fine a point on it, but obviously these kinds of things get scrutinized or audited after the fact. The public information aspect – it certainly fits that. But the question is about being pandemic-related. He said he had emphasized this with them and he thought they understood that. So, for example, maybe meetings were being held virtually, but the theme wasn't pandemic information, it was something else, but tangentially related and they needed signing for that. He felt INK would be interested in trying to support that, but did it come under this grant? He hated to draw that so tightly for such a small amount of money. He can let them know and if he sees anything that starts to substantially stray from that, he could re-broach it with the Board, either as a different grant for a different purpose, or just let them know it doesn't fit and defer it to the Board if they want. Cook responded that she thought what we would do would be to just look for their assurance that how they were using the funds was how the Board intended and then it would be up to them to make that determination and assurances to the Board. Yancey said that he agreed with Cook. He didn't think the Board wanted to get in the business of trying to police individual use cases. But, it was certainly fine providing a reminder to them that they are responsible for ensuring that the funds are expended against the intended purpose and the Board expected them to assure that. He added that he thought their past use of the funding and their judicious management of it should give the Board confidence that they're doing that. Friend agreed and would move forward and emphasize that the Board's interest is making sure that the expenditures are in the spirit of the grant and in what INK's statute says about making public information available.

**Action Taken:** None.

### **2) Kansas Bureau of Investigation – Scrap Metal Application – Request for Development of Additional Reports**

Jones told the Board that the project was going great and that the KBI was happy. One of the things about the project was that canned reports were not part of the initial project as time was too tight to provide it.

## Information Network of Kansas Board Meeting Minutes

---

Post-project, the KBI has asked for some canned reports and reporting mechanisms – they have the data, this is to make it easier to pull it from the system. They’ve met several times about it and it looks to be about 200 hours. There could be some debate about whether or not this needs a separate contract – his opinion is that they could just knock it out as a project and move it along. But, he wanted to bring it to the Board’s attention. There is always a concern about whether they should charge them for it or not. Personally, Jones felt that they could work within existing resources and complete it fairly quickly. Friend added that those on the Board familiar with the project knew that significant effort and funds were invested in the project that were not covered by what was charged, KBI has signed off on accepting the project and they are scheduled to make two payments of \$30,000 over two years even though it cost more than that. Thus, at this point, INK has built it and are maintaining it, so INK is really the only one they can come to for this. So, the only question he had was where it would end. He assumes it will end and Jones referred to that – this is just the reporting part – but he just wanted the Board to understand that 200 hours is around \$20K at the regular rate. He is not against it, and they have every reason to want to help them to make the project successful – they don’t want to put them in the situation that after it is implemented, they are unable to do reports and can’t do enforcement, for example, so it is a key piece. This is why Friend added it to the agenda – there is no document to approve, just for the Board’s awareness if anyone had any heartburn about approaching it this way.

Friend asked Jones how the work would be memorialized – an amendment? Jones said no, he would just do the normal project planning and make sure there was sign off and knock it out.

**Action Taken:** None.

### 3) INK Quarterly Financial Statements

Friend directed the members to the 1<sup>st</sup> and 2<sup>nd</sup> quarter financial statements included in their packets. The 4<sup>th</sup> quarter financials for 2019 had been bought forward in May and then June so that the members had additional time to review them. He continued that while the financial reports for 2019 have been audited and no material misstatement was found in them, one of the things that he had brought to the Board’s attention previously was the area of the reports under “Additional Information” that was not audited, but included budget-to-actual information for INK operations. It was an important management tool as it could help the Board understand if projected revenue for various services was on track. This was an area where things could be improved and Friend had been focused on this, but was out a lot over the summer, and has just been getting back to it and getting the reports finalized.

He has had meetings with Jones, KIC and NIC and INK’s accountants on this. He didn’t want to mischaracterize it as a project that would have any real impact to distort the financials being reported such as the Statement of Financial Position or the Statement of Financial Activities. The area he is talking about is in the Additional Information portion that is unaudited to make sure that if a negative variance is being shown against, say, expected Kansas Corporation Commission revenue, is that accurate, what does it mean, and is it material? Friend had inherited this issue and for several years, it had not been what they had wanted him to focus on in addition to his other duties. So, he was now coming back to it. These two quarterly reports are reflective of the work that he and KIC had done and still have a little more to do. So, the financial reports are stated correctly and have been audited. This is about expectations, say, that “INK would make a million dollars revenue on something and had only made \$700,000 to-date, is there an issue?”

## Information Network of Kansas Board Meeting Minutes

---

Friend then offered to walk through them to see if the Board had questions and talk about any of it – and then ask Jones if he had something to say about anything he had seen that could impact revenues, COVID-19 related or otherwise. Friend asked Jones if he would agree that they have a good handshake now with them and their corporate office on how this is working. Jones agreed and offered to discuss what they were seeing as far as actuals vs. budget. There are a lot of different services that were delayed because of deadline extensions, like the Secretary of State annual reports; and Driver History Record revenue has been soft so far this year as a lot of people were not buying cars but are now getting back into it. Over the Counter / KanPay Counter has also been kind of soft as a lot of schools closed early toward the end of the spring session and a lot of events didn't occur this summer - as well as government offices closing. So, more than anything, it appears to be a shift in time – a lot of these transactions aren't ones that people have a choice in doing, so it is more of a timing thing. On an optimistic note, they are hoping they can grow these numbers to their previous amount and then some via business development as the economy picks back up.

<Gaumer joined the meeting>

Friend then went over the 2<sup>nd</sup> quarter Financial Statements briefly. He also noted the investments the board now had and how it differed from the previous year and talked about the standing of the grants shown on the report, noting that he had paid out a significant part of the balance on the Seaman grant recently that wasn't yet reflected. There were no questions – Friend asked about the board's preference as to approving the reports vs. what had been a recent practice of accepting them. Normally, he would ask for a motion to approve, but the main point was to obtain some type of acknowledgment by the Board. Secretary Burghart said that he could move that they accept the reports as submitted, as he was reluctant to approve anything that had not been audited. So, they could just accept them. Friend said he felt that was fine and he could always do more research later. Kite asked if a motion were needed. Friend asked Secretary Burghart if he had a feeling either way about that, based on what he'd said. He responded that he felt that as a matter of course going forward, when the Board received statements like this it just be noted in the minute that they received them. A motion didn't seem to be necessary. Kite agreed – a statement should be included in the minutes that the financial statements were distributed to all board members and available for their review.

**Action Taken:** None.

#### 4) Board Membership / Nomination Update

Friend noted that he had explained in some detail at the last meeting – it was in the minutes – about the status of board member terms and also the board nomination and appointment process. He recapped this information, then explained status. The list of three nominees from the Kansas Bar Association has gone to the Governor's office – it goes directly to them by statute and not through the Board as they are directly nominating them. He talked to them yesterday and they are actively working those and estimated they would have an appointment by the end of the month. That is also the case the nominees from the Kansas Library Association. Wamsley was not on the call, but his position as a KLA representative works the same way as the Kansas Bar Association. That slate of three names went over last fall, but there had been some COVID delays and the Governor's office indicated they are also actively evaluating that slate and estimate they should have that position appointed in the next week or two. With those two positions filled, the membership of the Board would be Department of Commerce, Department of Revenue, Secretary of State, OITS, Kansas Bar Association, and Kansas Library Association. So, there would be six members seated which exceeds a quorum and they could continue to actively meet.

## Information Network of Kansas Board Meeting Minutes

---

Friend then briefly summarized what needed to be done next for the three user association positions. A slate of three individuals would need to be nominated by the Board for each of the positions. They are not dedicated to any particular association. Two are now filled and one is vacant. The Kansas Association of Counties has re-nominated Lucas Goff as their representative to the Board, so that would be one name for the slate of three for the position to be brought forward. Next, he contacted the Bankers Association and they also named a person. In addition, he noted that the Board might remember that he'd spent considerable time in identifying a candidate to represent a statewide association that was in the Precision Agriculture field, as the Board had been interested in this. The person who had been nominated was recommended by the agriculture startup community. He has confirmed that he is still good with being nominated and Friend will confirm that with the association.

So, Friend said, there are two positions in the process of being filled in the Governor's office, and he now has three names that could be submitted for another. However, he recommended that he wait and talk to a few other associations and also further investigate whether there were any candidates known through recent efforts supported by the Governor's office to involve more women in civic boards. Previously, he had focused more on Oil and Gas and Aviation at the direction of the Board, but that had been difficult to get names there and so he wanted to return to some of the other associations that had participated in the past.

Kite asked if Friend felt like he was making progress or running into some stonewalling. He responded that he was optimistic – he had been successful at this before. Kite said that there was a core group of associations that he believed have a vested interest in making sure the Board functions and operates, and those organizations typically have a history with INK, whereas the rest of them don't have education about it. Friend agreed and noted that he had brought a list of about 25 different potential user groups to a Board meeting – for example, Agronomists were mentioned – to get the members' input on a potential direction to look for new members and the consensus, driven by Patty Clark, was to look at the three major pillars of the economy – Agriculture, Oil and Gas, and Aviation. However, he had trouble finding many statewide oil and gas or aviation organizations that fit the statute – so he had spent a lot of time in agriculture trying to find a person that fit from the Precision Agriculture area had been discussed. So, he was going to return to the usual groups as Aaron had suggested – Insurance, Accounting, etc. He would like to give that a try over the next month as he has had reasonable success with that approach.

Cook asked if they had ever looked at a small business group, or something like that. Friend thought that was a good idea, he wanted to make sure to fit within the statute in terms of it being statewide, dues-paying, registered with the Secretary of State and so on. He said that when he thought about it, it would be excellent and it might be that Cook had some ideas. He had worked with some organizations associated with the Business Center, like Small Business Administration, but he would try to think of some relevant associations.

**Action Taken:** None.

### 5) Business Plan Update

Jones addressed this item and a copy of the related presentation is attached.

**Action Taken:** None.



### 6) Service Spotlight: INK Subscriber Services Overview

The scheduled presentation was not given due to time constraints as the meeting was running long. It would be deferred to a future meeting.

### 7) Network Manager Report

Jones focused primarily on a discussion of a new request for proposal that had recently been issued by the state for hunting / fishing licensing and the idea that NIC rather than INK/KIC might bid on it. Things were still being evaluated, but it was due on October 30. He hoped to have a response back from NIC by the following week. He then deferred to Friend to talk about the process related to that.

Friend summarized the provision of the Master contract with KIC that would allow KIC to refer business to NIC with board approval if INK / KIC decided not to pursue a specific opportunity. Its origin is in another provision that prevents KIC and NIC from competing with INK. He had previously seen these as big packaged systems that were best implemented with off-the-shelf software. He had not considered that it might be used somehow to partner with NIC, something that had been suggested by the new board counsel. He would defer to him for that discussion, but that is the decision that would need to be made on the INK side. To Friend's knowledge, this provision has not been used to-date.

Shultz said that he had reviewed the Master contract and INK's implementation statutes and he believed that this project would be within the scope of INK's purpose. The question is whether or not INK/KIC has the capability to do this. But, NIC apparently does. So, the question arises as to whether KIC can work with NIC to bring the capability through INK so that basically INK is using their infrastructure and hardware to bring this within KIC's contract with INK. If INK decides it doesn't want to do that, he thinks the Board just needs to make a motion to approve the fact that they don't want to include this as part of INK's projects. Then, at that point, KIC can refer it to NIC. Friend indicated the only thing he would add to that is that he wouldn't ask the Board to approve that prospectively today and so it would require another meeting of the Board either way. And, this is another way of thinking about it, so he felt he should investigate this with Jones and Shultz, as it could happen again – NIC has things like software that could be used by a Board of Pharmacy, for example.

Yancey remarked that he'd always understood that one of the benefits of KIC being associated with NIC is the fact that the larger organization had a software portfolio above and beyond what state resources might allow for, and that the local state entities had potential access to that in order to fulfill their mission, at the same time enhancing their revenues and the revenues of the underlying governing boards. So, regardless of how an application gets developed, he thought the Board would want to protect that interest. He assume that if NIC bids on this and it becomes part of its software portfolio and they want to roll this out to other states, other state and local entities of INK have the potential to implement part of that software portfolio and gain revenues as a result of it. In Kansas, the Board ought to be able to exercise that same capability.

Jones said that this was an existing system that the parent company had built and rolled out in several states. They invested themselves in building it. Yancey asked how the other state boards participated in it – they don't share in any of these revenues? Jones said that it depends on the state – many of them have the same type of agreement where if they build it on behalf of the state, there's a revenue share. But, on certain products where NIC has either purchased a solution via an acquisition or built one from the ground up on its own on a large project, that's separate as a stand-alone line of business.

## Information Network of Kansas Board Meeting Minutes

---

For things that are developed in-house or for the state, then this still occurs, and they make use of corporate products like payment processing that are part of what they do. There is only a few of these large standalone products. Yancey said he can appreciate that, but at the same time KIC is here (in Kansas) and the state of Kansas benefits from the fact that there is INK. And, NIC doesn't come into this potential bid scenario as an unknown entity. It comes in as an entity that has a relationship with the state, and they are going to trade on that as part of the bid process. That leg up seems to be in some way leveraging NIC/KIC's prior relationship or existence into the benefit of other parties, in this case NIC and they want to keep this business line separate.

Jones responded that he would counter that based on the experience / qualifications required in the RFP, it is a question as to whether INK would qualify to bid. There are a variety of other requirements in there around liability and other things that would need to be analyzed. He is not representing NIC in this, but he is saying that if they decide to bid it, they are bringing their qualifications, their name, their experience, not under anything KIC is bringing to the table. The Master contract between KIC and INK is very clear that KIC wouldn't be allowed to put any resources to this project if NIC was awarded it. Yancey noted that while that was fine on paper, they knew the state of Kansas because KIC is here. That does give them insight that potential outside companies wouldn't have; they have resources on the ground that are under the corporate umbrella.

Friend interjected that, as a practical matter, NIC is starting to develop its own product lines and they are likely to keep doing it. So, he thinks there is merit in running to ground what the positions are on this, regardless of whether the Board says it will pass on this one. He is starting to look at it and will have Shultz do so. Shultz said that it sounded like KIC is already benefitting from some NIC structures that they have implemented. So, from a procedural perspective, this is already being done in other cases, where KIC is utilizing NIC products and structures for the benefit of Kansas under the INK contract. So, he doesn't think procedurally the case is that extraordinary. But, he did think that evaluating the RFP to decide if INK could qualify is something that INK needs to do – they really couldn't rely on KIC.

Friend indicated he would proceed, but wanted to make sure the Board was informed as to whether things stood at present. Friend said he'd send a copy of the RFP to Shultz and Yancey. There was no further discussion.

There was no additional business for discussion.

### **Adjourn**

The meeting adjourned at 11:20 a.m.