

**DEPARTMENT OF INFORMATION RESOURCES  
OPEN BOARD MEETING**

**Thursday, February 20, 2014, 9:30 a.m.**

300 West 15th Street, Clements Building, Room 103 Austin, Texas 78701

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**MINUTES**

**PRESENT** Charles Bacarisse (Chair)  
Cynthia Villa  
Richard Moore  
Robert Pickering  
Wanda Rohm  
Arthur Troilo III  
Melody Parrish, Ex-officio  
Brad Livingston, Ex-officio

**ACTION** *Mr. Bacarisse* called the meeting to order at 9:30 a.m. with a quorum present.

**TOPIC** **2. Approve Minutes from the October 31, 2013, Board meeting**

**MOTION** A motion was made to approve the previous meeting minutes by *Mr. Troilo* and seconded by *Ms. Rohm*.

**ACTION** The minutes were unanimously approved.

**TOPIC** **3. Executive Director's Report**

**DISCUSSION** Ms. Karen Robinson, Executive Director updated the board on highlights for the agency since the last meeting in October. Todd Kimbriel and I traveled to North Carolina to visit with State Chief Information Officer Chris Estes and his team. We took a tour and learned about the North Carolina Innovation Center. In December, DIR had a productive meeting with the new vice president for Xerox. The discussion focused on positive improvements, organic growth and getting new customers for the data center.

DIR, along with the State Office of Risk Management (SORM), the Texas Office of Homeland Security, and Texas Division of Emergency Management, announced a comprehensive Business Continuity Planning initiative for Texas State Entities in November. Our goal is to unite key leadership necessary to maintain essential government functions during a crisis.

Ms. Robinson is doing DCS executive briefings with the executive directors of data center customer agencies. The briefings also provide opportunities to discuss security assessments, telecommunications services and procurement. DIR will be featured in Capgemini's annual report. Every year, they feature a customer in order to showcase their success stories.

Ms. Robinson announced that Lisa Maldonado received the Employee of the Quarter award. Mr. Brian Engle will be presenting earlier on the agenda to discuss cybersecurity. Mr. Nick Villalpando will give an overview of DIR's financials. Mr. Martin Zelinsky will have rules for review and your approval. Ms. Robinson introduced the new employees.

**TOPIC** **4. Finance**

Ms. Cynthia Villa gave a briefing on the Finance and Audit subcommittee. She informed the board that Mr. Villalpando will discuss a budget amendment relating to pass-through activity for the agencies that we service, this amendment does not affect DIR's operating budget. Ms. Villa also informed the board that Mr. Villalpando will discuss an administrative fee reduction in the telecommunications program and that customers would be pleased with the fee reduction.

**DISCUSSION** Mr. Nick Villalpando, Chief Financial Officer, updated the board on the first quarter budget and FY 14 YTD operating budget. The revenues are trending slightly above budget; operating expenditures are trending slightly under budget, and the sales volume, as far as customer purchases through the cooperative contracts program, has grown approximately 16%.

DIR has some customer projects that continue to be managed and assisted by DIR. Some of the pass-through costs continue to come through our agency's records. DIR has been working with our customers to transition those projects back to customers because of the financial impact it has on DIR. However, we are asking the Board to approve a budget amendment, contingent on receiving the Legislative Budget Board's approval, to increase DIR's budget for the revenue and expenses related to these projects and overall increase in customer demand for services.

Data Center Services has a slight decrease due to some customer credits that DIR issued. The broad overview of the agency's operating budget is strong for the first quarter. Mr. Villalpando presented a budget amendment to increase TEX-AN revenues and expenditures to the board contingent upon approval from the LBB. He is also requesting approval for reducing the TEX-AN Go Direct fees and the fees for DIR- provided internet services.

Mr. Richard Moore hopes that the telecommunication group can periodically monitor fee reduction in Go Direct because the vendors will need to lower their price.

**MOTION** A motion was made to approve Amendment 1 to increase TEX-AN revenues and expenditures by Ms. Villa and seconded by Ms. Rohm.

**ACTION** The motion was unanimously approved.

**MOTION** A motion was made to approve the decrease of administrative fees for TEX-AN Go Direct managed services and DIR-provided internet fees by Mr. Moore and seconded by Ms. Villa.

**ACTION** The motion was unanimously approved.

**TOPIC** **5. Internal Audit Update**

**DISCUSSION** Ms. Villa gave an update on the subcommittee meeting. The subcommittee received a report from Mr. Andy Dimas regarding the status of the DIR Audit Plan that the board approved. There will be some changes to the plan because the audit department has had a decrease in employees and in addition to that, some of our audits have gone over budget. The committee recommended that whenever the subcommittee meets, we will consider any changes to the audit plan. If there are changes to the plan, the subcommittee will bring the plan back to the board to report those changes. Ms. Villa also recognized Sharon Blythe, Auditor in the Internal Audit Department, Ms. Blythe passed the Certified Information Systems Auditor, and was in the top 5% of those who took the test.

**TOPIC** **6. Rules**

**DISCUSSION** Mr. Martin Zelinsky, General Counsel, presented three rules for adoption and authorizing final publication.

- 1) 1 Texas Administrative Code, Chapter 201, concerning General Administration
- 2) 1 Texas Administrative Code, Chapter 206, concerning State Websites
- 3) 1 Texas Administrative Code, Chapter 212, concerning Purchases of Commodity Items

**MOTION** A motion was made to approve the rules for adoption and authorizing final publication in Texas Register by *Mr. Pickering* and seconded by *Ms. Villa*.

**DISCUSSION** *Mr. Moore questioned, How would a citizen request a query? If a citizen thinks that some data should be included how would they query that?"*

Mr. Zelinsky answered that the determination of queried data is left up to the state agency. The next part of the rule concerns cost efficiency suggestions that only applies to certain agencies. This allows for agencies to have a host of ideas and allows citizens to vote on those ideas and be a channel for those suggestions.

*Mr. Moore commented what if a citizen thinks there should be something else up there. Is there a process for them to query someone, DIR or contact the agency?*

Ms. Janet Gilmore, Director for Digital Government, answered that there is nothing in the rules that requires a place for queries to happen. At this point, on Texas.gov there is a place where anyone can post suggestions.

*Mr. Moore asked why is it necessary to have a rule to allow an agency to purchase something that is not on contract with DIR?*

Mr. Zelinsky answered, "Prior to this legislation, state agencies were required to buy their IT commodity items from DIR."

**ACTION** The motion was unanimously approved.

**DISCUSSION** Mr. Martin Zelinsky, General Counsel, presented three rules for proposing amendments and authorizing publication for public comment.

- 1) 1 Texas Administrative Code, Chapter 205, concerning Geographic Information Standards
- 2) 1 Texas Administrative Code, Chapter 206, concerning State Websites
- 3) 1 Texas Administrative Code, Chapter 209, concerning Minimum Standards for Meetings Held by Videoconference

Mr. Zelinsky noted that the proposed amendment to Chapter 209 constitutes a withdrawal of the previous proposed rule and a new proposed amendment based on comments received by DIR.

**MOTION** A motion was made to approve the propose rule amendments and authorizing publication for public comment in Texas Register by *Ms. Rohm* and seconded by *Ms. Villa*.

**ACTION** The motion was unanimously approved.

**TOPIC** **7. Information Security Update**

**DISCUSSION** Mr. Brian Engle, Chief Information Security Officer, gave an update on the Office of Chief Information Security Officer (OCISO). Mr. Engle discussed the DIR Cybersecurity Insight

newsletter, which is being handled by Claudia Escobar. Cybersecurity coordination has a number of activities in development stages. The Information Security Forum (ISF) is scheduled for 2 days bringing together information security professionals. The forum is being held on March 26-27. Mr. Engle discussed the Cyber Patriot Support and OCISO event participation. Brian is attending and supporting three teams from Texas at the National Championship, which will be taking place on March 29 in Washington, D.C.

*Ms. Villa asked where the teams were from that are participating.*

Mr. Engle answered the teams are from Alamo Academy from New Braunfels and two teams from Harlingen -Marine Military Academy.

OCISO has presented at or hosted eleven events during Q1 and 14 events total FY 2014 YTD. He presented the security program offerings and discussed the matrix concerning program participation, agency collaboration and controlled penetration testing.

*Ms. Villa asked what the agency education participation is from?*

Mr. Engle answered, this is participation from state agencies and institutions of higher education.

*Mr. Moore asked how do you decide which agency will have the controlled penetration testing?*

Mr. Engle answered that DIR considers several aspects: which agencies connect to the state network, a significant connection, and agency size and data center customers. Those agencies are the priority agencies. It's also first come, first served. DIR has a three year revolving window that we try to circle back through.

*Mr. Moore commented that penetration testing is one of the best tools that agencies can use.* Mr. Engle indicated it was very well received at no cost to the receiving agency.

*Mr. Livingston commented TDCJ has taken advantage in using the services, and that TDCJ is very pleased with the testing.*

Mr. Engle gave an overview of the FY 12-FY 13 security assessments by Gartner. He also updated the board on the changes for TAC Chapter 202. With the timeline indicated, DIR is on track to provide the draft rule to ITCHE in July 2014. Mr. Engle recognized Eddie Block, Assistant CISO, who has done a good deal of work and great job in managing this group.

*Mr. Moore informed the board that TAC 202 is probably the most important rule that DIR promulgated. DIR will rewrite the rule which is 10 years old or older. The rule needs to be modernized. When the rule comes back for board review and approval, we should take the time to pay attention to it because it's an important rule. Mr. Moore commented that he would like to see in the rule, clarification that DIR monitors compliance among agencies. DIR should not write a rule and not have a way to monitor it.*

*Mr. Moore would like to have a discussion when the rule comes back.*

Mr. Engle commented that there is a mechanism similar to the QAT process for projects, where it's not DIR, but DIR in conjunction with the State Auditor's Office. This could validate the implementation of TAC 202 and prove that the objectives of the security program are being met.

*Ms. Rohm asked if the security forum is open to the public or strictly limited to governmental agencies.*

Mr. Engle explained it is free and open, but reserved first for employees of state agencies and institutions of higher education.

**TOPIC 8. Data Center Services Update**

**DISCUSSION** Dale Richardson, Director, presented an overview for Data Center Services (DCS). Mr. Richardson stated the numbers for the customer scorecard continue to move in the right direction. DIR has not had an agency rate a “1” over the last four months. Back-up & recovery continue to need improvement and DIR has several action plans in place to make progress. Service level agreements remain consistently high for the program. For the last three months, DIR has achieved its target for back-ups. DCS consolidated 269 servers in calendar year 2013.

*Mr. Bacarisse asked if DIR did an economic analysis of the benefit to an agency of getting there. He knows that the cost of the computing is covered in appropriations. Is there any way that can help them explain to their agency management on why it is so important?*

Mr. Richardson answered yes.

Mr. Richardson informed the board that DIR had a milestone achieved in December, where we have more computers in consolidated data centers than we do in the legacy data centers. DCS reduced average deliver time for new projects from six months to three months in 2013. DIR will be focused on growth this year, with new services for our existing customers and obtaining new customers in the program.

*Mr. Moore commented that DCS has evolved to where it does not need on-going monitoring and he is very pleased with the reports that the subcommittee and the board receives from the staff.*

Ms. Robinson commended Mr. Richardson for his leadership. He has organized a great team and partnership with the vendors. The relationship with the agencies has changed dramatically and the participation at the BELC is astounding.

**TOPIC 9. Chief Operations Office Update**

**DISCUSSION** Mr. Todd Kimbriel, Chief Operations Officer, indicated that he will be having the Directors give an overview of each department. Mr. Kimbriel introduced Ms. Janet Gilmore to give the Texas.Gov update and noted that Ms. Gilmore was recently promoted from Assistant Director of eGovernment to Director of Digital Government.

**TOPIC 10. Texas.gov**

**DISCUSSION** Ms. Janet Gilmore, Director, gave an overview of Texas.Gov. Texas.Gov has had steady growth across the board. The Payment Engine (TPE) and DPS Over-the-Counter (OTC) application reliability improvement continues, although the OTC SLA fell below target in September. Corrective action plans are scheduled for completion in June 2014. We track over 80 applications. 72% of all applications met their reliability metrics for the three months of FY14-Q1.

Ms. Gilmore requested approval for Automated Clearing House (ACH) Fee Standardization, revising the previously approved ACH Transaction Fee for TPE-only payment applications,

down from \$3.00 to \$1.00. The revenue to Texas.Gov for these services will remain neutral.

**MOTION** A motion was made to approve the Automated Clearing House (ACH) Fee Standardization (revision) by Mr. Moore and seconded by Ms. Villa.

**ACTION** The motion was unanimously approved.

*Mr. Troilo asked when this is approved, how will it be implemented and how quickly will it roll out and affect our agency partners?*

Ms. Gilmore explained it will be available right away for use by new customers. Texas.Gov will work with the existing customers that use ACH on a schedule that meets their needs over the next 18 months.

**TOPIC 11. Technology Sourcing Office Update**

**DISCUSSION** Ms. Mary Cheryl Dorwart, Director updated the board on the Technology Sourcing Office (TSO). Ms. Dorwart reviewed the purchases for FY13-Q1 and discussed the RFOs of Interest. The Procurement Coordination Committee (HB 2472) charter was completed and the MOU has been drafted.

Ms. Dorwart discussed the bulk purchase initiative and indicated it was very successful. DIR had six agencies participate in the “quick buy”, overall discount on desktops was 41% and 46.66% on laptops. DIR estimates a saving of over \$4 million.

*Mr. Livingston offered kudos to DIR staff for their “quick buy” work on being expeditious and certainly enabled us to buy more technology than TDCJ otherwise would have been able to.*

Ms. Dorwart gave a brief update on HUB program/report and the good faith efforts. In the cooperative contracts area, HUB purchases have increase 37% for FY13-Q1. DIR is also working on an event with Bexar County which will be in late April. The event will be for both purchasers and vendors on how to use the DIR contracts.

**TOPIC 12. Communications Technology Services Update**

**DISCUSSION:** John Hoffman, Director, gave an overview of the Communications Technology Services (CTS). The Capitol Complex Telephone System (CCTS) is continuing expansion of the VOIP platform into several different agencies. The initial pilots have been very well received. CTS has processed 250 new orders to expand it. Mr. Hoffman briefed the board on security operations.

**TOPIC 13. Technology Planning, Policy and Governance Update**

**DISCUSSION** Deborah Hujar, Director gave the update for Technology Planning, Policy and Governance. Ms. Hujar discussed the tablet study that the legislature last session directed DIR to conduct. The legislature specifically asked DIR to look at the opportunity to create cost savings or cost efficiencies by replacing personal computers with tablets. As part of our research, we did speak with Gartner and other industry experts. We conducted surveys with both state agencies and institutions of higher education that gave us their feedback on what they were doing related to tablets.

DIR has completed a draft report. The report is due March 1 and will be posted on DIR's website. In summary, based on the findings, generally you do not replace personal computers with tablets.

*Mr. Moore and Ms. Rohm said the study was excellent and well done.*

**TOPIC 14. Program and Portfolio Management Office Update**

**DISCUSSION** Leah Folgate, Director gave an update for the Program and Portfolio Management Office (PPMO). In the portfolio, there is a lot of diversity; ranging from continued process improvements, implementation, managing senate bills, such as HB 2738 and Legacy system study. PPMO's project managers assist those executives with the projects. Project managers carry those projects through completion and deployment.

*Mr. Moore asked how many staff are in PPMO.*

Ms. Folgate answered there are six staff.

*Mr. Moore asked are they all project managers?*

Ms. Folgate answered yes and PMP certified.

**TOPIC Public Testimony – No Public testimony.**

*Mr. Bacarisse* recessed the open part of the meeting so the board could meet in executive session according to the Texas Open Meeting Act, in order to consult with the DIR attorney pursuant to section 551.071 Government Code or in order to consider personnel matters under section 551.074 Government Code. No action will be taken. All members of the public and non-designated staff were requested to leave.

At the end of executive session *Mr. Bacarisse* will call the meeting back to order only for purposes of adjournment. There will be no other business after returning. The meeting was called into executive session at 11:28 am.

The meeting was called back to order at 11:52 am.

**MOTION** A motion was made to adjourn the meeting by *Ms. Rohm* and *Mr. Pickering* seconded the motion.

**ACTION** The meeting adjourned at 11:53 am

Approved by the Board Chair:

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Charles Bacarisse, Chairman \_\_\_\_\_ Date \_\_\_\_\_