

Niets 2017 Annual Report



Niets

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Letter from the President

2017 was an exciting year for Nlets—we turned 50!!

It was an honor to be elected to serve as your President at the 50th Annual Business Meeting in Estes Park, Colorado. And, it will be my privilege to preside as Nlets President in Lake Tahoe, Nevada, next June to mark the beginning of the next 50 years.

Nlets would not be the premiere interstate justice and public safety network throughout the nation (and I dare say the world) that we have set out in our mission to be without the hard work and efforts of numerous representatives, staff members, and partners throughout the years. It is because of the dedication of many individuals that Nlets has persevered for 50 years and will continue for the next 50 years, and beyond!

Throughout the pages of this annual report, you will find that Nlets is financially solid, has a well-known and trusted name in the industry, and continues to grow in many ways. Although we experience growing pains at times, we adapt and work through them. The strategic plans that have been

put in place—corporate, financial and technical—give us the critical road maps necessary to keep our priorities and focus on target. These plans are refreshed regularly and will continue to keep us on track for the future. Priorities and focus have and will change over time, but the goals set forth provide the metaphorical guard rails to keep Nlets on course to fulfill its core mission and vision.

2017 saw some changes on the technology front:

- Sunsetting of the IP Socket Protocol, with the Brodie Assistance Fund (BAF) providing significant assistance to many members
- Continued work on the implementation of NJIN 2.0
- Various measures taken to further Nlets' security posture
- The first implementation of a hosted state message switch at Nlets
- Increased usage of NOVA

Other changes were not as prominent, but were still significant:

- The Training Committee began work on creating new short multi-media training messages

- A new Alliance Partnership program was approved and implemented with IJIS becoming our first Alliance Partner
- Staff compensation plans were updated and aligned to market
- Staff retirement plan was reviewed and changes were set in motion
- New directors were hired in the Finance and Human Resource Departments
- Support continued to be provided back to state and local agencies via BAF funds

It continues to be a privilege to serve with many wonderful and talented representatives.

The turnover of Nlets representatives constantly introduces new members to the process, as well as new Strategic Partners being approved by the Nlets Board. If you are new to Nlets, I encourage you to find a way to get involved. Although there are a limited number of members who can serve on various committees, you can still be involved in other ways not the least of which is to engage at the regional meetings during the ABM.

I look forward to a great 2018 serving with you to make Nlets better and stronger!

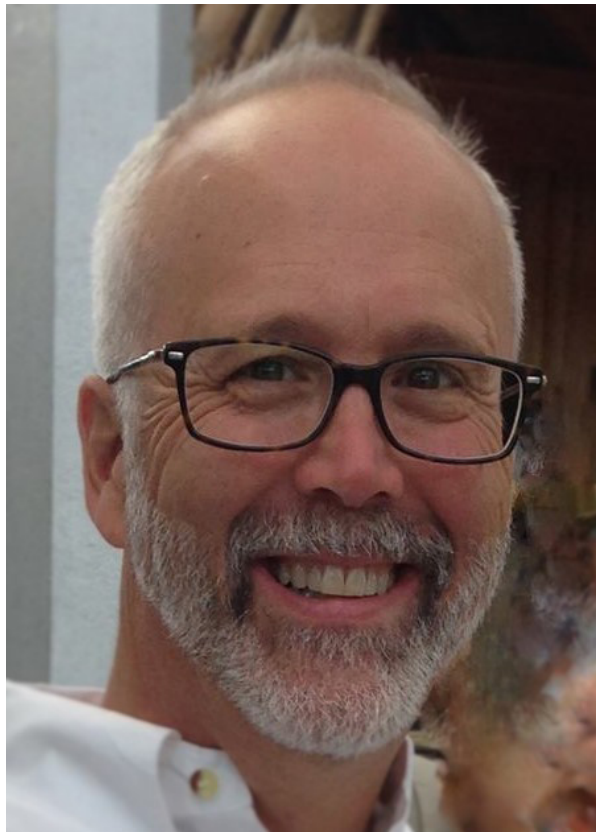


Leon Frederick
Nlets President

Letter from the Executive Director

Our 50th year is in the books. In whole, this year was very much like recent years. System usage continues to go up, with over 1.8 billion transactions transferred through the Nlets system and network – a record high, again. We added resources, expanded capabilities, improved redundancies, and increased services as we have in years past, and will do in 2018.

What made 2017 a bit different is that in June we brought the old and new Nlets community together for our Nlets 50th Annual business Meeting in Estes Park,



Colorado. We brought our current friends and partners as well as many of our retired representatives - those who designed, created, nurtured and built the first 50 years of Nlets. We wanted to do this to acknowledge their efforts and passion, but also to reflect on where we came from and to maybe reacquire that initial focus, from those who first saw the Nlets vision.

I like the James Baldwin quote “Know from whence you came. If you know whence you came, there are absolutely no limitations to where you can go.” And while that saying leads the reader to understand that opportunities are limitless if you know who you were and who you are - I also like the contrary saying of: “aim small, miss small”.

At Nlets we have a mission and a vision. We also have great people and technology, and what those two things can do together are seemingly limitless. And there is a great deal of need in our community. A community often looking for an entity to fill that need.

But Nlets also has a focus, and vision that has been 50 years in the making both of which are growing to include new

capabilities the founding members never envisioned. But that growth comes through thoughtful and disciplined strategic planning. We understand that the opportunities are limitless, we also believe that we must stay centered on our strongest position of secure information exchange. Not every opportunity is the right opportunity. Knowing who we are, what we are and how we can best be utilized while maintaining the discipline to stay that course is our continuing plan.

So, knowing where we came from, helps us plan to go where we are most needed. 2017 was a celebration of 50 years of good, disciplined decisions that have gotten us to where we are today.

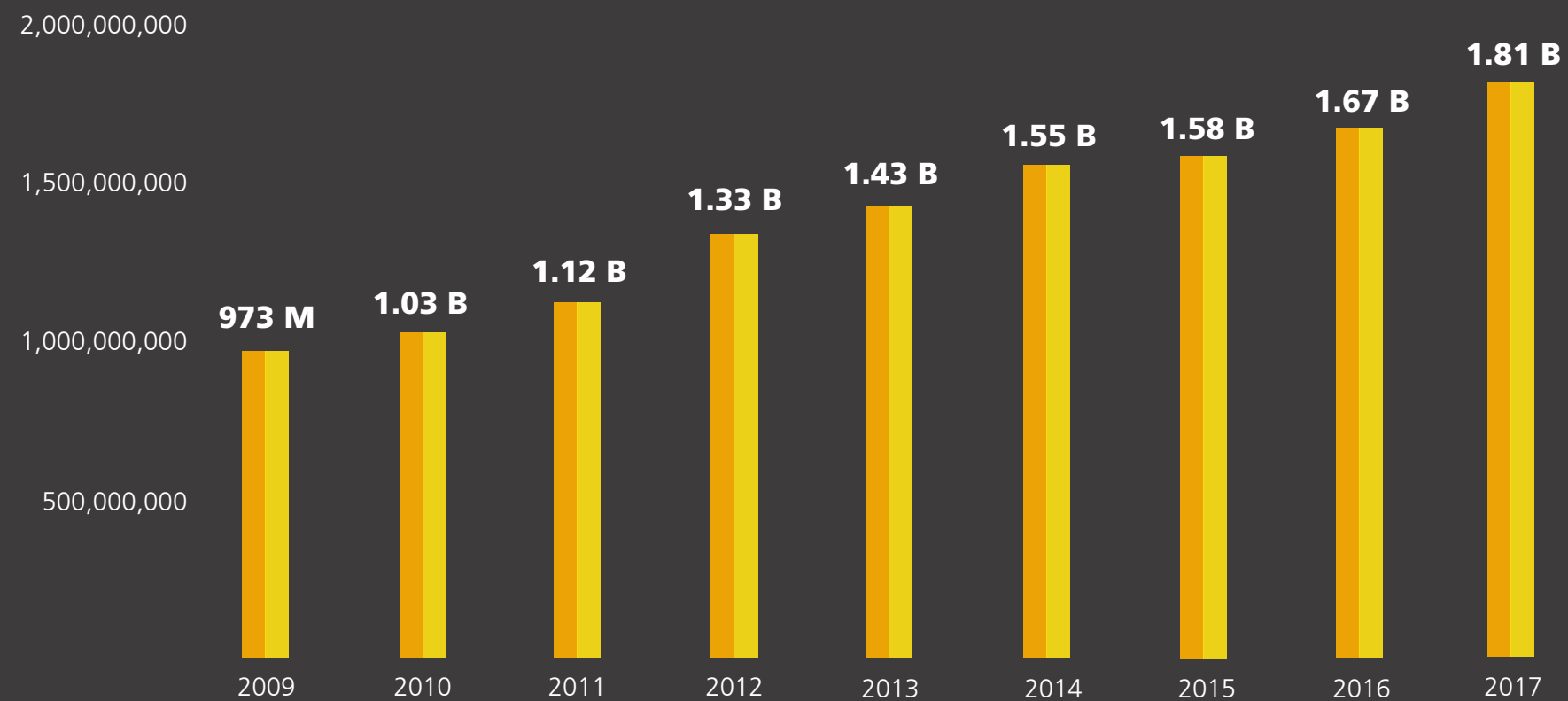
And as 2018 starts off, we find ourselves creating the 8th iteration of the Nlets Strategic Plan. A plan that will again, ask the same questions. Who are we, where did we come from, where are we going and how best do we get there?

Remembering 2017, we eagerly head into the next 50 years.

A handwritten signature in black ink that reads "Steven E. Correll". The signature is fluid and cursive.

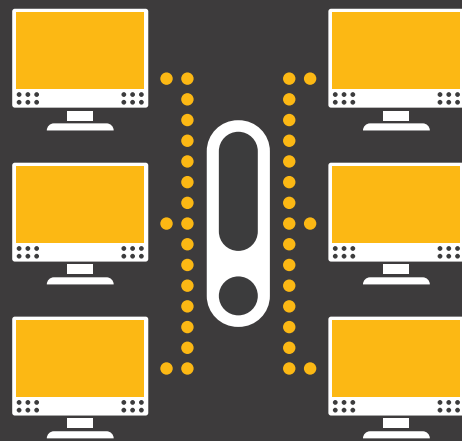
Steve Correll
Nlets Executive Director **4**

Transactions by Year

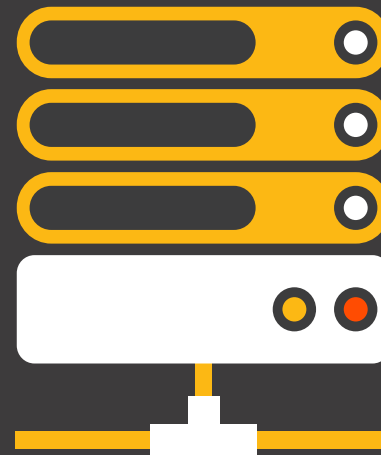


2017 Statistics

99.93% Network Uptime



99.98% System Uptime



67.56ms Average Response Time



STATEMENT OF FINANCIAL POSITION
As of December 31, 2017
The data below is a summarized balance sheet.

Financial Update

\$10,095,603	\$9,303,562	\$792,041
Total Revenue & Support	Total Operating Expenses	Net Operating Results
↑ vs. 2016 \$9,677,300	↓ vs. 2016 \$9,427,177	↑ vs. 2015 \$250,123

Financial Health

Assets

Current assets	\$3,368,659
Property and equipment	\$6,186,780
Other assets	\$10,919,400

Total Assets **\$20,474,839**

Liabilities

Current liabilities	\$824,506
Deferred revenue	\$466,944
Long-term liabilities	\$4,315,929
Net assets	\$14,867,460

Total Liabilities and Net Assets **\$20,474,839**

Financial Update

Nlets continues to build on its financial stability, and as a result, we were able to invest in the most talented people, some of the best technology, and enhanced security, reliability and expanded capabilities.

*2017 saw slight revenue growth of 4% over prior year, with expenses falling 1% (due mainly to payroll and benefit savings), resulting in improved operating margin of 7.8%.

*\$1.6MM was invested in technology infrastructure, including hardware and security updates at our main facility as well as our disaster recovery site. Capital outlay continued in 2017 for the NJIN 2.0 rewrite project, which is expected to be completed in 2018.

*\$622,030 was allocated to the Brodie Assistance Fund, as our efforts to build sustainable resources to reinvest back in the membership community continue.

Other Things to Know

- **Our 2017 audit is complete, with Nlets receiving an unqualified (or “clean”) opinion and no material weaknesses in internal control.**



Keegan, Linscott & Kenon, PC

Certified Public Accountants

Certified Fraud Examiners

Certified Insolvency & Restructuring Advisors

Locator Impound Database



Locator Technologies, an Nlets Strategic Partner, maintains eimpound.com, an online database identifying the name and contact information of impound lots holding vehicles. This database is now available to Nlets users sending NIQ and NAQ messages to NICB (NA). In addition to the existing NICB information accessible through NIQ and NAQ messages, this new Locator resource will return the name and contact information of the impound lot holding the vehicle with the input VIN number.

No changes are required on the end-user side. Locator's database, which is hosted within Nlets' Nova environment, will automatically be queried when an NIQ or NAQ are sent to NICB (NA).

Additional information can be found in section 27 of the Nlets WIKI (wiki.nlets.org)

Saginaw Chippewa Tribal Database

The Saginaw Chippewa Tribal license plate database is now available via Nlets. Any Saginaw Chippewa Tribal plate that is run by law enforcement within Michigan will be sent to the Michigan State Police (MSP) in the same manner as a regular Michigan vehicle query. The MSP will route all Saginaw Chippewa Tribal traffic to Nlets. Nlets will then check the plate against the database and return a response to Michigan, who will route the response to the user that initiated the query. Out-of-state queries will be routed directly to Nlets. Nlets will check all vehicle queries (RQs) destined to MI to determine if any are Saginaw Chippewa Tribal plates. Plates that are determined to be from the Saginaw Chippewa Tribe will be routed to the hosted database.

This solution is similar to existing tribal partnerships, listed to the right, as Nlets continues to expand its reach and provide relevant data to officers on the street.

Existing Tribal Database partnerships hosted at Nlets:

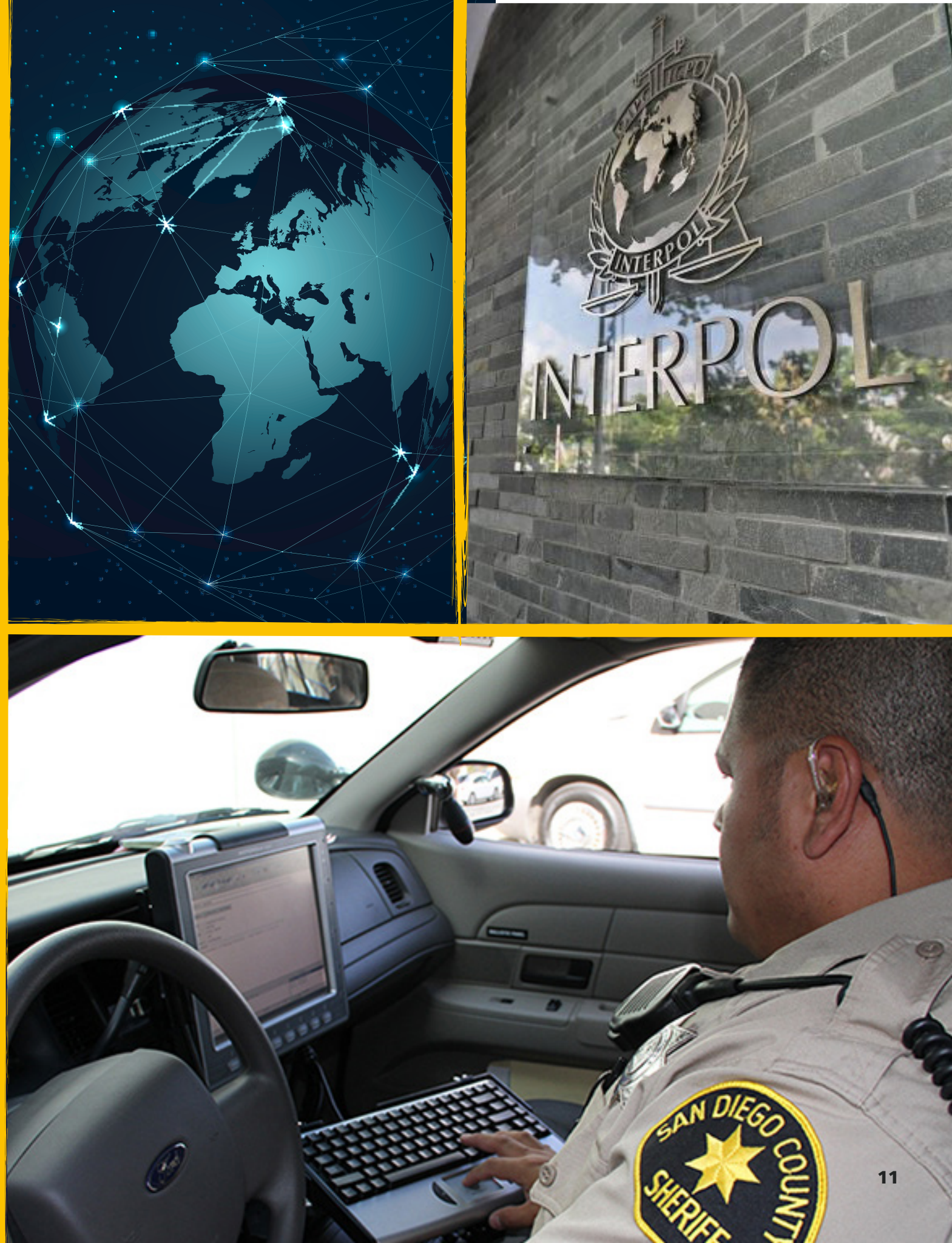
- Bay Mills Indian Community
- Yakama Nation
- Spokane Tribal Police Department (Implementation In Progress)

INTERPOL Images

INTERPOL images are now available via the Full Person Query (FPQ). INTERPOL will return all images associated with a Person Record to subscribing agencies, providing law enforcement with additional resources to positively identify subjects in the field. INTERPOL Full Person Responses are available by sending message key FPQ to destination IP.

Configuration at the Nlets Operations Center is required to enable images associated with INTERPOL Full Person Records. If you would like to take advantage of this new resource, contact the Nlets Help Desk at 1-800-528-4020 or helpdesk@nlets.org.

Additional information can be found in section 35 of the Nlets WIKI (wiki.nlets.org).



Nationwide Response Consolidation: DQ, RQ, IQ

Nlets released three new nationwide response consolidations for the following messages: Driver's License Queries (DQ), Vehicle Registration Queries (RQ) and Criminal History Identity Queries (IQ). These new resources provide single destinations for users to query all states, Puerto Rico and Guam. No-hit responses are filtered out, leaving only relevant responses.

By sending a Driver's License Query (DQ) to the destination code NL, users will receive hit responses from all states, Puerto Rico and Guam in a single response.

By sending a Vehicle Registration Query (RQ) to the destination code NL, users will receive hit responses from all states, Puerto Rico and Guam in a single response.

By sending a Criminal History Identity Query (IQ) to the destination code NL, users will receive hit responses from all states, Puerto Rico and Guam in a single response.

These are the latest consolidated message keys following the release of consolidated SOQ and WLQ messages in 2016.



Sunsetting Initiatives

Nlets is in the midst of a nationwide initiative to sunset legacy technology and adopt more modern, unified standards. To the right are the relevant sunsetting motions passed by the Nlets Board of Directors.

BOD Fall 2014 Motion 7

Resolve that Nlets will sunset dot delimited text formats by December 2018 at which time all Nlets message traffic will be in standardized XML format.

BOD Fall 2015 Motion 20

Resolve that Nlets extend the deadline to sunset dot-delimited text to December 2019.

BOD Fall 2014 Motion 8

Resolved that Nlets will sunset Nlets Socket Protocol by July 2017.

"Meeting sunset dates established by the Nlets Board of Directors is important for the membership due to the technical and financial benefits associated with each initiative. Migrating to XML and web services will lower development and maintenance costs, standardize data presentation and exchange, and add functionality for all users."

***-Jeremy Hansford
TOC Committee Chair***

XML Standardization: Board of Directors Priorities

BOD Fall 2017 Motion 12

RESOLVED THAT THE BOARD'S 1ST PRIORITY FOR XMLINIEM CONVERSION IS CCH. UP TO \$30,000 IS AUTHORIZED BAF FOR CCH CONVERSION FOR STATE MEMBERS UNABLE TO FUND INTERNALLY.

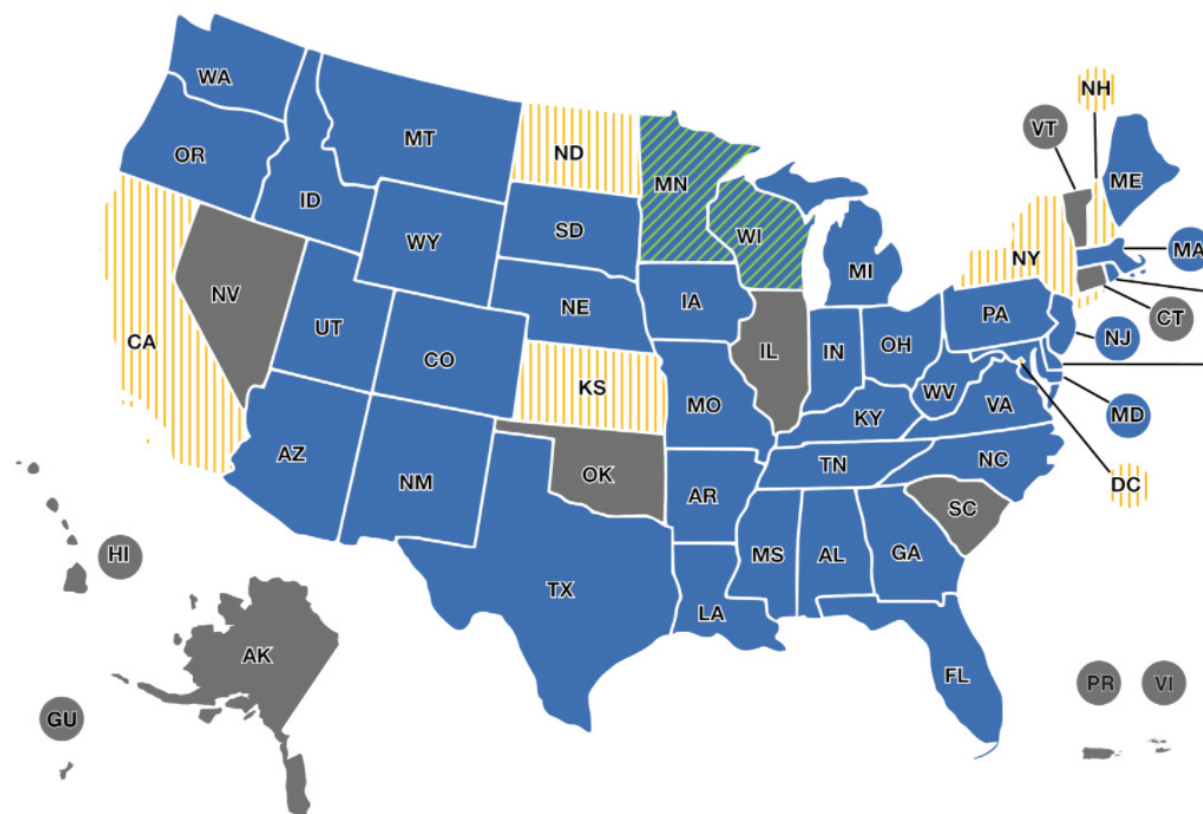
BOD Fall 2017 Motion 13

RESOLVED THAT THE BOARD'S 2ND PRIORITY FOR XMLINIEM CONVERSION IS DMV. UP TO \$30,000 IS AUTHORIZED BAF FOR DMV CONVERSION FOR STATE MEMBERS UNABLE TO FUND INTERNALLY.

Initiatives

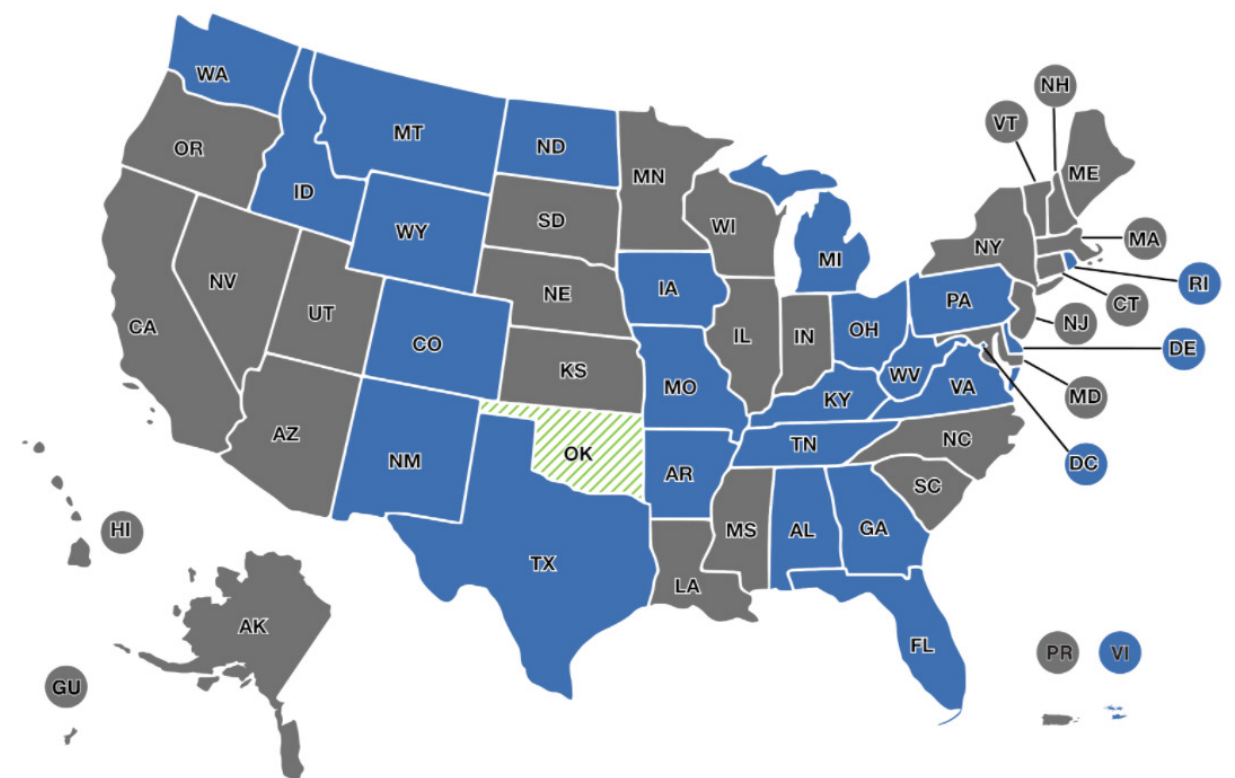
Drivers License Photo Sharing (NISP)

■ Sharing/Receiving
 ■ Limited Sharing/Receiving
 ■ Sharing
 ■ Not Sharing/Receiving



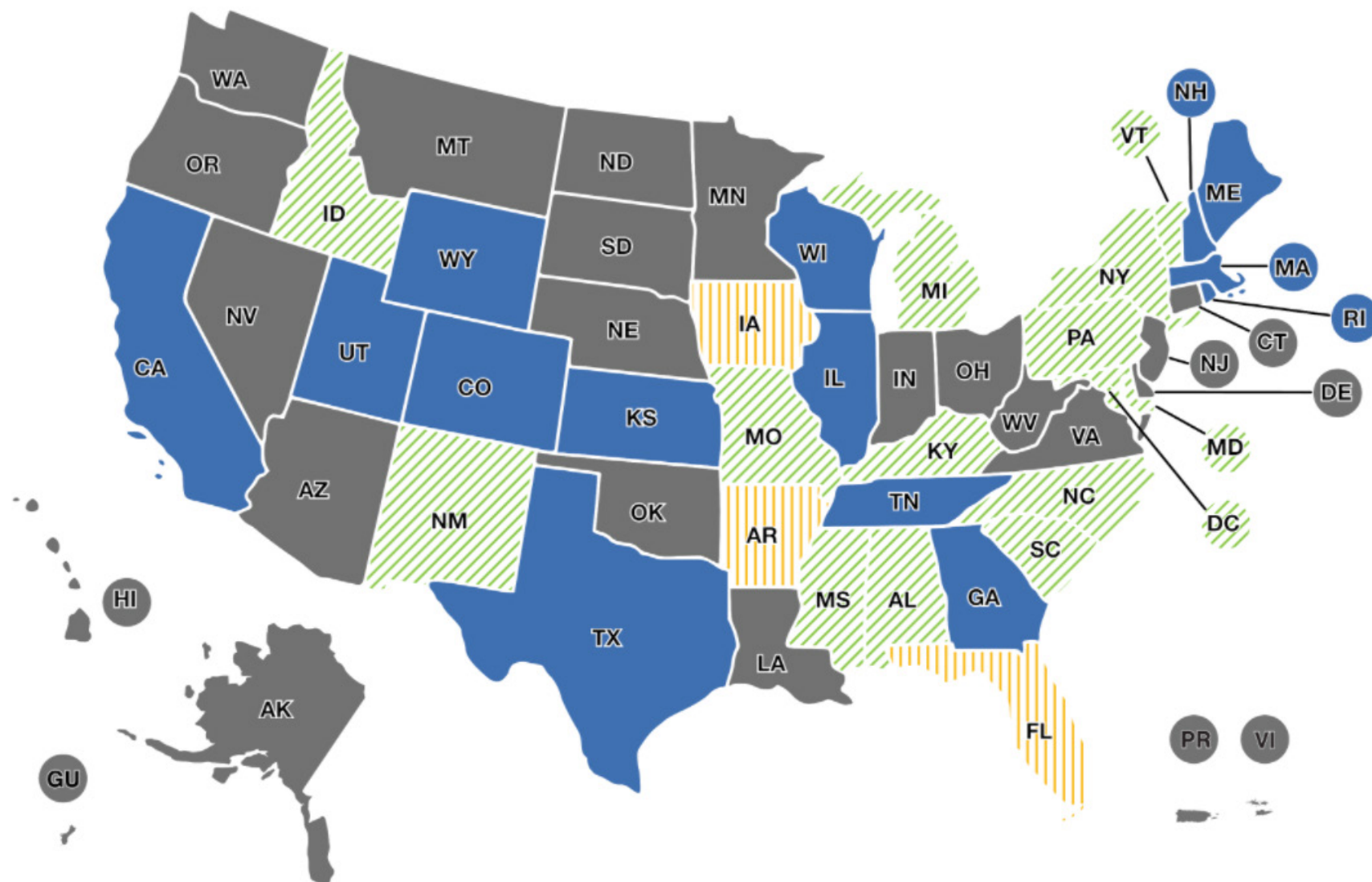
Targeted Interstate Photo Sharing (TIPS)

■ Implemented
 ■ Upcoming
 ■ Not Implemented



CHIEF Update

Criminal History Information Exchange Format (Standardized Rapsheets)





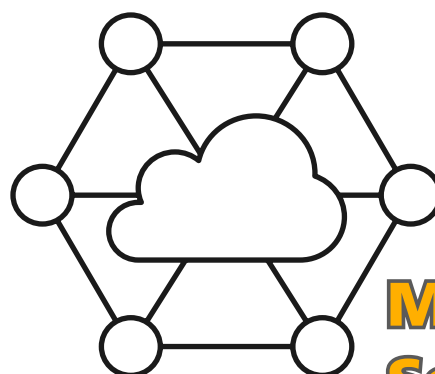
Nova is Nlets and CJIS security policy compliant and has been audited by the FBI.

2017 was another successful year of growth for Nova, the Nlets Secure Cloud Platform, in production. A number of organizations are live within Nova, and many more have expressed interest in our unique cloud hosting platform.

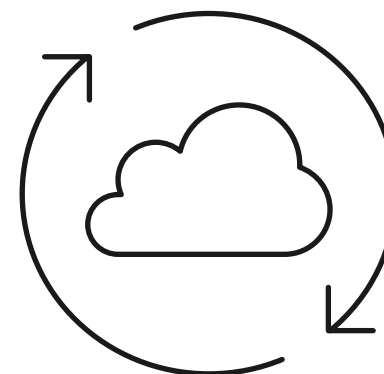
Nova is our most modern solution — a completely customizable virtualized environment that eliminates many of the hassles of traditional hosting. With leading technology and unparalleled customer support, Nova is a virtualized hosting product that stands toe-to-toe with leading industry providers while catering directly to those who support officers on the street. Ideal for all environments, whether it's primary technology, DR sites or test environments, Nova is a premiere cloud service for the criminal justice community.

For more information about Nova or to request a quote, visit Nletscloud.org.

Coming to Nova in 2018:



**Multi-site
Services**



**Back-up
Services**

[Click Here to Request a Nova Quote](#)

"Our decision to move to NOVA was not a matter of 'if' but 'when,' and when it came time the support we received from the Nlets team was unparalleled to any provider I have worked with. At ALEN we promise our clients that they are always accessing a service that is utilizing the latest technology on the market today. Operating within Nova ensures that we are keeping that promise."

-Trevor Ward, ALEN Information Security Officer

Strategic Partners

Nlets is proud to partner with these industry members, who join us in our mission to serve law enforcement.



Hosting Customers

Nlets is proud to provide secure hosting services to these industry members, who join us in our mission to serve law enforcement.



Nlets Service Agencies

Core: Principal

Alabama Law Enforcement Agency
Alaska Department of Public Safety
Arizona Department of Public Safety
Arkansas Crime Information Center
California Department of Justice
Colorado Bureau of Investigation
Connecticut Department of Public Safety
DC Metropolitan Police Department
Delaware State Police
Florida Department of Law Enforcement
Georgia Bureau of Investigation
Hawaii Criminal Justice Data Center
Idaho State Police
Illinois State Police
Indiana State Police
Iowa Department of Public Safety
Judiciary of Guam
Kansas Bureau of Investigation
Kentucky State Police
Louisiana State Police
Maine State Police
Maryland State Police Headquarters
Massachusetts Executive Office of Public Safety and Security
Michigan State Police
Minnesota Department of Public Safety
Mississippi Department of Public Safety
Missouri State Highway Patrol
Montana Department of Justice
Nebraska State Police
Nevada Department of Public Safety
New Hampshire State Police
New Jersey State Police
New Mexico Department of Public Safety
New York State Police
North Carolina State Bureau of Investigation

North Dakota Department of Emergency Services
Ohio State Highway Patrol
Oklahoma Department of Public Safety
Oregon State Police
Pennsylvania State Police
Puerto Rico Department of Justice
Rhode Island State Police
South Carolina Law Enforcement Division
South Dakota L.E.T.S.
Tennessee Bureau of Investigation
Texas Department of Public Safety
United States Virgin Islands Police Department
Utah Bureau of Criminal Identification
Vermont Department of Public Safety
Virginia State Police
Washington State Patrol
West Virginia State Police
Wisconsin Department of Justice
Wyoming C.J.I.S.

Core: Associate

ARJIS of San Diego
Heavy Vehicle Electronic License Plate, Inc. (HELP, Inc.)
National Center for Missing and Exploited Children (NCMEC)
National Insurance Crime Bureau (NICB)
National Vehicle Service (NVS)
Regional Information Sharing System (RISS)
Western Identification Network (WIN)

Core: Federal

Administrative Office of U.S. Courts
Bureau of Justice Statistics (BJS)
Bureau of Prisons (BP)
Department of Homeland Security, Office of Inspector General (OIG)
El Paso Intelligence Center (EPIC)
Federal Aviation Administration
Federal Bureau of Investigation / NCIC
Federal Motor Carrier Safety Administration
Federal Protective Service
National Weather Service / NOAA
Naval Criminal Investigative Service
Social Security Administration
Transportation Security Administration / OLE
U.S. Air Force
U.S. Army
U.S. Bureau of Consular Affairs/ Passport Services
U.S. Coast Guard
U.S. Customs and Border Protection
U.S. Department of Defense/DMDT
U.S. Department of Justice
U.S. Department of State
U.S. Department of the Interior
U.S. Department of Veteran's Affairs
U.S. Immigration and Customs Enforcement
U.S. Marshals Service
U.S. National Central Bureau of INTERPOL
U.S. Office of Personnel Management
U.S. Postal Inspection Service
U.S. Secret Service

Core: International

Canada

Nlets Leadership

*Current committees as of
Spring 2018

Board of Directors

President: Leon Frederick (IA)

1st Vice-President: Charles Schaeffer (FL)

2nd Vice-President: Wyatt Pettengill (NC)

Region A: Curtis Wood (MA), Chair
Bill Guy (RI), Vice Chair

Region B: Rachel VanDeusen (NY), Chair
Stephen Gerber (NJ), Vice Chair

Region C: Brad Truitt (TN), Chair
Greg Meetze (SC), Vice Chair

Region D: Terri Fisher (GA), Chair
Shelley Scott (LA), Vice Chair

Region E: Dawn Brinningstaull (MI), Chair
Jeremy Hansford (OH),
Vice Chair

Region F: Jennifer Viets (MT), Chair
Mike Lynk (ND), Vice Chair

Region G: Tim Struck (NM), Chair
Ted DeRosa (CO), Vice Chair

Region H: Clay Sato (HI), Chair
Kathy Monfreda (AK),
Vice Chair

Federal Liaison: Frank Dubiel (DS)

Finance & Management

Chair: Dawn Brinningstaull (MI)

Ex-Officio: Charles Schaeffer (FL)

Curtis Wood (MA)

Mike Lynk (ND)

Technical Operations Committee

Chair: Jeremy Hansford (OH)

Ex-Officio: Wyatt Pettengill (NC)

Darryl Hayes (CT)

Chris Corea (MD)

Jim Gerst (FBI)

Greg Meetze (SC)

Boyd Butler (IL)

Brad Cazort (AR)

Oded Galili (MN)

Louis Plourde (CN)

Jim LeMaire (NV)

Joe Mandala (KS)

Brodie Assistance Fund

Chair: Tom Prevo (NB)

Jeremy Hansford (OH)

Rachel VanDeusen (NY)

Terri Fisher (GA)

Clay Sato (HI)

Training & Education

Chair: Shelley Scott (LA)

Jennifer Viets (MT)

Amy Mancuso (SD)

Marci Dennehy (TSA/OLE)

Kateri Candee (WA)

Nominations

Chair: Curtis Wood (MA)

Terri Fisher (GA)

Kateri Candee (WA)

Hall of Fame

Chair: Phil Colby (VT)

Leon Frederick (IA)

Steve Correll (Nlets)

Curt Wood (MA)

Larry Grund (Alumni/HOF)



Celebrating 50 Years of Service

50

Powered By

Nlets

2017 Nlets Annual Business Meeting

Estes Park, Colorado

