

**DEPARTMENT OF INFORMATION RESOURCES
Open Board Meeting
February 10, 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 9:30 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
Phillip Keith Morrow
Robert Pickering
Mike Geeslin – Ex-Officio
Bobby Halfmann – Ex-Officio
Steve Simmons – Ex-Officio

II. Approve minutes from October 28, 2010, Board meeting

A motion to approve the minutes of the October 28, 2010, DIR Board Meeting was made by Mr. Morrow and seconded by Mr. Pickering. Motion carried unanimously.

III. Executive Director's Report

Ms. Karen Robinson introduced the three new Ex Officio Board Members: Mike Geeslin from TDI, Bobby Halfmann from HHSC, and Steve Simmons from TXDOT. Mr. Bacarisse welcomed the three new members to the Board.

Ms. Robinson discussed the Strategic Focus of DIR including internal operations with information on strategic decisions to streamline the agency and reduce operating expenses. She also discussed the value of DIR as THE State Technology Agency including details on reducing costs and mitigating risks, and the core IT competencies that we provide through three key disciplines: Emerging Technologies, Contracting for IT Solutions, and Oversight and Management of Complex Outsourced IT Projects. Ms. Robinson discussed Sunset Management Recommendations including timelines and action plans, and provided a Legislative Update including details on meetings/briefings with House and Senate members, and Current Bills impacting DIR, including the Appropriations bill and the Sunset Bill. Ms. Robinson also introduced the new business line employees, and introduced Martin Zelinsky as our Interim General Counsel.

IV. Board Subcommittee Reports

Mr. Bacarisse asked the three Board Subcommittees to provide updates to the Board on their activities.

Rosemary Martinez reported on the Finance and Audit Subcommittee which consists of Ms. Martinez and Mr. Moore. Ms. Martinez stated that the committee met on 2/9/11 and were working on the final audit charter, and provided background on the new Internal Audit Division employee, Sharon Blythe. Ms. Martinez suggested that we review the Finance and Subcommittee Audit Charter. The Charter was established to define the scope, responsibility and authority of the Subcommittee. Mr. Simmons asked if the Charter should address whether meetings should be open or closed. Ms. Martinez agreed that this area should be included and will modify the charter to indicate meetings will be Open and posted. *A motion to approve the Finance and Audit Subcommittee Charter with said modification was made by Ms. Martinez and seconded by Mr. Morrow. Motion carried unanimously.* At this time Ms. Martinez asked Andrew Dimas, Internal Audit, to present an update on ongoing audit issues. Ms. Martinez stated that they have asked Mr. Dimas to track the issues he is monitoring and that she and Mr. Moore will provide a format for him to do so going forward. Ms. Martinez stated that she and Mr. Moore had also considered the financial statements presented by Ms. Cindy Reed and noted the progress the agency has made. She said that Ms. Reed will work with them on developing a format to present financial information to the Board.

Robert Pickering reported on the Tex-AN Subcommittee which consists of Mr. Pickering and Mr. Moore. Mr. Pickering stated that they had held three conference calls so far and things were going very well. Mr. Pickering said they are working with key DIR management on the Tex-AN RFO and are reviewing the timeline and types of vendors. He stated there has been a robust response to the RFO with a broad spectrum of vendors.

Keith Morrow reported on the DCS Remediation Subcommittee which consists of Mr. Morrow, Mr. Baez, Mr. Moore and Mr. Pickering. He stated the last conference call was on January 21 and that they discussed three specific areas: 1) the RFO response is outstanding, 2) The Business Executive Leadership Council (BELC) has started meeting on a regular basis – BELC includes a good representation from the agencies including HHSC, TABC, TEA, TXDOT, TWC, and DIR, and 3) Ongoing service delivery issues including lack of service delivery and gaps in customer service. Mr. Morrow also stated that the COLA (Cost of Living Adjustment) could impact DCS services.

Mr. Bacarisse thanked the various subcommittee members for their work, and noted that Mr. Moore is serving on all of them and thanked him for his service in particular.

V. 2012-2016 State Strategic Plan for Information Resources Management Advisory Committee

Mr. Doug Holt explained that DIR is required by statute to prepare a biennial state plan for information resources management. We are also required by statute to appoint an advisory committee to assist in the preparation of the state strategic plan. The proposed 2011 advisory committee represents a broad array of technological expertise and business leadership. *A motion to approve the 2012-2016 State Strategic Plan for Information Resources Management Advisory Committee was made by Mr. Pickering and seconded by Mr. Baez. Motion carried unanimously.*

VI. Finance Update

Ms. Cindy Reed presented the Financial Statement Highlights for FY11, Q1, including the Budget Status as of November 30, 2010. Since we have not received the requested DCS Cost Recovery Fee increase, there has been a change in the DCS revenue projection. Otherwise revenues and expenditures are tracking within the approved FY11 Operating Budget. Ms. Reed stated that the proposed budget amendments reflect recent management actions to streamline and operate within revenue limits. She presented Budget Amendments #1 and #8 which require the Board's approval, and other amendments for reporting purposes only. Ms. Reed explained the policy on what requires Board approve and what does not to the new ex Officio members.

There was some discussion by the board concerning Budget Amendment # 8 which reduces the budgeted DCS Revenue concerning potential risk since customer satisfaction is already so low. Mr. Swedberg indicated that while there may be some risk, our priority is to have a successful reprocurement and increase customer satisfaction. It was determined that there is really no choice even if there is some risk, but that we need to continue to do all we can to increase customer satisfaction now. *A motion to approve Budget Amendments #1 and #8 was made by Ms. Martinez and seconded by Mr. Baez. Motion carried unanimously.*

VII. Data Center Services

Mr. Ed Swedberg presented an overview of the Data Center Services. He discussed the Intent of the original program; Current Contract Performance, including service levels, service request queue, transformation, new servers; Customer Satisfaction; Fundamental Changes to DCS including governance and service delivery model; Request for Offers Status; Financial Performance; and Lower Network Rates. Mr. Baez asked if it was doable to have a new contract by fall of 2011. Mr. Swedberg responded that he believes it is. Mr. Moore asked if service delivery would improve before that time and Mr. Swedberg stated this was hard to say but probably not substantially. Mr. Baez asked if we believe we have the right team in place and Mr. Swedberg responded that he believes that we do. Mr. Pickering initiated discussion that since the beginning of 2009 there has been a huge concern about service delivery and customer satisfaction. He wants to be certain there is nothing else we can do to make improvements in this area until a new vendor is on board. Is there any way to put more pressure on the vendor now? Can the Board itself do anything else to help? Mr. Swedberg stated that we are working with IBM on a regular basis trying to make improvement in these areas. Mr. Geeslin stated he believes the problem comes from within IBM, and until that changes we will not see improvement. Mr. Halfmann stated that IBM has not committed the resources and he does not see any improvement coming. Mr. Pickering asked if another subcommittee should be created focusing on this interim period, and to help determine if we have exhausted all options. Mr. Swedberg also explained to the Board that we are activating areas in the IBM contract called termination assistance. Mr. Pickering stated he believes we have a good contract, but that ultimately it is all about performance and that there has been lack of execution. He reiterated he wants to be certain that there is nothing else we can do at this time to improve service delivery and customer satisfaction. Mr. Swedberg indicated the other path that can be taken is that we believe the state has reason to believe we can terminate for cause. He stated that we will continue to press on the operating side and that there are conscientious people trying to do the right thing involved. Chairman Bacarisse stated that we need to continue to think as creatively as we can to determine if there are more ways to put pressure on the vendor. Mr. Geeslin asked if the vendor has to notify the SEC if a large contract is in jeopardy. Mr. Zelinsky will check into that. Mr. Moore asked for a breakdown of the negotiations time frame, but Mr. Swedberg indicated we have to be very careful when discussing specific timelines and need to speak in general terms during the process.

VIII. Texas.gov Action Items

Mr. Holt asked the Board to consider approval of new fees for Texas Board of Professional Geoscientists, Texas State Board of Plumbing Examiners, and Texas Real Estate Commission. *Mr. Moore made the motion to approve the new fees. Mr. Pickering seconded the motion. Motion carried unanimously.*

Mr. Holt asked the Board to consider approval of a standard pricing model for the assignment of subscription fees. Mr. Holt answered questions concerning this from board members. *Mr. Moore made the motion to approve the new fees. Mr. Pickering seconded the motion. Motion carried unanimously.*

Chairman Bacarisse proposed at this time that we create a Texas.gov Subcommittee. Mr. Zelinsky confirmed that Ex Officio members may serve on Subcommittees, and that they would also count towards a quorum for purposes of the Open Meetings Act. *Mr. Morrow made the motion that the Board approve a Texas.gov Working Group Subcommittee, comprised of Mr. Baez as Chair, Mr. Moore and Mr. Simmons. Mr. Pickering seconded the motion. Motion carried unanimously.*

IX. Rules Action Items

Mr. Zelinsky asked the Board to authorize staff to publish notice of Re-adoption of 1 T.A.C., Chapter 211, Information Resources Managers, and for Board Issuance of Re-Adoption order following Rule Review. *Mr. Moore made the motion to authorize actions as requested. Mr. Baez seconded the motion. Motion carried unanimously.*

Mr. Zelinsky asked the Board to authorize staff to publish notice of Re-adoption of 1 T.A.C., Chapter 216, Project Management Practices, and for Board Issuance of Re-Adoption order following Rule Review. *Mr. Pickering made the motion to authorize actions as requested. Mr. Baez seconded the motion. Motion carried unanimously.*

Mr. Zelinsky asked the Board to authorize staff to publish for public comment the proposed amendment of 1 T.A.C., Chapter 204, Interagency Contracts for Information Resources Technologies. *Mr. Moore made the motion to authorize actions as requested. Mr. Pickering seconded the motion. Motion carried unanimously.*

Mr. Zelinsky asked the Board to authorize staff to publish notice of Rule Review in the *Texas Register* of the following rules: 1 T.A.C., Chapter 201, Planning and Management of Information Resources Technologies; 1 T.A.C., Chapter 203, Management of Electronic Transactions and Signed Records; 1 T.A.C., Chapter 206, State Web Sites; 1 T.A.C., Chapter 208, Agency Wiring Standards; 1 T.A.C., Chapter 209, Minimum Standards for Meetings held by Videoconference; 1 T.A.C., Chapter 210, Texas Online; and 1 T.A.C., Chapter 212, Purchases of Commodity Items. *Mr. Pickering made the motion to authorize actions as requested. Mr. Baez seconded the motion. Motion carried unanimously.*

X. ICT Cooperative Contracts Program Update

Ms. Cindy Reed provided an update of the ICT Cooperative Contracts Program including ICT Performance Metrics, detailing Sales by Channel and Cost Savings by Channel; Key Metric Drivers, and Product Trends and New Sourcing Opportunities. Mr. Pickering pointed out how a large group of people who are not required to purchase from us do, indicating that we must have the best pricing. Mr. Moore asked if there is any kind of automated system where people can search and see User Ratings, similar to Amazon.com. Ms. Reed stated that there is not but that we can look into it.

XI. Communications Technology Services

Mr. Holt presented the Communications Technology Services Update, including Key Objectives, Key Indicators, and Key CTS Activities, including Customer Solutions, the Tex-AN NG Procurement, Automation of CTS Service Features, and Improving Network Functionality

XII. Information Security

Mr. Holt presented the Information Security Update which included 2011 Key Objectives, Performance Measures including Total Vulnerability Assessments, Controlled Penetration Tests Delivered, Web Application Vulnerability Scans, and Security Training Hours Delivered. He also discussed the SOC Services Interdependencies.

XIII. Texas.gov

Mr. Holt presented the Texas.gov Update which included Key Objectives, Texas.gov campaign highlights and 2011 Campaign Strategies, and Key 2010 Performance Objectives including Cumulative State Revenue Share, Customer Satisfaction, Transactions, and Cumulative Texas.gov visits. He also referenced the G2G Pilot Self Service model.

At 12:15 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, and pursuant to Section 551.089, Government Code, to deliberate certain information resources technology security matters. At 12:45 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.

XIV. Public Testimony

There was no public testimony.

XV. Adjournment

Mr. Morrow made the motion to adjourn. Mr. Baez seconded the motion. Motion carried unanimously. Chairman Bacarisse adjourned the meeting at 12:46 p.m.