

**NEBRASKA STATE RECORDS BOARD
MEETING: October 15, 2003**

Nebraska State Capitol
Room 1507
Lincoln, NE
October 15, 2003
1:30 P.M.

NEBRASKA STATE RECORDS BOARD

AGENDA

Room 1507 State Capitol
October 15, 2003 - 1:30 P.M.

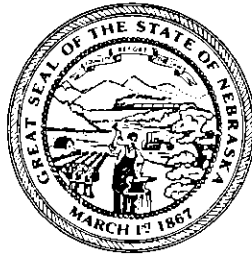
1. Call to Order, Roll Call
2. Notice of Hearing (10/6/03 Lincoln Journal Star)
3. Approval of Minutes from Sept. 18, 2003 meeting
4. Records Management Cash Fund Balance
5. Grant Status Report
6. Nebrask@ Online General Manager's Report
 - a. Project Priority List--Review and Approve
7. Local Government Grants (LB257)
 - a. Discuss Options for Implementation
8. Report of RFP SCA-0261 Contract Subcommittee (Contract for Network Manager Services)
 - a. Review subcommittee recommendation
 - b. Action on network manager contract
9. Adjournment

10/16/03 LJS

NOTICE OF PUBLIC MEETING

Notice is hereby given of a public meeting of the Nebraska State Records Board on Wednesday, October 15, 2003, at 1:30 PM in Room 1507 of the State Capitol, Lincoln, Nebraska. Included on the agenda will be a decision on contract award to manage the Nebrask@ Online network pursuant to Request for Proposal SCA-0261. The agenda for the meeting is available at the office of Secretary of State for public inspection during regular business hours.

#2491162-11-Oct. 4



NEBRASKA STATE RECORDS BOARD

MINUTES

Meeting of September 18, 2003

The meeting was called to order by Chairman John Gale at 1:32 P.M. on September 18, 2003, in Room 1507 of the State Capitol, Lincoln, Nebraska.

The following Board members were present:

John Gale, Chairman;
Holley Bolen, representing the Attorney General;
Lorelee Byrd;
Jerry Catlett;
Lauren Hill, representing the Governor;
Sarah Kohlhof;
Laureen Riedesel;
Steve Schafer, representing the Director of Administrative Services;
Diane Vicars;
Kate Witek.

Not present were:

William Bidrowski;
David Buelt.

Chairman Gale announced that notice of the meeting had been published in the Lincoln Journal Star on September 11, 2003, and posted on the public meetings website.

David Buelt arrived at the meeting.

Mr. Catlett moved to approve the agenda as circulated; motion seconded by Ms. Bolen.

Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Schafer	Vicars	Witek	

Voting Against: None

Absent: Bidrowski

The motion carried.

Mr. Schafer moved to approve the minutes of the meeting of July 8, 2003; motion seconded by Ms. Byrd.

Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Schafer	Vicars	Witek	

Voting Against: None

Absent: Bidrowski

The motion carried.

Greg Lemon, Chief Deputy Secretary of State, reported on the Records Management Cash Fund - State Records Board balance.

Greg Lemon commented on the Grant Project Status Report and the proposed revision to the grant application form. Ms. Byrd requested that the form be further revised to add in item 9 following the words, "Please describe..." the words, "...and provide supporting documentation for..." Following discussion, Mr. Buelt moved that the grant application be approved with the requested revision; motion seconded by Ms. Vicars.

Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Schafer	Vicars	Witek	

Voting Against: None

Absent: Bidrowski

The motion carried.

Chairman Gale opened discussion of a grant application for \$25,000.00, from the Chief Information Officer for the Interactive Licensing Project Phase II. Steve Schafer, Chief Information Officer, testified in favor of this application. Rod Armstrong, Nebraska@ Online General Manager, answered questions from the Board. After discussion, Ms. Witek moved to approve the grant application and accompanying contract if one is necessary; motion seconded by Mr. Buelt

Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Vicars	Witek		

Voting Against: None

Not Voting: Schafer

Absent: Bidrowski

The motion carried.

Rod Armstrong, Nebrask@ Online General Manager, presented the General Manager's Report, including the Project Priority List. Ms. Witek moved to approve the Project Priority List; motion seconded by Ms. Riedesel.

Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Schafer	Vicars	Witek	

Voting Against: None

Absent: Bidrowski

The motion carried.

Chairman Gale opened discussion of the report of the Network Manager Services Evaluation Subcommittee and the subcommittee's recommendation that Nebraska Interactive, Inc. be chosen as the vendor to receive the letter of intent to award the contract pursuant to SCA-0261. After discussion, Ms. Witek moved to accept the subcommittee's recommendation; motion seconded by Mr. Buelt.

Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Schafer	Vicars	Witek	

Voting Against: None

Absent: Bidrowski

The motion carried.

Mr. Schafer moved to appoint a subcommittee consisting of Keith Dey, William Bidrowski, Lorelee Byrd, and Steve Schafer, with the Chairman's option to add additional members, to finalize the network manager contract; motion seconded by Ms. Witek.

Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Schafer	Vicars	Witek	

Voting Against: None

Absent: Bidrowski

The motion carried.

Greg Lemon discussed the consideration of using the Public Notice Calendar for public notice of State Records Board meetings. After discussion, by consensus the Board decided to continue posting meeting notices in both a legal newspaper and on the calendar.

The Chairman announced that the final contract for network manager services would be considered at the next meeting.

No other business appearing before the Board, Ms. Riedesel moved that the meeting be adjourned; motion seconded by Ms. Kohlhof.

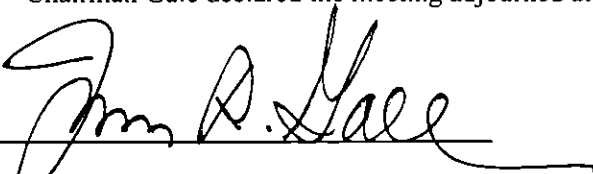
Voting For:	Bolen	Buelt	Byrd	Catlett
	Gale	Hill	Kohlhof	Riedesel
	Schafer	Vicars	Witek	

Voting Against: None

Absent: Bidrowski

The motion carried.

Chairman Gale declared the meeting adjourned at 3:10 P.M.



John A. Gale
Chairman
State Records Board

STATE RECORDS BOARD
RECEIPTS & EXPENDITURES FY2004
BU 9128677

	JUL Actual	AUG Actual	SEP Actual
TOTAL RECEIPTS	\$2,120	\$2,122,090	\$604,546
TOTAL EXPENDITURES	\$0	(\$1,995,531)	(\$640,071)
PROFIT(LOSS)	\$2,120	\$126,559	(\$35,525)
FUND BALANCE	\$815,091	\$941,650	\$906,124
GRANT ENCUMBRANCES			(\$156,061)
UCC FUNDS ENCUMBRANCE			(\$28,873)
UNENCUMBERED FUNDS			\$721,191

Grant Project Status Report Fourth Quarter 2003

Agency Name	Project Description	Date Grant Awarded	Original Grant Amount	Amount Spent To Date	Completion Date
Chief Information Officer	Business Portal Phase II	2/15/2002	\$25,000	\$6,632	Unknown ¹
Chief Information Officer	Interactive License Renewal	5/20/2002	\$25,000	\$22,500	Complete
Chief Information Officer	Citizen's Portal(Phase II approved 6/24/03)	5/20/2002	\$25,000	\$5,000	January, 2004
Chief Information Officer	Education Portal	5/20/2002	\$25,000	\$5,000	Unknown ²
Chief Information Officer	Online Payment Portal	5/20/2002	\$25,000	\$22,500	Unknown ³
Secretary of State	Online Rules & Regulations (<i>completed</i>) Tracking Phase (<i>not finished</i>)	5/20/2002	\$25,000	\$24,977	December, 2003
Bd. Of Public Accountancy	On-line review of Annual Register & submission of Applications & Forms	7/8/2003	\$25,000	-0-	April, 2005
UNL-Center for Applied Rural Innovation Connecting NE	Access eGovernment	7/8/2003	\$25,000	-0-	Spring 2004
Chief Information Officer	Interactive Licensing Phase II	9/18/2003	\$25,000	-0-	Unknown

¹ Depends on Cooperation/Participation of Agencies

² A revised completion date is being developed

³ Some components such as credit card payment are done. A revised completion date is being developed

Nebraska@ Online Project List -- October 15, 2003

Projects Completed										
Agency	Project			Public Benefit	Time Sensit.	Complexity	Payment	Staff	Comments	Due
Arts Council	Web site design/hosting			Large	Rigid	High	Fixed Cost	Benas		9/26/2003
Blind & Visually Impaired	Web site password protected area			Modest	Firm	Low	Non-fee	Warriner		8/8/2003
Health & Human Services	Water Operators license renewal			Large	Rigid	High	Grant	Bush		10/1/2003
Health & Human Services	Medical Nutrition Therapist Lic. Ren.			Large	Rigid	High	Grant	Lyons		7/15/2003
Health & Human Services	Physical Therapist license renewals			Large	Rigid	High	Grant	Lyons		9/1/2003
Health & Human Services	EMS license renewals			Large	Rigid	High	Grant	Bush		10/1/2003
Motor Vehicles	CDL-Third Party Testing			Moderate	High	High	Fixed Cost	Bush		9/1/2003
Racing Commission	Web site design/hosting			Moderate	High	Moderate	Non-fee	Duffy		9/15/2003
Revenue	Motor Fuels forms online amendment			Large	High	High	Non-fee	Lyons		10/1/2003
Secretary of State	Corp/Business Search revisions			Extensive	Rigid	Moderate	Non-fee	Pfister		9/1/2003
Pending Approval										
Agency	Project	Received		Benefit	Sensit.	Complexity	Payment	Staff	Complete	Due
Counties	Marriage License Application	A	01/01/03	High	High	High	Non-Fee	Bush	95%	8/1/2003
Health & Human Services	Well Drillers License Renewal	A	05/01/03	Large	Rigid	High	Grant	Lyons	95%	9/2/2003
NEMA	Web Site Redesign/Password Section	W	11/12/02	Large	Flexible	Very High	Fixed Cost	M. Lyons	99%	10/10/2003
Power Review Board	Web Site Redesign	W	08/07/03	Moderate	Flexible	Low	Non-Fee	Duffy	99%	8/15/2003
Secretary of State	Provisional Voting site	A	08/11/03	Extensive	High	High	Non-Fee	Pfister	98%	10/15/2003
Secretary of State	County Survey	W	09/15/03	Moderate	High	High	Non-Fee	Pfister	98%	10/15/2003
Secretary of State	UCC Filing/Search Upgrades	A	04/20/02	Large	Firm	Extremely High	Trans. Fee	Pfister	98%	12/31/2002
Wheat Board	Web Site update	W	08/25/03	Moderate	Flexible	Low	Non-fee	Duffy	99%	8/27/2003

Projects Underway										
Agency	Project		Received	Benefit	Sensit.	Complexity	Payment	Staff	Complete	Due
Account. & Disclosure	Database Conversion & Search	A	06/23/03	Extensive	High	Extremely High	Fixed Cost	Pfister/Bush	30%	11/1/2003
Administrative Services	Vehicle Checkout Enhancements	A	07/15/02	Modest	Flexible	Moderate	Non-Fee	Pfister	30%	2/1/2003
Administrative Services	Public Meeting Calendar updates	W	Ongoing	Extensive	High	High	Non-Fee	Pfister	90%	Ongoing
Agriculture	Forms Automation	W	09/15/03	Large	Low	Low	Fixed Cost	Duffy	35%	11/15/2003
Agriculture	Web Site Redesign/Password section	W	02/11/03	High	High	High	Fixed Cost	Duffy	50%	8/15/2003
Agriculture	Pesticide renewal updates	A	09/01/03	Moderate	High	Moderate	Fee	Pabian	50%	11/1/2003
Arts Council	E-Granting	A	08/18/03	Large	Rigid	Extremely High	Fixed Cost	Warriner	25%	1/1/2004
Attorney General	Web site staff attorney directory	W	08/05/03	Moderate	High	Moderate	Fixed Cost	M. Lyons	25%	10/31/2003
Auditor	2003 updates	A	09/01/03	Large	High	Moderate	Non-Fee	Pabian	50%	11/1/2003
Banking	Bank Financial Info Section/Un& Pw	A	05/07/03	Large	High	Moderate	Non-fee	Lyons	20%	11/1/2003
Chief Information Officer	Forms Automation	A	03/15/01	Extensive	Flexible	Very High	Grant	All	15%	Ongoing
Counties	County Project Phase I	W	07/01/00	Extensive	Flexible	Very High	Approp.	Brown	80%	Ongoing
Counties: Clay County	Web Site Design	W	08/14/03	Modest	Flexible	Moderate	Approp.	Benes	20%	11/1/2003
Counties: Merrick County	Web Site Design	W	08/14/03	Modest	Flexible	Moderate	Approp.	Benes	20%	11/1/2003
Counties	County Project Phase II	A	07/01/01	Extensive	Flexible	Extremely High	Approp.	Brown	10%	Ongoing
Crime Commission	Searchable Database #2	A	07/31/03	Large	Flexible	High	Non-Fee	Pabian	50%	10/31/2003
Crime Commission	Searchable Database #3	A	07/31/03	Large	Flexible	High	Non-Fee	Pabian	50%	10/31/2003
Energy Office	GEC page password protection	W	10/03/03	Modest	High	High	Fixed Cost	M. Lyons	10%	11/1/2003
Engineers & Architects	License renewals	A	09/01/03	Moderate	Rigid	High	Non-Fee	Pfister	90%	10/15/2003
Fire Marshal	Web Site Hosting & Redesign	W	05/19/03	Large	Flexible	Moderate	Non-Fee	Fitzgerald	80%	10/31/2003
Grain Sorghum Board	Web Site Redesign/Conversion	W	06/16/03	Large	Flexible	Moderate	Non-Fee	Duffy	80%	11/1/2003
Health & Human Services	Practitioner Lists	A	03/12/03	Large	High	Moderate	Trans. Fee	Pfister	90%	10/31/2003
Health & Human Services	Behavioral Health/SICA Web site	W	07/09/03	High	High	Moderate	Non-Fee	Duffy	75%	10/31/2003
Insurance	Summary of Business Report online	W	10/01/03	Moderate	High	High	Fixed Cost	Bush	10%	1/2/2004
Library Commission	Databases Access/Portals	W	02/04/03	Extensive	High	Moderate	Non-Fee	Warriner	25%	11/1/2003
Lincoln Action Program	Web Site Redesign	W	02/03/03	Modest	Flexible	Moderate	Non-Fee	Warriner	75%	8/1/2003
National Guard	Message Board	W	10/01/03	Moderate	Firm	High	Non-Fee	Lyons/Bills	50%	10/15/2003
Neb. Trans. Providers	Web Site Design & Training	W	08/11/03	Moderate	Flexible	Moderate	Non-fee	M. Lyons	0%	10/30/2003
Real Estate Commission	License renewals	A	09/01/03	Large	Rigid	High	Non-Fee	Pfister	75%	10/15/2003
Real Estate Commission	License applications	A	09/01/03	Moderate	High	Moderate	Fee	Pfister	40%	11/1/2003
Retail Federation	Website Redesign/Conversion	W	06/06/03	Large	Flexible	Low	Non-Fee	Fitzgerald	25%	11/1/2003
Revenue	Income Tax 1040N (Long Form)	A	01/01/02	Extensive	Flexible	Extremely High	Trans. Fee	Pabian	65%	1/1/2004
Revenue	Contractor Tax Exemption Web Form	A	06/11/03	Large	High	Moderate	Non-Fee	Pabian	90%	10/15/2003
Secretary of State	Rule & Regulations updating	W	Ongoing	Extensive	High	High	Non-Fee	Bush	90%	Ongoing
Tourism (DED)	Forms Automation	W	08/15/03	Large	Low	Low	Fixed Cost	M. Lyons	35%	10/31/2003

TO: Nebraska State Records Board Members
FROM: Greg Lemon, Chief Deputy Secretary of State
RE: Local Government Grants
DATE: October 8, 2003

As some of you may remember, in 2001 the State Records Board requested an Attorney General's Opinion on the legality of expanding the Records Board Grant Program to allow local government units, political subdivisions such as cities and counties to apply for and receive grants. The opinion we received indicated that under then current law the board did not have authority to administer such a program.

The Board indicated an interest in expanding its authority to allow such grants to be awarded, and had appropriate legislation drafted and introduced at the Board's request. This legislation, LB257, was passed in the 2003 legislative session and went into effect in September of this year. You can view the legislation at:
http://www.unicam.state.ne.us/Legal/SLIP_LB257.pdf.

For the Board's consideration at this meeting is how to implement LB257, a number of options exist:

1. Do nothing, the language in the bill is discretionary, not mandatory.
2. Expand the current state agency grant program to provide for local government grants as well under the same criteria, \$25,000 cap, up to \$200,000 in grants a year, etc.
3. Alter or amend current criteria to accommodate both state government and local grants.
3. Create a unique grant program for local government grants with its own separate criteria.

Some items to consider in implementing the program:

- * Additional potential draw down of Records Board Cash Fund vs. Revenue Streams available under new master contract
- * How to inform local governments of the availability of the grants
- * Establishing Reporting Requirements

NAME	Roll Call	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote
Holly Bolen Jon Bruning	R													
Lorelee Byrd	P													
Lauren Hill	P													
Kate Witek	P P													
Steve Schaefer Lori McClurg	P													
Bill Bidrowski	EX													
Dave Buelt	P													
Diane Vicars	EX													
John Gale	P													
Laureen Riedesel	P													
Jerry Catlett	P													
Sarah Kohlhof	EX													

P = Present
A = Absent
Ex = Excused

6 needed for a quorum

Contract for Network Manager Services

Between

**The Nebraska State Records Board
on behalf of the
State of Nebraska**

And Nebraska Interactive, Inc.

October 15, 2003

- e. Additional and leveraged resources for NSRB to assist in its records management, information management, data collection, and access functions;
and

WHEREAS, in order to effectuate this enhancement, NSRB, as the Nebrask@ Online network authority, issued a request for proposals for a public-private partnership with a private network manager, dated April 14, 2003. The request hereinafter referred to as "the RFP"; and

WHEREAS, NII submitted a proposal in response to the RFP, and such proposal was determined by the NSRB to be the one best-suited to the goals of the NSRB and the needs of an enhanced Nebrask@ Online. The proposal is hereinafter referred to as the "NII Proposal"; and

WHEREAS, NSRB desires to enter into a contract with NII for NII to serve as network manager in a public-private partnership to enhance, develop, operate, maintain and expand Nebrask@ Online (hereinafter referred to as the Network) for increased electronic access to and collection of public and other useful and relevant information as contemplated by the grant of authority to NSRB, in Section §84-1204 R.R.S. 1943, which provides in part that NSRB shall develop and maintain a gateway or electronic network for accessing public records.

WHEREAS, pursuant to Section §84-1204 R.R.S. 1943, the NSRB also supports and advises the Nebraska Records Management Division and State Records Administrator in accomplishing their legislative purposes, and for which the Network will furnish further valuable support.

company, NIC, Inc, hereinafter referred to as "NIC", (but not software or documentation created by third parties and purchased by or licensed to NII, hereinafter "Third Party Software") together with any amendments thereto made by NII while NII operates the Network, (hereinafter collectively "The Software") upon the following terms and conditions: By January 31, 2007, NSRB shall be entitled to a non-exclusive perpetual right-to-use-only license with rights to modify as it desires (either itself or using Approved Contractors), for no additional compensation, to The Software as it exists as of that date. Thereafter, at the end of each renewal period exercised by NSRB, NSRB shall be entitled to the same license to The Software as it exists on each such date.

b. A copy of The Software, or such portion as NSRB may elect to license, as it exists upon such date, shall be delivered to NSRB upon January 31, 2007, or the end of any renewal periods, beyond that date, exercised by NSRB.

c. NII shall deposit, on a quarterly basis, a copy of the most recent version of all source code of The Software in escrow with a neutral third party mutually chosen by NII and NSRB. Over the term of the contract NII will have the authority to remove superseded source code. Upon notice of termination or expiration of this contract, which shall be transmitted to the escrow agent, neither party shall have authority to remove any source code held in escrow.

d. Any and all modifications made to The Software by or on behalf of NSRB shall remain the property of NIC, but shall automatically be licensed to NSRB under the same terms and conditions as The Software is licensed.

e. An "Approved Contractor" shall be a contractor who shall have executed an agreement with NSRB in a form satisfactory to NIC. Such agreement shall:

relating to NII applications and operating systems intact to provide a fully-functional production environment, and administrative authority required for access and operation of such hardware shall be transferred by NII to appropriate personnel to be designated by NSRB.

Upon termination or expiration the NSRB shall also have the right to purchase or have transferred to them for consideration to be determined by the parties any third-party commercial software licenses used in the operation of network, at a price to be negotiated by the parties.

3. CONNECTIONS BETWEEN NETWORK AND STATE AGENCIES

Costs associated with and maintenance of communication links from state facilities to NII facilities for Network purposes, including but not limited to leased circuits from telephone or cable companies, shall be paid as expenses from the Network revenue account.

4. NETWORK SERVICES

a. NII on behalf of NSRB shall negotiate with and obtain written agreements from each separate data providing/collecting entity (hereinafter, "DP/CE) with which electronic communication is desired, but only if such agreements are needed to supplement the broad grant of authority to access public records or collect information data from the public which has already been granted to NSRB. A standard form for this agreement shall be created by NII and approved by the NSRB. In the absence of any specific separate agreement, this Contract, together with any addenda, shall serve as the document granting NII access to or the authority to electronically collect any such data.

b. Through addenda to this Contract or through the separate DP/CE contracts, NII and NSRB shall by mutual agreement, establish charges for, if appropriate, and

providing contracting entities (hereinafter "DP/CE") under all agreements for such payment in effect between the NSRB and DP/CEs and NSRB and NII.

ii. On the last business day of the month NII shall deposit in the Records Management Cash Fund by electronic means the total amount of funds payable to NSRB for services rendered in the prior month payable to NSRB and DP/CEs under all agreements for such payment in effect between NSRB and DP/CEs or NSRB and NII less amounts received from the mid-month payment proved in paragraph (i) above.

iii. At least seven days prior to the last business day of the month NII shall provide an itemized statement of all payments to be deposited for that month including a breakdown by data type (i.e. driver's license records, UCC searches) and volume activity and amount of revenue by data type.

iv. On the last business day of the month NSRB shall transfer to NII by electronic means all amounts due under agreements in effect at that time for services rendered in the month prior to payment.

c. After negotiating any separate DP/CE agreement, the agreement shall be presented by the Network to NSRB for final approval. When an agreement is presented to NSRB, the Network and respective DP/CE shall also present to NSRB a recommendation for prices, if appropriate to be charged users for the applicable Network service.

f. All subscribers will be required to execute a contract for services. NII shall be authorized to execute such contracts on behalf of NSRB and the Network. The basic form shall be approved by NSRB.

- g. The need of NII to earn a reasonable profit on Network operations.
- h. The need to comply with Legislative requirements.
- i. Any other reasonable factor which in the opinion of NSRB should be considered.

Such services will thereafter be subject to periodic review and adjustment by NSRB, in conformance with the appropriate Reissue Revised Statutes of Nebraska. Recommendations for amended rates shall be made by NII to NSRB as deemed necessary or desirable.

The maximum initial subscription fee that the mainframe bulk and interactive subscribers shall pay is \$50.00, which will be used to cover NII costs of account management, licensing communication software, if any, and providing 1-800 technical support. The maximum annual renewal fee shall be \$50.00. Each subscriber shall be entitled to a maximum number of users per subscription fee as approved by NSRB. These fees may be reduced at the discretion of NII as an inducement to further increase the number of subscribers and with the intent of increasing the overall billed usage of the Network. Should NII provide appropriate justification, NSRB may increase the initial or the annual renewal subscription fees. In addition, subscribers utilizing Network provided dial-in modem bank will pay NII a per minute connect fee to cover the telecommunications costs of providing 800 and Internet service to these subscribers.

Subscriber information, including names, addresses, usernames, passwords, credit card numbers, and bank account numbers shall remain the property of NII during the term of the contract. NII will make such information available upon request only to law enforcement authorities or such other parties as NSRB may approve.

Revenue from electronic access fees for new services shall be divided as agreed upon at the time the NSRB approves the fees for services.

7. CHANGES IN NETWORK.

A planned material change in Network operations cannot be made by NII without the prior consent of NSRB. A "material change" includes, but is not limited to, a change which materially increases on-line response time to user inquiries; significantly adds to the complexity of system use; materially diminishes services provided to users; results in a significant detrimental impact on operations noticeable by users; or a new portal, new secondary portal, or a material change to an existing portal or secondary portal. For purposes of this section, "users" shall include DP/CE users and other end users.

NII will provide to NSRB at least 30 days' prior written notice of a planned material change in Network operations, to allow NSRB review.

8. NOTICES.

The NSRB contact person shall be the NSRB Chairman. The NII contact person shall be the President of NII. Each party may change its designation for notice by written notice to the other party to this Contract.

Notices by the parties to one another shall be given in writing to the persons identified above or to such other persons as may be subsequently identified in a written notice. Such notices shall be effective on the date of receipt if sent by U.S. restricted delivery mail, postpaid, or by any reputable overnight delivery service, prepaid.

11. MANAGEMENT REPORTS AND BUSINESS PLAN.

a. Network operations and development shall generally be in accordance with the NII proposal, which shall be considered the Network business plan. As deemed necessary or desirable, NII may depart from such proposal, but in the event of any material departure NII shall notify NSRB in advance. NII shall timely provide to NSRB such management reports as NSRB may reasonably request. NII shall update the business plan annually. The business plan will include a marketing plan as a separate component or section.

b. NII shall prepare and submit to the NSRB a technical architecture report within 90 days of the effective date of this contract. Said report shall be a comprehensive overview of the technical architecture used for the network, and will be due annually thereafter for the term of the contract or any renewals of the contract.

12. PROJECT MANAGEMENT

a. The Board shall establish guidelines and procedures for prioritization of projects undertaken pursuant to the contract by NII. NII shall prepare on a quarterly basis or as otherwise requested by the Board, a report listing projects currently being worked on by NII, such report shall include a summary of the project and an estimated timeline for completion of the project. The timeline for projects contained in the report shall be subject to approval or amendment by the Board.

b. In consultation with NII, the Board shall establish guidelines and procedures for project management to be utilized by NII. Such procedures shall include:

- Identify and agree upon with the agency or entity involved the scope of work

**14. FULL-TIME EQUIVALENT POSITIONS AND SALARIES,
BENEFITS AND RELATED EMPLOYER EXPENSES.**

Personnel matters shall be generally governed as provided in RFP SCA-0261, Section III, subsection I, page 11. Nothing in said section of the RFP shall inhibit the authority of the NII president or his/her designee to take any employee management actions deemed necessary, up to and including immediate dismissal of an employee.

**15. BANK ACCOUNT FOR REVENUE AND PAYMENTS
THEREFROM**

Payments from Accounts. Payments from the Network revenue accounts are authorized as follows:

1. Payments to DP/CEs or NSRB for electronic access to or collection of information
2. Payment of ordinary, necessary and reasonable operating expenses for the Network.
3. System development costs, including programming (to the extent not covered by regular salary under ordinary operating expenses) and purchases or upgrades of software of hardware.
4. Payment of Shareholder distributions.
5. Any other payments to NSRB.

16. CORPORATE SUPPORT

NII shall monitor and notify NSRB of any new applications developed by its parent company or other subsidiaries of its parent company for possible implementation as part


If there is any conflict between the terms of the NII proposal and this Contract, the terms of the Contract shall control. This contract may be amended by mutual expressed written consent of the parties.

20. EXISTING AGREEMENTS

All addenda and existing contract between state agencies or other state entities and the NSRB prior to the date of this contract in full force and effect as of January 31 2004, remain in full force and effect under the contract until such time as they expire under their own terms or any terms that may be agreed upon by the parties in the future.


21. INSURANCE AND BONDS.


NII shall provide NSRB written proof of the following provided by a qualified firm authorized/admitted to do business in Nebraska:


 a. Proof of a general comprehensive liability insurance policy in the amount of at

 least \$1,000,000. NSRB and the State of Nebraska shall be listed as additional loss

 payees.

 b. Crime insurance covering all NII officers and employees in an amount of at

 least \$1,000,000 per employee. NSRB and the State of Nebraska shall be listed as

 additional obligees.

The terms of this section shall supersede and control over the second sentence of Section III subsection BB of the RFP, and all of Section III, Subsection CC of the RFP.

d. Amendment of the NSRB enabling statute or an adverse judicial decision by a court of competent jurisdiction, which has the effect of rendering network operations no longer feasible.

e. Insolvency of NII.

f. Breach of an agreement with any state agency.

g. Intentional disclosure of any confidential information.

24. STANDARD USE MESSAGES.

The Network shall display such standard use message(s) to all subscribers upon initial access to the Network or a part thereof as may from time to time be appropriate, and a subscriber shall be required to indicate the subscriber's compliance with said message terms. Upon subsequent accesses, such message shall be displayed only, without compliance indication, if prior compliance indication is logged in the user's session log. All messages must contain language that is at least as restrictive as the following:

“As a requester of Public information, I do hereby certify by making inquiry that I do not intend to and will not (the Network will include any such language or restriction as is required by Nebraska law.)”

The Network shall provide DP/CEs the opportunity to include additional wording if determined necessary by the DP/CE. The standard use message shall comply with any amendments to the law.

25. DATA PROVIDING ENTITY ACCESS.

a. DP/CEs may, if they desire and if approved by NSRB, have terminal (read) access to the Network's computerized log of subscribers and each user's security status,

and correspondingly reduce charges if the modified Network is not substantially equivalent or better than what it was before the modification. If (a) and (b) fail, then NII may discontinue such service without liability.

27. LIABILITY.

NSRB and the State of Nebraska, its agents and employees shall not be legally responsible to NII for errors due to Network problems.

NII agrees for itself, its agents, employees and assigns to hold harmless, indemnify and defend NSRB and the State of Nebraska, its agents and employees from any actions by third parties arising out of NII's negligence or material failure to perform under the terms of this Contract.

NII agrees that it has no right of subrogation or contribution from the NSRB or the State of Nebraska for any judgment rendered against NII under such circumstances.

NII liability shall be limited to actual damage caused in whole or in part by its intentional acts, negligent acts or omissions, material failure to perform under the terms of this contract, or violation of applicable laws, rules, regulations, or ordinances, and any such acts or failures to act of any subcontractors of NII, except to the extent the same was caused or induced by the State.

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster or other event not the fault of the affected party.

30. RELATIONSHIP OF PARTIES.

Notwithstanding any other provisions contained herein, it is expressly agreed that NII is an independent contractor in the performance of each and every part of this Contract. As such, NII is solely and personally liable for all labor and expenses in furtherance of such performance and for any and all damages which may be occasioned on account of its performance hereunder.

NII may become an agent of NSRB only by the expressed written consent of NSRB.

NII will not pledge any assets of NSRB in its care, custody or control, or cause any type of lien to attach to such.

31. CONTINUATION OF OPERATIONS DURING TRANSITION PERIOD.

If for any reason this Contract shall be terminated or upon expiration of the Contract without extension, or at the end of any extension, NII shall, at the option of NSRB, continue to operate under this Contract as Network Manager in accordance with all terms and conditions of this Contract, together with any amendments or modifications in existence at such time, for a period of up to 12 months from the time of expiration or notification of termination from NSRB to NII, whichever occurs earlier. The intent of this provision is to insure continuation of Network operations while a successor Network Manager is chosen and contracted.

STATE OF NEBRASKA)

) ss.

COUNTY OF LANCASTER)

Rod Armstrong, of lawful age, being first duly sworn, deposes and says that he is President of Nebrask@ Interactive, Inc. and has been duly authorized to execute this Contract on its behalf.

SUBSCRIBED AND SWORN to before me this ____ day of October, 2003.

Notary Public

My Commission expires: _____



STATE OF NEBRASKA

JOHN A. GALE
SECRETARY OF STATE

P.O. Box 94608
State Capitol, Suite 2300
Lincoln, NE 68509-4608
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sos08@nol.org

TO: State Records Board Members

FROM: Greg Lemon, Chief Deputy Secretary of State

RE: Contract Document Summary

DATE: October 10, 2003

The purpose of this memo is to explain and summarize the contract draft which is to be considered at the October 15th meeting of the Nebraska State Records Board. Please note that the subcommittee meets on the 14th to approve this draft, although significant changes are not contemplated, this memo and the contract may be subject to some minor revisions which will be pointed out at the Board meeting. The basis for this draft was the existing contract between Nebraska Interactive, Inc. ("NII") and the Nebraska State Records Board ("NSRB") and its addenda. There are many items left intact such as payment procedures and agreements with agencies. There are also many changes which focus on but are not limited to:

- * Additional items required to be reported to the NSRB including marketing and technical architecture reports
- * Required detailed project management documents accessible to NSRB upon request
- * More oversight over contractor personnel
- * Additional safeguards against default or early termination including a hardware purchase option
- * Peer review of project management, security, quality assurance, etc.
- * Requirements that NII log and track problems reported by users as well as state agency clients, and that such reports be made available to the Board in such manner as the Board may determine

Please note that the RFP and NII response are also part of the contract, the draft document overrules those documents to the extent that there is a conflict.

A detailed list with references to contract language follows, this list primarily focuses on changes made:

1. Page 1, third "Whereas" updates language to reflect intent to achieve and maintain national leadership in the delivery of E-government services.

12. Page 15, section 11, requires a marketing plan as part of the annual business plan submitted by NII and an annual technical architecture report from NII.
13. Page 15, section 12, subsection a, inserts language from an addendum to the master contract regarding the project priority list established by the Board a couple of years ago.
14. Page 15, section 12, subsection b, requires NII to develop and use detailed project management reports and the NSRB to have access to those reports.
15. Page 17, section 14, Specifically references back to the RFP in regards to personnel matters for NII. The RFP gives the Board additional authority over personnel decisions.
16. ~~12.~~ Page 17, section 15, deletes language relating to initial infusion of capital into the network (note: deletions not shown in latest "clean" version of contract)
17. ~~12.~~ Page 17, section 16, provides that NII shall report new application developed by its parent company or any of its subsidiaries to the Board, and shall have the right to use these applications.
18. ~~14.~~ Page 18, section 17, provides that NII shall log and monitor problems reported by both customers (the public) and clients (state agencies) associated with the operation and development of the network, and that such reports shall be made available to the NSRB.
19. ~~18.~~ Page 18, section 18, establishes a peer review procedure NII must comply with in regards to their project management and technical architecture.
20. ~~16.~~ Page 19, section 20, grandfathers in existing agreements between the NSRB and state agencies/other entities.
21. ~~17.~~ Page 19, section 21, requires NII to maintain a \$1,000,000 liability and \$1,000,000 criminal liability policy. This replaces the performance bond (\$500,000) and a portion of the penalty provisions of the contract.
22. ~~18.~~ Page 23, section 27, more specifically defines liability provisions of the contract.
23. ~~19.~~ Page 24, section 28, provides that NII may use employees of their parent company or its subsidiaries on work under the contract without prior approval of the NSRB.
24. ~~20.~~ Page 24, section 29, defines terms of the contract, Feb. 1, 2004, through January 31, 2007, with option for a two year and one year extensions, with such other extensions as the parties may agree.

03 OCT 11 100 EO

BA SS &
ASSOCIATES, INC.
A HunTel Company

NEBRASKA STATE PURCHASING

October 10, 2003

Material Division Administrator
Department of Administrative Services
P. O. Box 94847
Lincoln, NE 68509-4847

RE: Letter of Protest - SCA-0261

Dear Sir or Madam:

The purpose of this letter is to notify you that Bass & Associates, Inc., A HunTel Company, hereby protests the award of SCA-0261 to Nebraska Interactive, Inc. and requests that the Department of Administrative Services delay execution of any contract or agreement with Nebraska Interactive, Inc. relating to SCA-0261 until such time as all of the following concerns are resolved.

At this time, Bass requests the following:

- A meeting with a representative of the Department of Administrative Services and the NSRB Proposal Evaluation Committee for the purpose of reviewing the NSRB's position on each of the six issues listed below. Specifically, we request the NSRB to show evidence and explain the reasons for the shortcomings in the written RFP and the RFP process.
- An opportunity to review the detailed score sheets prepared by each member of the NSRB proposal evaluation committee.

Points of Contention:

The purpose of LB 626 is to establish a standardized, open, and fair process in selection of contractual services, assuring a fair assessment of qualifications and capabilities for project completion.

The award of this contract to Nebraska Interactive, Inc. followed a process that gave preferential advantages to the incumbent, disadvantages to the non-incumbents and, as a result, was neither "open" nor "fair." The specific issues we present in support of our contention are as follows:

1. RFP-0261 stated, *"...what the State anticipates will differentiate the bidders on the RFP is focused in two areas: the innovations and efficiencies the Contractor can bring to the State."* The Bass proposal contained innovation, efficiencies and specific cost saving initiatives unmatched by the Nebraska Interactive proposal. Indeed, the Nebraska Interactive proposal seems to maintain the status quo. The scores given two proposals appear to ignore the very items the State indicated would differentiate the bidders.

Materiel Division Administrator / RE: Letter of Protest - SCA-0261

October 10, 2003

Page 3

assess and understand the nature, scope and capacities of the NOL infrastructure and operations.

- b. The NSRB failed to require the NOL Manager to disclose essential information regarding historical expenditures for mandatory tasks and activities, and allowed the NOL manager to claim this information is proprietary. Furthermore, it failed to require the NOL Manager to adequately describe the nature, scope and capacities of the NOL infrastructure and operations. This was done without requiring evidence to support the claim that the requested information was proprietary.
- c. The NSRB failed to provide adequate specifications for mandatory tasks and activities in the RFP and withheld this information when specifically asked for it during the Question and Answer phase. In essence, non-incumbent bidders were deprived of historical information on mandatory services.

The NSRB also failed to provide adequate technical specifications for systems and infrastructure so that the non-incumbent bidders could understand what constitutes acceptable minimum service levels.

In summary, the NSRB failed to give the bidders adequate specifications for minimum and mandatory tasks and duties, while the current NOL manager (also bidding on this contract) knew and withheld this information. This is in direct opposition to the intent of LB 626 regarding "open" bidding procedures.

4. RFP SCA-0261 was written in such a manner as to give the incumbent an unfair advantage by requiring non-incumbent bidders to provide services and incur expenses from which the incumbent was exempt. An example of this is transition costs.
5. The NSRB provided generalized, incomplete and misleading responses to specific questions submitted by non-incumbent bidders. Such answers made it impossible for non-incumbent bidders to compete on a fair and open basis with the incumbent NOL Manager. It made it impossible to build an accurate business model, to forecast costs or to forecast potential profitability of this contract. Examples of this include questions regarding external systems connected to the NOL systems, current configuration, architectural documentation, current software inventory, disaster recovery plan, network bandwidth utilization, database listings, environmental infrastructure, identification of connected systems, project management, system integration and data import processes.
6. The NSRB required non-incumbent bidders to submit proposals for services on which the NSRB would not provide requirements or specifications. Whereas the incumbent had full knowledge of those requirements and specifications, this represented an unacceptable and entirely one-sided advantage for the incumbent. Examples of this include areas of operational support and security infrastructure.

State Records Board Meeting
Attendance For
October 15, 2003

YES

John Gale

Holley Bolen - representing Attorney General Jon Bruning

Kate Witek

Lorelee Byrd

Steve Schafer representing Lori McClurg

Lauren Hill

Jerry Catlett

Dave Buel

Laureen Riedcsel

NO

Bill Bidrowski

Diane Vicars

Sarah Kohlhof

State Record Board Sub-Committee Minutes

March 12, 2003

1:00pm

The subcommittee meeting was called to order at 1:00pm.

Subcommittee Members present were: John Gale, Secretary of State, Keith Dey, IT Director for Department of Motor Vehicles, Steve Schafer, CIO,

Subcommittee members absent were: Lorelee Byrd, State Treasurer, Lauren Hill, Nebraska State Records Board Member, Dave Buel, Nebraska State Records Board Member

Others in Attendance were: Beth Boal, IM Services, Ruth Gray, State Purchasing, Greg Lemon, Chief Deputy Secretary of State, and Amy Leffers, Secretary of States Office

Mr. Lemon distributed additions to the Nebraska @ Online Transaction Revenue. Ms. Boal distributed additional changes and recommendations to the RFP draft for discussion.

Secretary Gale made comments and suggestions to some RFP language. He stated he would like to see the language "is an equal opportunity employer" added on page one. Ms. Gray agreed. He also discussed adding the language "authorized" to the signature space. Ms. Boal stated the language is already used further into the reading. Secretary Gale also stated a concern on page two regarding authorized proposals. The members discussed authorization further. Secretary Gale thanked the working group on a tremendous job.

Mr. Lemon discussed the RFP draft and stated it is essentially complete. He discussed key factors and the transaction revenue he distributed to the sub committee members. He briefly discussed the outline of requirements and components. Ms. Boal stated the important key is the 90%/10% revenue base and she is interested in discussing this further with the absent members.

All members discussed section "K" software and hardware. Ms. Gray made a few verbiage changes to page 1 of the actual document under scope & proposal. All members discussed the schedule of events and the last date for questions to be submitted. The members agreed to make the change of questions being submitted 1 week before the conference and for questions after the meeting to be excepted up to May 16th. The decision was made to make the questions and answers consistent for both meetings and the last day for questions to be submitted for the second meeting is the 20th.

Mr. Schafer made recommendations on the performance clause, page 39, and the default clause and stated it is important they are consistent. Mr. Lemon agreed to review this matter. Ms. Boal suggested moving the alternative proposal to a new location alone. All members agreed to make the Alternative Proposals a bullet point called Other Information.

Ms. Gray stated in order for the RFP draft to be ready the revision needed to be repaired and the vendors list would need to be worked on. Mr. Schafer moved to accept the final draft after discussed changes have been made. Mr. Dey seconded the motion. The motion carried unanimously on a voice vote. Mr. Lemon stated the motion was carried. Ms. Boal discussed putting together a summary to distribute to Mr. Lemon for approval. Ms. Boal said as soon as Mr. Lemon revises the final RFP she would distribute the final copy with a cover letter to the sub committee members stating if there are comments Mr. Lemon and Ms. Boal would meet with each of them individually for discussion. A meeting of the records Board will be scheduled for late March.

The meeting was adjourned at 2:40pm.