

ESS Coordinating Committee

Meeting Summary

May 10, 2022

Participants

Julie Haggerty, Polk County Recorder
Booten, Lee County Recorder
Eric Sloan, ICIT
Jolynn Goodchild, Plymouth County Recorder
Lindsay Laufersweiler, Webster County Recorder

David Erickson, Dentons Davis Brown Nancy
Natalie Steffener, Des Moines County Recorder
Denise Baker, Wright County Recorder
Melissa Bahnsen, Cedar County Recorder
Leah Champion, Iowa Land Records

Other Participants

Jan Gemar, ILTA
Lisa Long, Iowa Land Records
Phil Dunshee, Iowa Land Records

Sheri Jones, Jones County Recorder
Kati Ross, Iowa Land Records

Welcome

A meeting of the ESS Coordinating Committee was held via web conference. The meeting was called to order by Vice Chair Julie Haggerty and introductions were made.

Meeting Summary

The February 10, 2022, meeting summary was reviewed. Nancy Booten made a motion to approve the meeting summary as presented. Jolyn Goodchild seconded, and the motion was approved.

Financial Reports

1st Quarter 2022 Financial Reports

The Iowa Land Records team provided the Subcommittee with the first quarter financial reports for 2022. Natalie Steffener made a motion to approve the financial reports. Nancy Booten seconded, and the motion was approved.

CY 2021 Audit, 990 Return

A status report regarding the CY 2021 audit process and the preparation of the 990 return for the organization was presented. No substantive issues were apparent during the on-site audit, and the report should be completed for review at the August ESS Meeting.

ILR Budget Review and Action

Revenue/Expenses Trends

The Project Manager reviewed the e-submission trends chart, which is consistent with previous patterns, but it was mentioned that changes in the marketplace have led to changes in overall recording and electronic recording. It is predicted that we will continue to see a decline given current economic conditions.

BOA CY 2022 Budget Amendment

The Project Manager presented the Committee with a proposed amendment to the calendar year 2022 budget. It was determined that income projections would remain the same through the rest of the calendar year. Some projected additional costs associated with cyber insurance, additional licensing for VMWare and the PRIZM image viewer, and the potential replacement of the office server were included in the budget amendment. These additional costs would be partially offset by staff vacancies. Melissa Bahnsen made a motion to approve the recommended budget amendment for CY 2022. Denise Baker seconded the motion, and it was approved.

BOA Reserve Fund Allocations

The Committee reviewed a recommendation to allocate \$115,546.76 from the operating account to the software development and equipment maintenance reserve account. It is expected that these resources will continue to be used for a series of one-time software development projects. The allocation of funds to this reserve will not hinder operating cashflow, nor will it cause any shortfall in the ordinary course of operations. Nancy Booten made a motion to approve the expenditure of reserve funds as presented, and Natalie Steffener seconded the motion. The motion was approved.

BOA Reserve Fund Expenditure Authorization

The Committee reviewed a recommendation to authorize the expenditure of up to \$350,000.00 from the Software Development and Equipment Maintenance Reserve during the period of July 1, 2022, through November 10, 2022. Uses of the funds include but are not limited to the following.

- Develop External Submitter REST API
- Transition Search Functions to New Platform
- Develop New LRMS Portal REST API
- Redesign and Develop Search Functions
- Modify Portal User Registration and Management Processes
- Modifications to Data Structure and Presentation
- External Data Integration

Natalie Steffener made a motion to approve the expenditure of reserve funds as presented, and Nancy Booten seconded the motion. The motion was approved.

Work Authorizations

The Project Manager presented the Subcommittee with the final work authorization with Lean Techniques for Phase 1 of the ILR modernization project. The work authorizations were presented to ensure that the Committee was fully informed of all development activities performed by the private firms. Denise Banker made a motion to accept and approve the work authorizations as presented. Lindsay Laufersweiler seconded, and the motion was approved.

Contracts & Agreements

Local Service Provider Maintenance Amendment 2022

The Project Manager presented a proposed update to the master agreement between the Electronic Services System and local service providers. The update would add a reference to the discontinuance and deprecation of support for the LCM client for e-submission effective December 31, 2022. Nancy Booten approved the local service provider maintenance agreement amendment as presented, and Lindsay Laufersweiler seconded. The motion was approved.

Treasury Management Account Authorization

The Project Manager provided an update regarding treasury management services. It was reported that Bank of America was not able to set up a new account in the name of ESS following the 28E transition. In February the ESS Finance Subcommittee discussed options for seeking a treasury management service provider, and it was determined that a Request for Information would be an appropriate route to follow. At least two qualified institutions in central Iowa were directly invited to respond. The Community Bankers' association was also asked to circulate the RFI, and the RFI was published on the Iowa Land Records website.

The Project Manger reported that In February ESS received a notice from one financial institution indicating that they would not be able to respond to the RFI. In addition, a response to the RFI was received from Bankers Trust. This information was presented to the Finance Subcommittee at their regular meeting in March 2022. At that time, it was determined that ESS should continue to use the services of Bank of America while other options were researched. The Finance Subcommittee reviewed the issue again at their regular meeting in April. The Project Manager reported that no other options had been identified. The Finance Subcommittee was asked for authorization to take steps to set up an account with Bankers Trust, subject to final approval by the ESS Coordinating Committee in May. The Committee was notified that these steps have been taken, and having no other feasible near-term options, the Project Manager requested authority to proceed with the final steps to set up the Treasury Management account with Bankers Trust and to begin the process of transferring assets and financial operations to the new account as soon as practicable. Jolynn Goodchild made a motion to authorize the Iowa Land Records team to continue to set up the treasury management account with Bankers Trust in the name of ESS and to begin transferring assets. Nancy Booten seconded, and the motion was approved.

Governance Update

Hamilton County Membership

The Project Manager reported that the Hamilton County Board of Supervisors had signed off on the 28E agreement with the Electronic Services System. All 99 counties in Iowa now have signed 28E agreements with the Electronic Services System. The Iowa Land Records team will be working to submit the document for recording in Hamilton County and will work to file the document with the Iowa Secretary of State. The Iowa Land Records team continues to work with two additional counties to record their 28E agreements with better image quality. Lindsay Laufersweiler made a motion to approve the 28E agreement with Hamilton County. Denise Baker seconded, and the motion was approved.

Legislative Update

Ground Water Hazard - The Project Manager provided the Subcommittee with a legislative update. It was reported that the Groundwater Hazard Bill had passed both the House and Senate unanimously. Governor Reynolds recently signed the bill. A training webinar on the new Groundwater Hazard Process is planned prior to July 1, 2022.

Smart Contracts - The report continued with an update regarding the Smart Contracts legislation. The Iowa State Bar Association brought a bill forward to request that the statute adopted in 2021 be moved to a new section of the Iowa Code. ESS had suggested that the legislation be adopted to ensure that real estate transactions using distributed ledger technology should not bypass the official recording process. The bill has passed both the House and Senate. The Governor's action is pending.

Communications Update

Marketing & Communications Director Kati Ross provided an update to the Committee regarding recent topics covered with the Communications Subcommittee including rescheduled e-submission seminars for the spring and proposed promotional items to be ordered. The Committee was also provided with a preview of a draft update to the Records Brochure and Directory. In addition, a new version of the state map was presented. A new ESS Meeting notice email process was shared with the Committee and plans for growing the meeting notice distribution list were discussed. Lastly the Committee reviewed the new transfer tax calculator implemented on the ILR landing pages.

Software Development Update

E-Submission Image Management

The Project Manager provided an update on enhancements related to E-Submission Image Management. The E-Submission software was being updated to convert stamped documents (images) more effectively to black and white in a form suitable for archiving by county systems. Incoming images are now programmatically analyzed to check for color or for pages that may be too dark or too light for processing. Documents that deviate substantially from the formatting guidelines are not presented to recorders. Instead, the documents are returned to a status of "In Progress" with a notice to the submitter that a different image should be uploaded. Incoming images will be programmatically analyzed to classify images into three categories; those that contain significant color, which will be returned to web submitters for re-scanning in black/white; those that contain a minor amount of color or shades of gray, which will be converted via a new process; and those that are monochrome images, which utilizes the same method as is used by the legacy system.

The Iowa Land Records team tested hundreds of sample documents provided by members of the Standards Subcommittee and other county recorders. ILR testing suggests that about 95% of all electronically submitted documents are of good quality and produce good, stamped images for archiving. About 5% of the time the submitted images have characteristics which produce legible, but lower quality images. In these cases, the text and signature can be "pixelated" or distorted. The new imaging service should resolve most of these issues.

Pending Payment API Developments

The Project Manager reported that now that the imaging process is in production the focus has shifted to moving the new payment API to staging for testing. Transactions will be tested from start to finish, and math will be checked on the back end for admin and reporting functions. It was explained that this enhancement to the Payment API is necessary for PCI compliance. Committee members were also informed that local service providers would be required to begin using the new E-Submission API by

December 2022. Service providers were made aware of this requirement in a recent web conference, and the requirement is addressed in the fiscal year 2023 contract renewals.

Pending Payment E-Submission Admin Developments

The Project Manager explained that another focus of application development is the creation of a new administrative interface for Payment and E-Submission functions. It is necessary for these applications to be created before the legacy payment and E-Submission applications can be fully retired.

Other Pending Application Developments

The Project Manager summarized other pending changes and improvements which are planned including further enhancements to the E-Submission recorder and submitter interfaces, and the creation of a new API for external submitter organizations.

Search Engine Development Planning

The Committee discussed the future design of the Iowa Land Records Portal website. The planning discussion covered data structure and transfer, the search engine, data display, redaction, security, user management and external integrations. It was noted that the current application is built on technology that is no longer supported. Security reviews have focused on the use of the unsupported platform, and it must be replaced. User management was also discussed as a security issue. The Subcommittee also discussed a possible future data structure and methods for transferring data from the counties to ILR. A series of focus groups and surveys will be conducted in the coming months to gather ideas and suggestions.

PRIA Policy Discussion Update

The Project Manager provided the Committee with a memo from ESS to the PRIA Board of Directors regarding PRIA operating rules and the public land registry. The Project Manager provided a high-level overview of each of these items and suggested that members of the Subcommittee take a closer look at these documents when they have time.

The meeting was adjourned at 12:20 PM. The next regular meeting will be August 9, 2022.