

**ESS Coordinating Committee Meeting  
Summary  
May 9, 2023**

**Participants**

Nancy Booten, Lee County Rec.	Julie Haggerty, Polk County Rec.
David Erickson, Dentons Davis Brown	Denise Baker, Wright County Rec.
Natalie Steffener, Des Moines County Rec.	Melissa Bahnsen, Cedar County Rec.
Jolynn Goodchild, Plymouth County Rec.	Eric Sloan, ICIT
Lindsay Laufersweiler, Webster County Rec.	Dillon Malone, Iowa Title Guaranty

**Other Participants**

Sheri Jones, Jones County Rec.

Lisa Long, Iowa Land Records	Phil Dunshee, Iowa Land Records
Census Lo-Liyong, Iowa Land Records	Kristen Delany-Cole, Iowa Land Records

**Welcome**

A meeting of the ESS Coordinating Committee was held via web conference. The meeting was called to order by Melisa Bahnsen and introductions were made.

**February Meeting Summary**

The meeting summary from February 16, 2023, was reviewed. Jolynn Goodchild made a motion to approve the meeting summary as presented. Lindsay Laufersweiler seconded, and the motion was approved.

**Financial Reports**

The internal audit was recently conducted, and the engagement with the audit team was positive. A new team member, Kay Kelleher, joined the staff as the Accounting Coordinator in April. The last month has been challenging and busy due to the accounting transition.

The quarterly financial reports were presented. The P&L statement for the first quarter of 2023 showed total income of \$7,147,728.45 and total expenses of \$7,238,754.54, resulting in a net loss of \$91,026.09. This is primarily due to planned reserve expenses for software development. Budgeted income was \$415,049.37 with expenses of \$348,291.71, resulting in net income of \$66,757.66. It was noted that the positive net income should be viewed in the light of the purposeful use of reserve funds. This was part of the original budget plan that was approved in November 2022.

The balance sheet indicated total assets and liabilities as of March 31 to be \$2,674,620.88. The settlement account, used for general operating expenses, is targeted to maintain a balance of at least \$850,000 to manage weekly cash flow. The other reserve funds were at the desired levels, considering the recent investments made. However, these financial reports do not fully reflect the asset changes resulting from software development. Asset changes will be reflected in the final audit report.

ESS is following an economic trend mirroring pre-pandemic levels, and the current economic conditions continue to affect budgeting and decision-making. The economy is being closely monitored, and budget recommendations will be presented accordingly to address the effects of the environment.

The financial reports for the first quarter of 2023 were presented for approval. Natalie Steffener made a motion to approve the financial reports for the first quarter of 2023. Denise Baker seconded the motion, and the motion was approved.

### **CY 2023 Budget Amendment**

Projected revenue from E-submission was originally built on an estimate of \$85,000 in income per month. However, in February the Committee approved a budget amendment to reduce projected monthly income to \$80,000.00 for the remainder of 2023. The budget was modified due to factors including rising interest rates, increased inflation, and changes in the housing market. Additionally, an adjustment of the accounting budget was recommended to reflect higher expected costs associated with the preparation of the 2022 990 filing.

The Committee received recommendations to further amend the ESS budget including an increased amount for accounting services during the transition, a reduction in projected expenses for redaction services, a reduction in education and outreach expenses, and various other adjustments based on updated expense and revenue projections. Budgeted amounts were also converted to actuals for the period through April, 2023. Additionally, June will have three payrolls due to the way the biweekly calendar operates in 2023.

Further adjustments may be expected throughout the year, especially in the education and outreach budget, depending on the volume of transactional activity.

A 2023 budget amendment was presented for approval. Lindsay Laufersweiler made a motion to approve the budget amendment recommendation for 2023. Natalie Steffener seconded the motion, and the motion was approved.

### **Work Authorization**

Lean Techniques is completing the final elements of the new search application as indicated in work authorization LT-2.5. The work authorization had been scheduled to end at the end of the week, but it is being proposed to extend it through the end of the next week (May 19, 2023). The new search application and the new organizational user management system are nearly complete. The process of preparing to roll it out into production has begun. There are a few remaining tasks associated with the completion of these activities that need to be wrapped up before the project is considered done.

Work authorization LT-2.5B will cost \$12,000.00 and include the completion of the company and user management workflow for ESS Applications

The final work authorization LT-2.5B was presented for approval. Jolynn Goodchild made a motion to approve the work authorization LT-2.5B. Denise Baker seconded the motion, and the motion was approved.

### **Fraud Notification Concept**

A discussion was held to gather input from Committee members on the possible development of a fraud notification system. A fraud notification system could alert property owners of recording activity affecting their property.

In order to bring this concept into reality, it is important to consider several factors, such as the frequency of property fraud in Iowa and the associated costs of developing the required infrastructure.

Committee members expressed support for ESS to explore the development of a fraud notification system, including funding options and the feasibility of implementing and maintaining the system.

## **Contracts and Agreements**

### **Linn County Services Agreement**

The Project Manager provided an update concerning the proposed agreement between Linn County and ESS. As part of the agreement, ESS would provide access to its payment system for the new Linn County online registration renewal system. The agreement includes discussions around potential scenarios such as credit card chargebacks. The Linn County Recorder's office, in collaboration with their county IT department, is in the process of developing the online registration renewal system. A draft agreement is currently being reviewed by Linn County officials.

Most of the development work has been completed, and Linn County has conducted testing and integration with our payment system. The agreement's approval is conditional on the Linn County Board of Supervisors' approval. If there are any further adjustments or amendments, it is suggested that those changes be brought back to ESS Coordinating Committee for approval before finalizing the agreement.

The Linn County Services Agreement authorizing ESS to provide an electronic payment system was presented for approval. Dillon Malone made a motion to approve the Linn County Services Agreement. Jolynn Goodchild seconded the motion, and the motion was approved.

### **Local Service Provider Maintenance Template**

ESS is in the process of updating its maintenance agreements with local service providers. ESS has developed two new APIs for E-submission and County Upload functions. The ESS system was built in 2005 and needed updates to become more current and secure. ESS requires that all Service Providers integrate with ESS and the Iowa Land Records system through the ESS API (web services). The Service Provider systems must communicate with ESS through the ESS API. Service providers have received a notice of discontinuance of the LCM and SOAP API.

The master agreement is being presented as a template for approval, with the expectation that it will be used to create individual agreements with the service providers. Natalie Steffener made a motion to approve the master agreement template. Denise Baker seconded the motion, and the motion was approved.

## **Legislative Update**

### **Terms of Service**

At the start of the 2023 legislative session, ESS advanced proposals concerning the website Terms of Service, the batch transfer of groundwater hazard statements to the DNR, and the development of a new information service for aggregated, anonymous data. ESS had secured the support and encouragement from the stakeholder community. The legislation was approved by the House and Senate Local Government committees, but some questions were raised by the Ways and Means Committee in the Senate regarding fees for aggregated anonymous data. Unfortunately, due to time constraints the legislative session ended before reaching a resolution. The legislation remains alive for the 2024 legislative session.

## **Recorders Legislation**

The Committee received an update on legislation of interest to county recorders. A writing fee bill was proposed by Senator Westrich for the purpose of establishing consistent writing fees for all DNR licenses. The proposal was included in a property tax bill, and that bill received approval from both the Senate and the House. As a result, the writing fee was increased from \$1.25 to \$2.00, benefiting the county with an additional \$0.75 per transaction across various DNR privileges. The new writing fee will become effective on July 1, 2023.

## **2024 Legislative Planning**

Planning for the upcoming year has started, and the focus will be on setting up discussions to determine legislative priorities for ESS.

## **Policies and Procedures**

### **Terms of Service Update**

The Coordinating Committee was presented with an updated Terms of Service in anticipation of the upcoming release of a new search application. An amendment was proposed to Chapter 7 of the ESS Policies and Procedures concerning the Terms of Use (Service) and privacy policies. The primary change related to the conversion of individual, self-registered, user accounts to organization accounts, with corresponding modifications in the language used within the Terms of Service. Otherwise, the terms remain largely unchanged in many respects. All organizations and users, including e-submission customers, will be required to review and agree to the updated Terms of Service. The Committee was informed that user sign-ups for the new search application will commence later in the year.

It was noted that additional changes may be advanced at a future meeting as more details concerning user registration and management are developed.

The updated Terms of Service were presented for approval. Natalie Steffener made a motion to approve the update Terms of Service. Dillon Malone seconded the motion, and the motion was approved.

### **Document Formatting**

A report was presented on the status of the formatting standards working group on Section 331.606B of the Iowa Code. The input and comments received at previous meetings were incorporated into a draft amendment to subsection 1, and the working group was asked to review the updated draft. During the working group discussion, the following additional adjustments were discussed.

- Inserted language to clarify that attachments may not be affixed with tape
- Modified the requirement that all documents have text of at least 10-point type, and reinserted an exception for a plat or survey or a drawing related to a plat or survey
- Inserted language that signatures should be “clear and discernable” in lieu of the term “readable”, as the nature of signatures is that they may often be hard to read

The next Standards Subcommittee meeting in July will gauge interest in further discussions involving a wider range of topics such as alternative stamp area options, cover sheets, and criteria for recordability. The goal is to achieve mutual benefits for both recorders and submitters, reducing rejections and simplifying submission processes.

## **ESS Executive Committee**

During the review of future legislative plans, the idea of holding a joint leadership meeting was discussed. The ICRA Executive Board consists of 8 members (all Recorders) while the ESS Coordinating Committee consists of 8 recorders and 3 stakeholder members. The ESS Executive Committee is a blend of the elected officers of the ICRA Executive Board and the ESS Coordinating Committee. It had been suggested that the ESS Executive Committee could serve as an appropriate forum for a joint discussion, as it was originally established to facilitate communication and coordination between the ICRA and ESS. There was a suggestion to involve all members of the Executive Board and the ESS Committee in joint discussions, but it was noted that it can be difficult to convene that many people at the same time, especially for face-to-face discussions. No specific meeting arrangements were made, and any next steps will be discussed with the ESS Committee Chair and the ICRA President.

## **Search User Management Policy**

The Project Manager provided an overview of the new search application. The new search application will merge E-Submission and Search into a single user management system. Existing E-submitter accounts will have access to the new search application. A new Search organization which does not seek to have access to E-Submission services would be required to apply for a search organization account. The legacy self-registration system would be discontinued. All organizations will be required to accept an updated ESS Terms of Service. Given the time constraints it was decided that an instructional video demonstrating the registration process and the new CAS system would be produced.

## **Communications Update**

The Marketing Coordinator provided a summary of the deputies' conference registration process. The registration form is now available. Other updates were provided on the following topics.

- Training videos and resources such as handouts are being developed to help with questions related to the new search application.
- Email messages about new forms or major updates tend to receive the most engagement, while confirmation messages have lower open and click rates.
- Newsletter results show a level of medium engagement which is a positive outcome compared to industry standards.
- A scam and fraud alert warning press release is currently in a draft stage and will be posted in the near future.

## **PRIA Working Group**

PRIA has started a blockchain working group. The agenda for the group has an educational focus. Phil Dunshee, Census Lo-liyong and Lindsay Laufersweiler are participating in the working group.

The meeting was adjourned at 2:00 PM. The next regular meeting will be **August 8, 2023**.