

# INK Board Minutes

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## Meeting Minutes

October 4, 2016

### Opening

A meeting of the INK Board was called to order at 10:01 a.m. Tuesday, October 4, 2016 in the KDOT Executive Conference Room, 700 SW Harrison, 2<sup>nd</sup> Floor, Topeka, Kansas by Chuck Knapp, vice-chair, in the absence of Chairman Eric Rucker. with the following members present:

Chuck Knapp, representing Jobs for America's Graduates - Kansas  
Matt Billingsley, representing the Secretary of Department of Revenue  
Scott Hill, representing the Kansas Bar Association  
Phil Wittmer, Executive Branch Chief Technology Officer  
Gregg Wamsley, representing the Kansas Library Association  
Kim Borchers, representing the Governor's Office  
Kathy Sachs, proxy representative for Secretary of State

### Other Present

Duncan Friend of INK; Shane Myers, James Adams, and Ashley Gordon of Kansas Information Consortium, LLC; Guests: Mike Plunkett, PayIt.

### Consent Agenda

The consent agenda for the meeting included the September 2016 INK Board minutes and the September 2016 Network Manager report. There were no contracts nor expenses for approval.

**Action Taken:** Wamsley moved to accept the Consent Agenda, seconded by Billingsley. Motion carried unanimously.

### Action Agenda

The vice-chair began this portion of the meeting indicating to the members that, if there were no objection, he would rearrange the agenda to begin with Item 1, then address Item 3 as the next item on the agenda before coming back to Item 2. There were no objections.

#### 1. Network Manager Report (*presented by Shane Myers*)

Myers opened by thanking the group for holding the special meeting the previous week to approve the Lt. Governor contract and for the chance to present today. He continued by discussing the new Project Status Reports that were rolled out this month. They are a product of Ashley Gordon's team. They are delivered weekly to the primary contacts at state agency partners that have projects in process, as reflected in the Network Manager report. The reports contain the project name, the status of the project, a reminder of the time frame, and any risks, issues, or action items. This approach was listed as a tactic in the 2016 INK Business Plan under Strategy 1. The next item coming up is a Service Report about applications that are live in Production, covering things like the adoption rate and performance, and are targeted at agency managers to provide information about opportunities for improvement of adoption or the overall health of the service. The final report they'll be working on is the Agency Report, a roll up of the portfolio of applications for an individual agency.

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Myers then called attention to the deployment of a new Event Registration service. It is an enterprise service from the NIC portfolio and the first installation is for the Kansas Sheriff's Association. He then informed the Board about a project with the Governor's Office to redesign their website that would be kicking off that week. It will be custom development, but on the KanSite platform.

**Kanpay Counter.** Myers closed by talking about recent developments with regard to KanPay Counter and the Department of Revenue. There are currently over 400 installations of KanPay Counter across state and local government in Kansas. They have recently had encouraging discussions with Department of Revenue and their *KanDrive* team. This is a project to modernize the KDOR DMV system and they are looking for a way to integrate over-the-counter payments. Kansas.gov does business with all of the Driver's License stations right now and with a majority of the County Treasurers, so it would be an expansion / integration of KanPay counter into that. Knapp asked how that was being done now for over-the-counter. Myers responded that Driver's License locations use KanPay Counter as a stand-alone system and about 70 County Treasurers use their stand-alone over-the-counter. KanDrive is looking to integrate the data component within the system.

**Action Taken:** None.

### 2. Notification of third-party maintenance (*presented by Shane Myers*).

Myers noted that at the last meeting the Board had approved the new approach to communication around both planned and emergency maintenance – that process is now in place and being used. However, the subject of “third-party” maintenance has come up since then, which was something that wasn't discussed at that meeting. An example is AT&T maintenance – KIC is hosted there and AT&T might need to perform maintenance. When there was an Executive Director, those types of notifications were made via a phone call or short email to him. And, Myers reported that he had been doing that with Friend since the transition. However, Friend thought it would be a good idea to bring this to the Board's attention as well and talk through it. Myers noted that while he'd mentioned AT&T, this could apply to payment processes, for example, who also did third-party maintenance. None of this is KIC or NIC resources, so KIC has no control over it. So, the idea was to talk over how / if to do notifications. One suggestion was just to notify partners through the partner listserv. Friend stated that when one would normally see these, there is perhaps a chance of downtime mentioned. But, one notification from a third-party that was forwarded recently indicated that downtime could be expected. Myers stated that these notices do vary in the level of detail by third-party vendor.

Knapp ask if this subject was addressed in the contract. Myers responded that he thought the contract was silent on this. Instead, what the contract addressed was KIC/NIC resources doing maintenance and providing notification for emergency and notification for planned maintenance - but not from a 3rd party perspective. Knapp then proposed to take the hypothetical a step further. If AT&T were out for five hours and thus the Portal services were out for five hours, could the Board penalize KIC because it is from the third-party and the Board has been notified? Friend stated that there were two issues and read the related provision of the contract aloud. It is not a force majeure event, and if the Board deemed it not due to negligence of KIC then – while Friend emphasized he was not an attorney – it doesn't appear they could be penalized. Part two is how to treat it – he suggested KIC notify the partners that the system could be down, as it is maintenance.

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Hill noted that the difference was that there would be no seeking of approval. Myers stated that was correct and that is why it would be treated the same way as emergency maintenance. That is the proposal: Treat this the same as emergency maintenance. Notify the Board by emailing Friend, then follow up with an all partners' email.

Sachs said that she and Rucker had talked about this. This isn't a secondary or third-party software, but rather "The Network" (as it is referred to in the contract). So, for example, she continued, if KIC received a notification about this type of maintenance on April 10<sup>th</sup> (right before April 15<sup>th</sup> filing deadlines), she assumes people would be raising a fit – she would assume her office would be, but that KIC would be, too. It was the choice of KIC to use a third-party rather than maintaining it. It is a good choice to go to a 3<sup>rd</sup> party rather than maintain it, but she stated that she did not see this as any different than any other kind of maintenance. She did see that there is less control, but there are certain dates that they should be aware of and they need to think about that. Knapp then asked to confirm that what was being discussed here was notification processing. Friend agreed that this was what the topic was, but now the issue had been raised about whether or not the Board can penalize KIC. The question now is whether the Board should follow the same process as with planned maintenance at the beginning of the year as they don't host it or do the work. Knapp stated there probably is a larger issue for later and confirmed with KIC that what they were seeking was approval to address third party maintenance notifications using the same process as emergency notification and would like some guidance from the Board. Myers responded that this was correct.

Wittmer stated that he is way behind. He doesn't understand what the proposal is and how it differs from the current state – the diagram didn't help him. Myers then recapped the discussion to that point. Billingsley agreed with the proposal, but also indicated that he understood that there was a schedule. Myers responded that he was correct in that there was one for internal resources for NIC and KIC. Billingsley asked about where the WorldPay issue fit into this - Myers stated it was a third-party, but also confirmed that it was an outage rather than maintenance. Friend added that, today, if WorldPay sent an email to Myers that said that they were going to be down for maintenance tomorrow, that would be the situation they were talking about. Third parties weren't addressed last time we met, Sachs had made the point earlier that it is still the INK network that is being talked about, so that's why Friend felt it should come to the Board.

Knapp stated that the proposal is to basically treat third-party notification the same as emergency plan notification. Myers replied yes. Billingsley agreed, but pointed out that this approach did not give them a pass. The members confirmed that this just addressed notifications. Sachs asked if the third parties had a yearly schedule that the Board could look at just to make sure it didn't affect any critical dates.

Myers agreed to look into that and contact the corporate office about the topic as those engagements are with NIC Corporate. Sachs and Billingsley mentioned examples of times that wouldn't work.

Borchers stated that she didn't think that had anything to do with notification – the subject was not whether or not the Board should penalize an entity. Sachs responded that her inquiry was just to see what kind of advance notice with regard to planned maintenance was available from 3<sup>rd</sup> parties so that could address them proactively. Wittmer expressed that he thought the important part was that the Board was paying KIC to minimize the amount of emergency maintenance from a third-party standpoint. Borchers indicated that she understood that, but that the current item was KIC covering how they would notify the Board. The other things are a different topic. Knapp then asked what the criteria was for third party maintenance – is it 24 hours' notice, a week in advance, or is timing an issue? Myers stated that planned maintenance is 24 hours in advance, based on the contract right now. Sachs stated again that her interest was in obtaining a yearly

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maintenance schedule from 3<sup>rd</sup> parties if they had one. Knapp noted that even if AT&T provided advance notice, it wouldn't be like there was any way to control AT&T, but it would be helpful to know in advance.

**Action Taken.** Hill motioned for approved of emergency maintenance-like schedule for third-party maintenance notifications and that the Board asks KIC to use reasonable efforts to contact critical vendors to determine if there is a schedule of planned maintenance throughout the year and provide the Board that information. Motion. Seconded by Sachs. Motion passed unanimously.

### 3. **Contract Amendments re: Cloud (Gov2Go, et. al) (Executive Session)**

Knapp indicated that he understood that this agenda item might include discussion of some proprietary contract issues.

**Action Taken.** Knapp moved that the meeting of the Information Network of Kansas be recessed for a closed executive meeting pursuant to K.S.A. 75-4319 for contract issues; and that the Information Network of Kansas go into Executive Session at 10:25 am and resume the open meeting at 10:40 am; and that this motion, if adopted, be recorded in the minutes of the Information Network of Kansas and be maintained as part of the permanent records of the Board. Representatives from KIC and Friend are invited to stay. Seconded by Hill. Motion passes unanimously.

At 10:25 am went into executive session and at 10:37 am the Board came out of executive session.

The Board took no action and the Vice-chair moved to the next topic on the agenda.

### 4. **Overview of Bank Accounts (presented by Friend).**

(see attached handouts)

Friend explained that background behind this item were questions posed during the last board meeting about the liquidity of INK funds and about how they were invested. To respond, he had put together a general high-level overview of the INK bank accounts, figuring if there were other questions that came out of this, he could perform additional research. He used a diagram to brief the board on how the funds move within INK. He noted that Metz had emailed him that morning that he was out in Western Kansas and might not make the Board meeting on time, but Friend continued that, as a banker, he'd expressed at the last meeting that it wasn't normally the practice he'd seen for an organization like this to keep all its money in one account – a checking account. Friend expressed that he wasn't sure how much the members knew about the accounts kept here, so he would walk through the handout and take questions. After reviewing the purpose and balance of the accounts, he noted that interest was very low, as much as just a few basis points (lower than 1%). Any balances in the accounts over \$250,000 are all securitized as we are a state government entity. So, while the Board is only covered for \$250,000 of the balance by FDIC protection, there are agreements in place for the banks to pledge securities to cover the excess balances. The fees generally on these accounts are minimal, other than the commercial accounts where there are significant fees incurred for things like imaging, processing ACH transactions – charges that are probably common to any commercial account. He also noted that in the CoreFirst and UMB accounts a large portion of these funds are in transit, so not really available for any kind of investment other than overnight. He closed by saying that he ended his research there as he wasn't sure what the Board or Metz was interested in with regard to next steps.

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Hill asked what the average daily balance was on the account, or if it fluctuated too much for that to be meaningful. Friend said he would have to go back and look, he didn't know off the top of his head. He then asked if there is anything that prohibits investment activity for instance the money in the Kaw Valley Bank account. Friend said he was not aware of any, and that when he served on the Board, he remembered that some money was invested in Certificates of Deposit. He was not sure why they went away from that, other than interest rates were so low.

Borchers asked if there is no connection at all with the Pooled Money Investment Board where a lot of state agencies have money sitting? Friend stated that, while he knew there had been some questions about that over time, all of INK's money is in private bank accounts. As far as he knew, it had been that way since at least 2003, but noted that Sachs might know more from before that time.

Sachs stated that she thought Friend had covered it, but her recollection was that the money was initially kept in state funds. INK then had a CPA on the board who thought it would be a good idea to invest the funds and that is why they were pulled out was to do investments in government funds. Borchers asked whose name was on the checking account.

Friend replied that Rucker, Knapp, the Treasurer – basically the board officers and himself. He continued, noting that periodically the bank would over-securitize the investments and they would need someone to sign off. He said, while he didn't want to put words in Rucker's mouth, in their conversations he had wondered whether all the members understood that piece of it and that maybe they should have someone come in and brief the Board on that. Friend said that, as a 3<sup>rd</sup> party observer, it is an imperfect process, in that the bank really just appears to know the beginning balance. If there is a lot of money that happens to move in overnight, say a \$3MM transaction comes in at 3 o'clock in the afternoon, they won't see that and Friend would need to call them up to alert them that they may need to increase the securitization. There are some policies they've set in the past about what percent needs to be secured – but there could be a level of risk. There are NACHA rules about how ACH processes are conducted, so there are other aspects.

Friend continued that when Hollingsworth left, he had written a memo to the Board Chair that recommended that the Board pursue granting KIC the ability to approve both sides of the transactions. He stated that they had started looking at policy but issues like securitization came up – should KIC be calling to UMB to make sure they have the correct level of securitization for INK accounts, for example. There's also some lack of clarity around what NACHA (clearing house) rules apply. Friend stated that he really pursued that issue further at present. Borchers asked whether securitization would be necessary if everything wasn't sitting in Kaw Valley. Friend said he believes that is correct. Borchers asked that, then, by diversifying the banks the funds were kept in, there's wouldn't be that concern. Friend said to the degree that no account had more than \$250,000 he believed that was true.

Knapp asked if it is possible that the Board could have some exposure if a deposit of, \$3 million dollars was made. Friend said he would be careful how that was phrased – he does believe that the accounts are appropriately securitized and he has documentation of that from the banks, and they do have people who normally watch that. However, Friend's observation is that it's not a highly automated process. I think that we looked at our flows over time and we are usually covered, but it seems possible that there could be an issue. To Friend, it seems like the very fact he has to make a phone call means that if that call didn't get made, there could be a day or so where the money was not covered, and he didn't know what that means.



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Hill noted that he didn't know either, and he hasn't recently seen the account agreement on that to see what their obligations are. Knapp said that we should probably note that.

Sachs stated that while it might not be popular with some people on the Board, but she thought Rucker had expressed some frustrations it isn't just something like PMIB, but that the Board spends something like \$15,000 to \$17,000 a year to pay a dozen bills a month and get some basic QuickBooks spreadsheets. She thinks the risk of state government taking the money from INK isn't any greater in the state than in private. And, she thinks that Rucker would object to a lot of work being put in managing money to make sure that the Board doesn't have risk.

Hill thinks the Board should explore investing some of the balance in the Kaw Valley account. Given what INK's annual budget is and how much reserve the Board truly has there, it seems they should be doing something different than having it sit in the checking account with only a basis point interest. He stated that he didn't know if that is premature or something that the Board should wait until they have an executive director to give the Board some options. He does think the Board should consider that – it's an awful lot of money sitting in the checking account. Hill stated that he would like Friend to look into some options.

Knapp mentioned that Hill had mentioned Kaw Valley specifically – he didn't know if Friend might look into what the Pooled Money Investment Board options were, maybe look at a couple different things. Friend wasn't sure whether that would be predicated on moving the money to the State Treasury, but he would look into it. Knapp indicated that this should be looked at for all INK funds, rather than just Kaw Valley.

**Action Taken:** None.

### 5. Update on the Executive Director search (presented by Wittmer)

Wittmer stated that the team - made up of Metz, Knapp and Wittmer – met last week. They drafted a very high level position description with key qualifications and some requirements of the job. He would be happy to cover that in more detail with the Board here or outside of session. Wittmer said he had met with Creative Business Solutions and had a very positive experience with them. He still needs to review that with Knapp and Metz. He noted their business model was to charge an hourly rate “not to exceed” versus pegging it to the annual salary of the incumbent.

Hill asked if they had qualifications to assist in putting together the job description. Wittmer stated that in the very first phase, they will take what they have given them, and do some interviews and put something together. Wittmer noted that one of the things was discussed was level of experience required and that he had morphed in his thinking over time from the idea that an applicant must have a master's degree and 10 years of experience. In recent years, he has grown in favor of more emphasis on experience, especially technical experience for technical roles. Wittmer said that they would be bringing it to the Board and may ask Friend to do an interim email meeting. He asked if the Board was interested in discussing any more about the position description.

Knapp stated that what he was hoping was that, while the committee gave them traits and characteristics, he wanted them to look at the INK organization and tell the Board what kind of an Executive Director or person the Board needs. He is hoping that they are looking at the INK organization and needs and developing a position description based on that. Wittmer stated that he made them aware that there is not

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unanimity across-the-board as to the position.

Hill what the proposal would look like that was going to be brought back to the Board. Wittmer said it began by nailing down the position description, interviews with the Board, essential functions of the job, skills, behavior, required qualification, and performance of expectations. That will all get nailed down first. Then there is the recruitment process which include sourcing candidates, pre-screening applicants, developing a success profiles, developing a structure in that process, process of developing a behavioral base, standard interview question, conducting and assisting with initial interviews, administering pre-employment assessment, performing reference and background checks, rating the candidate, developing an applicant comparison grid, developing questions for second-level interviews, coordinating and following up on second interview, and analyzing rate in finalizing candidates. He stated that t's a pretty comprehensive management process.

Borchers asked how long the process was proposed to take. Wittmer imagine that is highly dependent on the Board and members of the committee and their availability. He said they talked about that being anywhere from 4-to-6 week process. Of course, as things get into the holidays, it could drag over into next year. They are proposing an hourly rate of \$125 not to exceed \$20,000 total. This doesn't include assessment or placement of ads, for example. He felt the agreement seemed very reasonable. The committee will review the proposal this week and get it in front of the Board by email for approval late this week or early next week.

**Action Taken:** None.

### 6. April Outage (*Executive Session*)

**Action Taken.** Borchers moved that the meeting of the Information Network of Kansas be recessed for a closed executive meeting pursuant to K.S.A. 75-4319 for April outages; and that the Information Network of Kansas go into Executive Session at 11:00 am and resume the open meeting at 11:15 am; and that this motion, if adopted, be recorded in the minutes of the Information Network of Kansas and be maintained as part of the permanent records of the Board. This would include Duncan Friend. Seconded by Sachs. Motion passes unanimously.

The Board went into Executive Session at 11:00 am and came out at 11:15 am.

**Action Taken.** Borchers moved to extended executive session to continue for another 15 minutes for the same purpose as stated previously, seconded by Sachs. Motion passes unanimously.

At 11:15 am, the Board went back into Executive Session and at 11:30 am the Board came out of executive session. Knapp spoke to the Board and guests upon resumption of the regular meeting. He stated that they had met to discuss a contractual issue related to an April 2016 outage. Addressing representatives of the Kansas Information Consortium, LLC, he said that Board is not taking action other than to say that they understand that KIC works with third-party vendors. He continued, stating that their expectation is that part of what KIC does is select third-party vendors that they can rely on, so the Board asks that they double that effort to ensuring that we don't have even sporadic outages, as much as KIC can control it.

**Action Taken:** None.

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### 7. Contractual issue with Kansas Business Center: (Executive Session)

**Action Taken.** Billingsley moved that the meeting of the Information Network of Kansas be recessed for a closed executive meeting pursuant to K.S.A. 75-4319 for discuss contractual issue with Kansas Business Center; and that the Information Network of Kansas go into Executive Session at 11:34 am and resume the open meeting at 11:54 am for 20 minutes; and that this motion, if adopted, be recorded in the minutes of the Information Network of Kansas and be maintained as part of the permanent records of the Board. This would include Duncan Friend. Seconded by Hill. Motion passes unanimously.

**Action Taken:** None.

### 8. New business

#### Portfolio Analysis (PA) Committee

Hill stated that the committee identified a long time ago that improvements needed to be made to INK contract documents. It is not necessarily to go out and adjust anything that is in place now, but to focus on going forward. The discussion came up again in the committee that met before the Board meeting and he stated that he would make a motion to have Counsel take a look at the contract templates.

**Action Taken.** Hill moved that the Board engage Counsel to look at their contract templates and provide the Board some guidance on best practices to shape INK's contract document going forward. They can bring it back to the Board and then the Board can start making some decisions on how strong it wants to be on some things with something in front of them to look at. Examples include: Requiring information back from state agencies like adoption rate, as there's no contractual requirement that the agencies provide anything. Seconded by Wamsley.

**Discussion:** There was some discussion to gain clarification on the contracts being referred to. Wittmer that would be interested in more examples what are the committee is thinking of here. Hill mentioned that the agencies are pretty much free to get out of the contracts at will. There are termination for cause clauses, but other than that the contract is going to go on as long as the master agreement from KIC is in place. He thinks that is where he would like some advice from counsel about what should be included.

Wittmer added that he thought they might look at how to build in the ability to set and change rates. For example, it seemed as if the Board should have had a stronger arm in being able to raise rates, most recently with Judicial. Hill agreed, as that wasn't included now. Friend asked how the Board would like this to occur – should the committee provide input directly to DofA Counsel? Hill felt it would be up to Counsel to determine what information they needed – they may talk to Friend, Hill, or the PA committee.

**Amended Motion:** As a result of the question, Hill amended his motion to add that Board Counsel should work with KIC and KIC's counsel on the templates to make sure there is buy-in across the board. Seconded by Wamsley.

**Further discussion:** Sachs stated that the committee might want to give them a couple of specifics that they want covered as she believed that Board counsel spent a lot of time a few years ago and the current template



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is what the former counsel thought the contract should be. Hill expressed that he felt he and Myers have had enough conversations that they understand – and Myers confirmed.

**Action Taken:** A vote was called for and the motion passed unanimously.

### **Legislative Audio Streaming Update**

Friend told the Board that the Legislature had come back to Rucker and him with a plan to explain how they would use the up to \$50,000. So they are moving forward on the project and ordering equipment. Wittmer asked if Friend knew which rooms were being done – he said he didn't, but would ask him as part of an update. Also, with regard to the Legislature, Friend recapped from a previous meeting his statements that KPTS had contacted him about funding for broadcasting the 2017 State of State, but that he had not indicated to them whether funding would or would not be provided. Instead, as there were still questions about the need and about the capabilities of the equipment purchased by the Board for web streaming, he had connected them with Bart Sprague of the Governor's office. However, Friend did want to emphasize that the funds were reserved in the INK budget for this year to assist KPTS. Sachs asked if the goal hadn't been to get away from this dependency. Friend responded that this was the problem – it was a question about whether the set up that Bart had investigated with Highway Patrol supported only web streaming or TV as well. Friend just wasn't sure what to tell KPTS about INK funding.

**Action Taken:** Billingsley moved to adjourn meeting, seconded by Sachs. Motion passed unanimously.

### **Adjournment**

Meeting adjourned at 12:00 p.m. The next INK board meeting will be at 10:00 a.m. on November 1, 2016, at 700 SW Harrison, Topeka, Kansas, 2<sup>nd</sup> Floor Conference Room

Minutes submitted by: Nikki Reed/Duncan Friend

# Information Network of Kansas, Inc.

## High-Level Bank Account Overview

September 30, 2016

**Summary:** INK maintains accounts at three financial institutions: Kaw Valley Bank, CoreFirst Bank & Trust, and UMB. The following information does not reflect transactions in process or portions of balances that are restricted in use via the balance sheet, such as grant commitments that have not yet been expended. While the amount in the Kaw Valley Bank account remains relatively stable, the balances in the UMB and CoreFirst main account may vary during the course of the month based on the collections and distributions made through them. According to the audited financial statements, INK received **\$2,228** in interest income in calendar year 2015.

### Kaw Valley Bank

**Account XXX0564** (*Checking*)

Opening Balance (9/30/2016): \$2,411,773.16

The Kaw Valley Bank account is the checking account through which INK expenses are paid (contracts, payroll, Board expenses, grants, etc.). The primary sources of deposits are from interest and the monthly INK share of 85/15 split with KIC. Periodically, a transaction is processed to reimburse this account from the UMB account for customer refunds paid directly by INK. There are less than \$10,000 outstanding in refunds that need to be reimbursed at present. And, there is \$22,207.37 that needs to be reimbursed from PKI expenditures made over time, even though that account is no longer active. Essentially, those monies are in UMB, but this account balance would be higher by those amounts when the transfers are processed.

**Interest:** Statement shows 1 basis point (1/10 of 1%). **Securitization:** Kaw Valley Bank holds securities to make up the difference between the balance and the \$250,000 per account FDIC insurance.

### CoreFirst Bank & Trust

**Account XXX4340** (*Checking*)

Opening Balance (9/30/16) \$75,000.00

**Account XXX7870** (*Repurchase/Sweep*)

Opening Balance (9/30/16): \$121,703.56

**Public Key Infrastructure Program** (*dormant*)

**Account XXX5068** (*Checking*)

Opening Balance (9/30/16): \$112,738.70

The checking account, which receives deposits from payments made to INK by subscribers via ACH / checks and is also used for disbursements of funds to INK, KIC, and agencies at month-end, is set up so that every night any balance in excess of \$75,000 is pulled into the Repurchase Account (XXX7870) and below that amount is pulled from that account to replenish it. **Securitization:** CoreFirst transfers securities equal to at least 102% of the amount of funds in the Repurchase/Sweep account as it is not FDIC-insured. **Investments/Interest:** As of 9/17 the interest rate was 1 basis point (1/10 of 1%). CoreFirst confirms they do not charge for this service.

### UMB

**Account XXXXXX2434**

Opening Balance (9/30/16): \$2,081,976.20

**Account XXXXXX0227** (*Money Market*)

Opening Balance (9/30/16): \$520,998.24

The UMB account is essentially a clearing account through which funds are collected from online “interactive” customers of INK and distributed to state agencies. A transfer is made monthly to the CoreFirst Account to contribute to the monthly distribution to KIC, INK, and agencies from that account. **Interests/Investments:** Overnight repurchase agreements are in place – the service costs \$125/mo. and has averaged 3 basis points (3/10 of 1%) interest over this calendar year. Several thousand dollars in fees are paid to UMB each month for activity related to transactions processed through this account (e.g. ACH processing (debit, credit), lockbox and related imaging, etc.). **Securitization:** UMB pledges securities to cover the balance in the account in excess of \$250,000.

# INK Cash Flow

