

**DEPARTMENT OF INFORMATION RESOURCES**  
**Open Board Meeting**  
**August 30<sup>th</sup>, 2012**  
**9:30 a.m.**  
**300 W. 15<sup>th</sup> Street, Room 103**  
**William P. Clements Building**  
**Austin, Texas 78701**

**CALL TO ORDER:** Board Chair Robert Pickering called the meeting to order at 9:35 a.m.

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

Members present:

Rosemary Martinez  
Richard Moore  
Robert Pickering  
Louis Carr – Ex-Officio  
Bowden Hight – Ex-Officio  
Karen Phillips – Ex-Officio

**II. Approve minutes from May 17<sup>th</sup>, 2012, Board meeting**

*A motion to approve the minutes of the May 17<sup>th</sup>, 2012, DIR Board Meeting was made by Mr. Moore and seconded by Ms. Martinez. Motion carried unanimously.*

**III. Executive Director's Report**

Ms. Karen Robinson welcomed Bowden Hight, our new ex-officio board member from HHSC. She explained that a critical part of the agenda was to approve our FY 2013 Operating Budget and our Legislative Appropriations Request for FY14-15. Ms. Robinson updated the Board on Sunset activities at the Agency which began on August 2<sup>nd</sup>. She presented a few highlights from the divisions including Data Center Services, Technology Sourcing (contracts division), Texas.gov and Security. Ms. Robinson presented a brief legislative update and recognized new DIR employees. She also reminded everyone that our next Board Meeting is scheduled for November 8<sup>th</sup>.

**IV. Audit and Finance Update**

Mr. Moore complimented the staff on the Fee Setting Workshop held in July. Ms. Martinez updated the board on the audit and finance subcommittee meeting and explained that Mr. Dimas presented the Internal Audit report of the Chief Financial Office Division to them. There was a lot of discussion about the report and she stated that DIR business is more complex than other agencies, and that Nick's group will continue to work with the Comptroller staff on CAPPS implementation.

Mr. Dimas asked the Board for approval of the final internal audit report. *Ms. Martinez made a motion to approve the Audit Report as requested. Mr. Moore seconded. Motion carried unanimously.*

Mr. Dimas also presented the 2013 Audit Plan in the sub-committee meeting. Ms. Martinez reminded the board that audits are based on risk assessment and the plan will show the audits he intends to perform. There is also time allowed for specifically requested audits from management and the Board. Mr. Moore stated there is optimum balance in the audit plan and that the department under Andy's leadership has come a long way in a short time. Mr. Dimas asked that the Board approve the FY 2013 Audit Plan. *Ms. Martinez made the motion to approve the Audit Plan as requested. Mr. Moore seconded. Motion carried unanimously.*

Mr. Nick Villalpando, Chief Financial Officer, provided a finance update. He presented highlights on FY12 YTD (end of Q3) as of May 31, 2012 including Budget Status, Operating Results and Budget Amendments proposed for the Board's consideration. Mr. Villalpando provided details on Budget Amendment #1 which is for Data Center Services Cost of Services, and Budget Amendment #2 which is an Operating Expenses Reclassification. *A motion to approve Budget Amendments #1 and #2 was made by Mr. Moore and seconded by Ms. Martinez. Motion carried unanimously.*

Mr. Villalpando then presented information on the proposed FY13 Operating Budget including Budget Assumptions/Philosophy, Fee Evaluation Setting Process, and the details of the Budget Request. He explained in detail total agency operating expenses to be recovered, revenue by funding source, administrative fees, expenditures, expenditures by category, and projected fund balances. Mr. Moore pointed out there is a high amount of risk to overall operations when we are unable to have sufficient fund balances. He stated this is legislatively mandated and hopes we can take this to the legislature and get this changed. Mr. Villalpando asked for Board approval of the FY13 Budget and FY13 Administrative Fees. *Mr. Moore made the motion to approve as requested. Ms. Martinez seconded. Motion carried unanimously.* Mr. Villalpando indicated we would look into producing a chart that shows revenue by fund source.

Mr. Villalpando presented a summary of our FY14/15 Legislative Appropriations Request including a request for operating expenditures, CAPPs funding, and two exceptional request items for Cyber security Initiative. He provided details of the baseline request including revenue by funding source FY13-FY15 and expenditures by category FY13-FY15. He also discussed FY14 and FY15 projected fund balances. He then presented details on both Items in the Exceptional Item Request for the Cyber Security Program. There was general discussion about the Cyber Security Program and the importance of continuing security assessments. Mr. Villalpando then asked the Board for approval of the FY14-FY15 Legislative Appropriations Request. *Ms. Martinez made the motion to approve as requested. Mr. Moore seconded. Motion carried unanimously.*

Mr. Villalpando then recognized his staff for all their hard work.

## **V. Rules Action Items**

Mr. Martin Zelinsky, General Counsel, asked the Board to consider adopting the amendment of 1 Texas Administrative Code, Chapter 201, *General Administration*, and to consider authorizing publication of the adoption of the amendment in the *Texas Register*. *Mr. Moore made the motion to authorize the action as requested. Ms. Martinez seconded. Motion carried unanimously.*

Mr. Zelinsky asked the Board to consider proposing the amendment of 1 Texas Administrative Code, Chapter 207, concerning *Telecommunications Services Division*, and authorizing publication of the proposed changes in the *Texas Register* for public comment. *Ms. Martinez*

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

## **VI. Statewide Technology Services**

Mr. Carl Marsh presented information to the Board concerning the Technology Sourcing Office. He introduced Ms. Grace Windbigler and presented information on Cooperative Contracts, including a procurement plan for FY2013 which includes RFO's for Cloud Computing and Deliverables-Based IT Services (DBITS). Ms. Martinez stated that this procurement plan allows us to see what is coming up. Mr. Zelinsky stated that this plan is a direct result of SB1 which required that the Board approve DIR contracts. Mr. Moore recommends that users be able to provide feedback much like on Amazon.com. Mr. Marsh indicated we are changing our website to include more social media and marketplace technology. Mr. Marsh asked the Board to approve the Procurement Plan for FY13 as presented. *Mr. Moore made the motion to authorize actions as requested. Ms. Martinez seconded. Motion carried unanimously.*

Ms. Windbigler presented a summary of two contract amendments requiring approval. First was Amendment 2 for Texas NICUSA, the Texas.gov service provider – a Data Center Services Cost Adjustment. Mr. Todd Kimbriel provided more details to the Board. *Ms. Martinez made the motion to approve the contract amendment as presented. Mr. Moore seconded. Motion passed unanimously.* The second contract was Amendment #3 for DCS ACS State and Local Services, a Data Center Service Provider. This amendment covers the final settlement item related to the disentanglement from IBM. This also allows for the expanding of email services in response for requests from several Data Center customers. *Mr. Moore made the motion to approve the contract amendment as presented. Ms. Martinez seconded. Motion passed unanimously.*

Mr. Marsh also updated the Board on Communications Technology Services, Data Center Services, including the new Program Management Office, and Texas.gov.

Mr. Todd Kimbriel asked the Board to consider approval of changes to the fee structure for TxPay Counter. *Mr. Moore made the motion to approve fee change as presented. Ms. Martinez seconded. Motion passed unanimously.*

## **VII. Legislative Update**

Ms. Lori Person updated the Board on legislative activities. She presented information about Bill implementation on Sunset Issues, and briefed the Board on Interim Charges. Ms. Person noted the various legislative committees that DIR personnel have testified before so far this year.

## **VIII. Public Testimony**

There was no public testimony

## **IX. Adjournment**

*Mr. Moore made the motion to adjourn. Ms. Martinez seconded the motion. Motion carried unanimously. Chairman Pickering adjourned the meeting at 12:00 p.m.*

After adjournment, there was discussion regarding Information Security. Mr. Angel Cruz gave an overview on information security activities including State Agency Security Assessments, State of the State Security Posture Report and the Statewide Security Program (2013-2015).