

DEPARTMENT OF INFORMATION RESOURCES
Open Board Meeting
August 25, 2011
9:30 a.m.
300 W. 15th Street, Room 103
William P. Clements Building
Austin, Texas 78701

CALL TO ORDER: Board Chair Charles Bacarisse called the meeting to order at 9:37 a.m.

I. ROLL CALL AND WITNESS REGISTRATION: Board Secretary, Pat Koller, called the roll.

Members present:

Chairman Charles Bacarisse
Ramon Baez
Rosemary Martinez
Richard Moore
Robert Pickering
Wanda Rohm
Bobby Halfmann – Ex-Officio
Louis Carr, Jr. – Ex-Officio

II. Approve minutes from June 2, 2011, Board meeting

A motion to approve the minutes of the June 2, 2011, DIR Board Meeting was made by Mr. Moore and seconded by Mr. Pickering. Motion carried unanimously.

Mr. Bacarisse welcomed Louis Carr, Jr., our new ex officio member from TXDOT, to the Board.

III. Executive Director's Report

Ms. Karen Robinson also welcomed new member Louis Carr, Jr. to the DIR Board. She also pointed out that this meeting would be the last for Ms. Cindy Reed, and thanked her for her years of state service. Ms. Robinson then presented an overview of the agenda of the meeting. She stated that Nick Villalpando would be presenting financial information and the FY 12 Budget, as well as discussing the impact of several new legislative requirements on DIR's budget. She presented a briefing on the State Strategic Plan for Information Resources Management and advised the Board that a print copy of the draft plan would be included in the Board package for review and action at the October Board Meeting. Ms. Robinson recognized the Texas.gov program and the efforts of the people who make up the partnership both with DIR and our partner Texas NICUSA, and also mentioned the many accolades the program is receiving. She spoke briefly about the Communications Technology Services program that provides voice and data solutions for Texas, and noted in particular the procurement effort currently underway for the next generation of services and recognized AT&T for providing years of excellent service. Ms. Robinson discussed the Information Technology Security program and stated that Mr. Holt would provide more details in his presentation including a new assessment program for agencies. She stated that the Data Center Services program is still on track with the reprocurement and that we plan to have contracts signed by the end of the year. Ms.

Robinson presented a Legislative Update explaining there were more than 20 bills that affect Information Technology that passed last session, and highlighted a few of those for the Board including various aspects of SB1. At this time Ms Robinson introduced the DIR Leadership Team and explained new roles, and introduced new employees to the Board.

IV. Finance Report

Mr. Nick Villalpando, Chief Financial Officer, introduced himself and presented the highlights of the FY11 Q3 financial statements including the budget status and budget amendments. He presented details on the operating budget status as of May 31, 2011, stating that the majority of revenue/expenditure items are on track with the amended operating budget. He also provided information on the status of the ICT rebates which should be completed by 8/31/11.

Mr. Villalpando presented details to the Board on Budget Amendment 4 which reduces the salary budget by \$500,000. There was some discussion by the Board and Mr. Moore explained that we are amending the budget to be as close as possible to actual operations. *A motion to approve Budget Amendment #4 was made by Mr. Pickering and seconded by Mr. Moore. Motion carried unanimously.* Mr. Villalpando also presented information on Budget Amendments #1, #2, and #3 for reporting purposes only. Mr. Pickering asked if fund balances carry over. Mr. Villalpando stated that the fund balances will carry over, but DIR will have restricted spending authority next year. Ms. Martinez stated that they plan to do reporting on fund balances separately even though there is no budget impact so the Board knows when dollar amounts are accumulating and require attention.

Mr. Villalpando presented the proposed FY12 Operating budget to the Board beginning with Budget Assumptions and Philosophy. He also explained the new Legislative Requirements affecting DIR in the General Appropriations Act. There were questions from the Board concerning the \$6.7 million to DIR which is to be transferred to the Comptroller for ERP implementation costs. Ms. Martinez and Mr. Villalpando informed the Board that the costs are to be incurred by the Comptroller's office, but that we had full transparency for the project. He also discussed requirements established in Special Session SB1. Based on Sunset recommendations, the FY12 Operating Budget also included specific items which Mr. Villalpando explained.

Mr. Villalpando told the Board that the FY12 Operating Budget request is for \$38,654,202. He went into detail about Revenues, Difference in Revenue and Operating Budget Request, the FY12/13 LAR and all Funding Sources/Revenue. Funding Sources/Revenue include Administrative Fees, various Revenues including ICT Contracts, Data Center Services, Texas.gov, Telecom (including Tex-AN), and the Capitol Complex Telecommunications System. He also detailed Expenditures including salaries and professional fees, telecom infrastructure and software related expenditures and indirect expenses. Mr. Moore stated that Ms. Robinson has done a tremendous job in streamlining the agency. There was discussion about specifics of the budget and Mr. Pickering expressed a concern if the budget was sustainable past 2012. Mr. Villalpando agreed that this is a concern and we basically have to break even every year. Ms. Martinez explained that some expenses such as various professional fees are one time expenditures. Mr. Villalpando explained that fund balances will exist, but we will be restricted, so our strategy may be to attempt to get the LBB to allow us access these balances to level things out. Mr. Pickering asked if procurement had been factored into the budget and Mr. Villalpando stated that it has. Mr. Villalpando also discussed expenditure categories with significant changes and projected fund balances.

Ms. Martinez made a motion to approve the FY12 Operating Budget Request and Administrative Fees as requested. Mr. Baez seconded. Motion carried unanimously.

V. Internal Audit

Andrew Dimas, Director of Internal Audit, presented the Audit Report on the Information and Communications Technology (ICT) Cooperative Contracts Program – Contract Establishment and Monitoring Process. Ms. Martinez informed the Board that the Audit and Finance Subcommittee had met the day before for several hours. Mr. Moore made a motion to approve the Audit report as presented. Mr. Pickering seconded. Motion carried unanimously.

Mr. Dimas presented the FY12 Audit Plan. Mr. Pickering made a motion to approve the FY 12 Audit Plan as requested. Ms. Martinez seconded. Motion carried unanimously.

Mr. Dimas stated that DIR is currently working on a management response to the State Auditor's Office on the ICT Audit Report which was sent to the Board.

VI. Rules Action Items

Mr. Zelinsky asked the Board to:

- a) Consider issuing order adopting the amendment of 1 Texas Administrative Code, Chapter 201, *Planning and Management of Information Resources Technologies*, without changes, and authorizing publication of the adoption of the amended rules in the *Texas Register*.
- b) Consider issuing order adopting the amendment of 1 Texas Administrative Code, Chapter 203, *Management of Electronic Transactions and Signed Records*, without changes, and authorizing publication of the adoption of the amended rules in the *Texas Register*.
- c) Consider issuing order adopting new rules under 1 Texas Administrative Code, Chapter 205, *Geographic Information Standards*, without changes, and authorizing publication of the adoption of the new rules in the *Texas Register*.
- d) Consider issuing order adopting the repeal of 1 Texas Administrative Code, Chapter 208, *Communications Wiring Standards*, and authorizing publication of the adoption of the repealed rules in the *Texas Register*.
- e) Consider issuing order adopting the amendment of 1 Texas Administrative Code, Chapter 209, *Minimum Standards for Meetings Held by Videoconference*, without changes, and authorizing publication of the adoption of the amended rules in the *Texas Register*.

Ms. Martinez made the motion to authorize actions as requested. Ms. Rohm seconded the motion. Motion carried unanimously.

Mr. Zelinsky asked the board to:

- f) Consider proposing the amendment of 1 Texas Administrative Code, Chapter 210, *TexasOnline*, as a result of rules review, and consider authorizing publication of the proposed changes in the *Texas Register* for public comment.
- g) Consider proposing the amendment of 1 Texas Administrative Code, Chapter 212, *Purchases of Commodity Items*, as a result of rules review, and consider authorizing publication of the proposed changes in the *Texas Register* for public comment.

Ms. Rohm made the motion to authorize actions as requested. Mr. Moore seconded the motion. Motion carried unanimously.

Mr. Zelinsky asked the board to:

- h) Consider proposing the amendment of §217.1 and repeal of §§217.12 and 217.32 in 1 Texas Administrative Code, Chapter 217, *Procurement of Information Resources*, and consider authorizing publication of the changes in the *Texas Register* for public comment.

Mr. Pickering made the motion to authorize actions as requested. Ms. Rohm seconded the motion. Motion carried unanimously.

Mr. Zelinsky then directed the Board's attention to a copy of Article 23 in SB 1 which requires the Board to establish approval requirements for all contracts. Ms Martinez and Mr. Halfmann volunteered to serve on this committee with Mr. Zelinsky. *Mr. Moore made the motion to authorize creating the Rules Subcommittee. Mr. Pickering seconded the motion. Motion carried unanimously.* Mr. Moore asked that the committee to come back to the Board in October with recommendations.

Mr. Zelinsky presented information to the Board on two proposed advisory committees. The Customer Advisory Committee was recommended in our Sunset Bill. This bill was vetoed but DIR management thought it was a good idea so we are proceeding. Mr. Zelinsky explained details of this committee which will better integrate committees and program areas and will be a true customer governance oversight. There was some board discussion and it was established that the Committee would likely meet quarterly. *Ms. Rohm made the motion to approve this Committee as proposed. Mr. Moore seconded the motion. Motion passed unanimously.* Mr. Zelinsky then presented information on the proposed Statewide Information Security Advisory Committee. This would be an umbrella advisory committee to report to Ms. Robinson on information security matters. Mr. Halfmann asked if these committees expired at any time. Mr. Zelinsky stated that membership in the committees expired but the committee continues. *Ms. Martinez made the motion to approve this Committee as proposed. Ms. Rohm seconded the motion. Motion passed unanimously.*

VII. Data Center Services

Mr. Ed Swedberg presented an overview of the Data Center Services. He provided a short update on Current Operations including Critical SLA Results and the Service Request Queue, DCS Customer Satisfaction Survey including preliminary results, Procurement Schedule with expected due dates, and Transition Phases including details and timelines of the various phases.

VIII. Texas.gov

Mr. Doug Holt presented an overview of Texas.gov which includes 2011 Key Objectives and FY11 YTD Key Performance Measures including Cumulative State Revenue Share, Customer Satisfaction, Transactions, and Cumulative Texas.gov visits. He introduced Mr. Todd Kimbriel who provided further details on the Key Objectives including Delivering Effective Services (Vital Records, Smart Buy, eFiling, Texas Veteran's Commission and DPS), Establishing Texas.gov as the nation's premier public portal (detailing various State and National Awards and details on revenue), and Providing Innovation (Android App, TxNet, Texas.gov Marketing).

Mr. Holt presented information on new Texas.gov fees and asked the board to consider approval of new business models and fee structures for TxEvents, TxPay Counter, and Bulk eFiling in conjunction with the Office of the Attorney General. He also asked the Board to consider approval of new fees for Open Records in conjunction with the Office of the Attorney

General and Department of Public Safety Capitol Access Pass. *Mr. Moore made the motion to approve the new fees. Ms. Rohm seconded the motion. Motion carried unanimously.*

IX. Board Subcommittee Reports

Mr. Pickering reported on the DCS Remediation Subcommittee. He indicated the reprourement activities are continuing, and in June we issued a response to vendors and have received responses back which we are evaluating. We hope to have completion by year end. We are still having issues with server migration, performance, employees leaving, etc and the Subcommittee continues to be involved.

Mr. Pickering also reported on the Tex-AN Board Subcommittee. He stated that they so far have had 3 conference calls, with the last one being a week before the meeting. We are in an open procurement and are making good progress. The good news is that we are getting more for less and getting a better product. The DIR team recognizes new opportunities which they bring to the Board Subcommittee and the Board is engaging consistently and regularly with the team.

Mr. Moore reported on the Texas.gov Subcommittee. He stated that everything Todd and Doug presented earlier was thoroughly vetted by the Subcommittee and that all was moving well. These Subcommittee meetings afford a level of input from the Board that they did not have in the past.

Rosemary Martinez reported on the Audit and Finance Subcommittee. She stated that she and Richard had been engaged all summer in this committee, and participated in a lengthy budget workshop with DIR. Budget assumptions came out of this workshop and led to the development of the 2012 Budget. On August 24 the Subcommittee met again to look at changes they had recommended. Mr. Villalpando discussed the final process for review of fee proposals and will develop a timetable.

Mr. Bacarisse commented that our Board meets quarterly and the various Subcommittees meet consistently. He stated that this is the most engaged Board he has participated on and all is working as it should.

At 12:14 p.m. Chairman Bacarisse announced that the Board would recess the open portion of the meeting to go into executive session pursuant to Section 551.071, Government Code, to consult with its attorney. At 1:14 p.m.. Chairman Bacarisse called the meeting to order again and announced that a quorum was present. Chairman Bacarisse stated that while in executive session the Board did not vote, take any final action or make any decision.

X. Communications Technology Services

Mr. Holt introduced Carl Marsh who presented the Communications Technology Services Update, including Key Objectives, which include deliver thought leadership and enable telecommunications solutions for the state (Tex-AN NG solution, telecommunications forum, wireless strategy), create and implement solutions that reduce cost and maximize productivity (UCS platform, solutions integrating DIR and vendor Tex-AN NG services), and provide value-added support services at the highest levels of quality (customer self service portal, new fiber infrastructure in Capitol, fiber optic solution for Governor's Mansion). Mr. Halfmann stated that the HHSC project went very well. Mr. Marsh also thanked AT&T, Insight and Cisco for their help with the HHSC project, and stated customer involvement with HHSC was significant.

Mr. Holt presented Key Indicators including Network Availability, Q3 Total Customers, Average Network Voice Minutes, and Average Network Data Traffic.

Mr. Holt presented information about the Tex-AN NG Procurement including Goals, Benefits and Customer Communications. He also discussed Milestones and Contracts Executed and noted that the procurement is now winding down. Mr. Holt noted that Mr. Marsh came on board in April and he along with his new team put together a first class RFO. There had been negative feedback from the customers and vendors on the previous RFO which was all taken into consideration. The procurement will be closed out before the next Board meeting. Mr. Bacarisse acknowledged the great work of the team on this procurement.

XI. Information Security

Mr. Holt recognized Kevin White, Interim Assistant Director of Security along with Carl Marsh and Martin Zelinsky who have also assisted in this division. Mr. Holt presented the Information Security Update which included 2011 Key Objectives including prevent cyber attacks and incidents (statewide 24/7 monitoring, cross-jurisdictional discipline training/education/certification, support group purchase RFO's), reduce vulnerability to cyber attacks (identify vulnerabilities, increase information sharing, facilitate best practices), and respond and recover to minimize the impact of successful cyber attacks (state level incident response capability, promote cyber security exercises, integrate cybersecurity into COOP). He also presented FY11 Performance Measures including Total Vulnerability Assessments, Controlled Penetration Tests Delivered, Web Application Vulnerability Scans, and Security Training Hours Delivered. Mr. Holt discussed New Enterprise Solutions including Improved Wan Security Solution, and the Texas Enterprise Risk and Security Program.

He then introduced Mark Brockman, Director of Business Operations Network and Security with AT&T who provided information on a Cloud based Security Analysis Platform. This program is called SETA – Secure Event Threat Analysis. Mr. Brockman stated that we will be moving to better real time security awareness with better warning and predictability.

Mr. Holt introduced Bill Kumagai with Gartner. He stated that we have engaged with Gartner to help us with better methodology to assess the State's security, educating the State's security personnel on the right way to do things. Mr. Kumagai then spoke about Gartner's ability to bring best practices to the State of Texas as we pull together an enterprise approach. This will include solid program office management, security and risk assessment of selected agencies, and an ongoing decisions approach. We will have access through Gartner to syndicated research and quarterly workshops and webinars. This is the first program of its kind in the world.

XII. ICT Cooperative Contracts Program Update

Mr. Bacarisse introduced Cindy Reed and noted that this will be her last Board meeting. Ms. Reed provided an update of the ICT Cooperative Contracts Program as of the end of Q3. She discussed ICT Performance Metrics, detailing Sales and Cost Savings, Sales by Channel, Cost Savings by Channel; Key Metric Drivers, and Product Trends and New Sourcing Opportunities. She introduced Dan Contreras who provided details on procurements in progress, New product initiatives for FY11, and new product initiatives for FY12.

XIII. Public Testimony

There was no public testimony.

XIV. Adjournment

Ms. Martinez made the motion to adjourn. Mr. Moore seconded the motion. Motion carried unanimously. Chairman Bacarisse adjourned the meeting at 2:20 p.m.