

ESS Coordinating Committee Meeting Summary
August 8, 2023

Participants

Nancy Booten, Lee County Recorder
Jamie Stargell, Adams County Recorder
Natalie Steffener, Des Moines County Recorder
Jolynn Goodchild, Plymouth County Recorder
Lindsay Laufersweiler, Webster County Recorder
Stacie Herridge, Story County Recorder

Julie Haggerty, Polk County Recorder
Denise Baker, Wright County Recorder
Melissa Bahnsen, Cedar County Recorder
Jayne Schutlz, Winneshiek County Recorder
Dillon Malone, ITG
David Erickson, Dentons Davis Brown

Other Participants

Sheri Jones, Jones County Recorder
Lisa Long, Iowa Land Records
Kristen Delany-Cole, Iowa Land Records

Randee Slings for ILTA
Phil Dunshee, Iowa Land Records
Robert Endriss, Denman

Welcome

A meeting of the ESS Coordinating Committee was held via web conference. The meeting was called to order.

May and July Meeting Summary

The meeting summaries from May 9, 2023, and July 21, 2023 were reviewed by the Committee. Lindsay Laufersweiler made a motion to approve the meeting summaries as presented. Jolynn Goodchild seconded, and the motion was approved.

Financial Reports

2023 YTD Financial Reports

The Committee reviewed the financial reports for the month of June, the second quarter and year-to-date transactions. The Bankers Trust account showed a starting balance of \$1,443,057.59 and an ending balance of \$1,294,209.19. ESS received income from invoices sent to counties for maintenance agreements, resulting in a net income of \$133,378.70 after accounting for cost-sharing credits.

The June balance sheet reported total assets and liabilities of \$2,754,871.08. For the second quarter, gross income was \$9,405,592.48 with expenses of \$9,304,242.09. Net income for the period was \$101,350.39. For the period of January through June, gross income was \$16,553,170.93 with expenses of \$16,542,960.99. Net income for the period was \$10,209.39.

Budget income for the period of January through June was \$975,006.43 with expenses of \$616,526.13. Net income for the period was \$358,480.30. It was noted that the net income was somewhat skewed by the receipt of payments for maintenance expenses. Payments to vendors will be reflected in the third quarter, which will bring the net income back down to budgeted levels. It was also noted that \$278,213.31 had been expended during the first half of the calendar year for planned software development and back file redaction activities.

The Fund 255 account managed through the State Treasurer's office was reviewed. The reconciled balance on June 30, 2023, was \$114,806.70. Net income for June was \$5,226.35.

Julie Haggerty made a motion to accept and approve the financial reports. Denise Baker seconded the motion and the motion was approved.

2022 Audit Report

The independent auditors' report for ESS financial activity in the calendar year 2022 was presented by Robert Endriss from Denman & Company LLP. The auditors emphasized that financial statements are the responsibility of management, and it is their duty to ensure completeness, accuracy, and compliance with accounting standards. The auditors' role is to perform an audit and express an opinion on the accuracy of the financial statements.

The audit opinion was provided on the financial statements, stating that they are materially correct, and the opinion was unmodified, indicating a clean bill of health. The financial statements showed a total net position of \$2,749,363.00 as of December 31, 2022. The system experienced growth in revenues due to recording fee income and point-of-sale (POS) payments. Operating costs increased due to additional staff and system maintenance expenses. The statement of cash flows demonstrated a positive cash flow from operations and a net gain in cash. However, a significant portion of the cash flow came from drawing down funds from Fund 255.

In the audit report, there are two important letters - the internal control letter and the governance letter. The internal control letter states that the auditors did not identify any deficiencies in internal control during their audit. This means that the control environment was sound, and no major issues were found that would affect the accuracy and reliability of the financial statements. The governance letter is addressed to the board members and serves as an opportunity for the auditors to highlight any important matters or concerns that arose during the audit process. The governance letter did not contain any significant issues or concerns. The auditors expressed appreciation for the cooperation and responsiveness of the management team during the audit.

The 2022 Audit Report was presented for approval. Lindsay Laufersweiler made a motion to receive and accept the audit report. Julie Haggerty seconded the motion, and the motion was approved.

2022 990 Report

The Project Manager provided an update on the challenges faced during the preparation of the 990 tax return for the Iowa County Recorder Association. Previously, Bergen KDV handled the 990 returns, but this relationship ended, prompting ESS to engage a different firm for assistance. ESS is making progress and expects to complete the task soon. It is hoped that future 990 returns for the association will be less complicated.

ESS Reserve Fund Report

The Committee received a summary report on the reserve fund expenditures from June 2021 – June 2023. During this period, significant software development has been undertaken by ESS using reserve funds. Work was done to upgrade the search application, which had not seen substantial updates since 2004-2005. The process involved planning, focus groups, surveys, and communication with stakeholders. Two phases of development have been completed, focused on rewriting the submitter interface, the payment application, the administrative interface and the search application. The goal was to migrate users to the new systems and discontinue the legacy applications by the end of the year. The cost of this development exceeded \$800,000, comparable to the original expenditure during the project's first year in 2003-2004 when the original search application was developed.

Additional work is planned with external developers to address unfinished tasks. Internal developers are working on updating the County Upload API, aiming for seamless integration with local service providers. This information has been shared with the auditor, and it is part of the information reviewed during the annual audits. The purpose of this report is to summarize the accomplishments and investments, and to provide transparency in how the funds were utilized.

E-Submission Trends

The E-submission trend appears to follow a recurring pattern, consistent with previous years. Over the past three years, there has been an overall decline in E-submissions, and it is worth noting that the percentage of E-submissions has risen. Concern was noted about how changes in revenue could require adjustments in the budget in the remaining months of the calendar year.

Contracts and Agreements

ILR Staff Compensation Adjustments

A performance review was conducted for the Policy Coordinator position. During the review, an overview of the coordinator's work was presented, highlighting notable accomplishments, and setting out specific goals. Following the review, a recommendation was made for a 3% increase in the Coordinator's annual compensation.

Lindsay Laufersweiler made a motion to approve the compensation adjustment for the Policy Coordinator. Julie Haggerty seconded, and the motion was approved.

Linn County Update

The Project Manager provided an update on the agreement with Linn County and ESS. Most of the development work is completed, with successful testing and integration into the ESS payment system. Final testing is underway, and the launch date is set for September 1st. Discussions about expanding the application to other counties are ongoing, with Linn County generously sharing their code.

Project Updates

Search Application Transition

The customer support team provided an update that approximately 85% of E-submission customers have been transitioned to the updated search application. The final round of emails has been sent to customers to ensure a smooth transition. Users of the legacy search application will soon be notified of plans for ending the legacy application.

LT – Work Authorization

In July, a special meeting was held to approve reserve fund expenditure of \$54,000.00 for the period of July 2023 to December 31, 2023. The Project Manager provided the Committee members with an update concerning the work that has been completed under Work Authorization 3.1. Work Authorization 3.2 is now in progress. One significant improvement under this authorization is the creation of a settlement report in E-Submission for recorders, a long-awaited feature that will soon be available. Lean Technique will be performing software development services for the admin, ESS payment, E-submission, and search applications.

Fraud Notification Concept

The ESS Coordinating Committee previously requested that ESS develop and implement a fraud notification or prevention system for all counties. The Project Manager has researched existing vendor

notification systems capable of sending alerts based on specified criteria. Useful features include allowing users to flag property-related documents and enter reference numbers to trigger notifications and streamline processes. Users can also register to monitor records and receive notifications about related activities.

The discussion centered on using associated references, legal descriptions, or name searches to trigger notifications when subsequent events occur. There was a proposal to require reference inclusion in conveyances to make the system forward-looking. ESS will continue to research options and monitor the work of a PRIA committee which is preparing a paper on this topic.

Back File Survey Scanning Project Concept

The Project Manager provided an update on recent discussions with surveyors, which revealed an interest in having more surveys and plats available online. The surveyors recognized that there are issues related to temporarily removing records for scanning, and to the potential cost digitization. The surveyors appear to be open to forming a working group with recorders to plan such a project. Further discussions are expected in the future.

Communications Update

The Communications Coordinator reported that the monthly newsletter for county recorders, staff, and E-Submission users had resumed, shifting focus to providing training and tools for daily tasks. The newsletter has an above average open and click rate, with expectations of further improvement after refining the contact list. More content has been added to the YouTube channel, and recorders were encouraged to explore it. Preparations continue for the upcoming Deputies Conference, with registration rates currently below last year's numbers but still promising. An overview of the revamped Information Hub was provided. Committee members were encouraged to review it and provide feedback.

ESS collaborated with ISAC to distribute the annual report to county supervisors via email. The annual report is provided for reference. It is a commitment made to supervisors and ISAC as a part of the updated 28E agreement. The ESS Annual Report and the ICRA brochure map and directory serve as great resources for recorders to engage with supervisors and stakeholders.

Policies and Procedures

Terms of Use Update – Chapter 7

In conjunction with the release of the updated search application and the implementation of a central authentication user management system, it was necessary to consider a corresponding update to the Terms of Service. The Committee was presented with a series of amendments to Chapter 7 of the ESS Policies and Procedures which included the following provisions.

- Specified a definition for ESS Central Authentication Service
- Specified a definition of User In Good Standing
- Added a reference to Iowa Code Section 22.2, subsection 4a
- Clarified the distinction between an Organization User and an Individual User
- Clarified the daily “image view” limits for Organization Users and Individual Users
- Clarified procedures and requirements for users seeking to access records from a foreign IP address

- Defined and described the application processes for accessing ESS websites and applications
- Specified that ESS has the right to review applications, and to verify and validate application information
- Defined the basis on which applications for access may be denied
- Specified a process for appealing a decision to deny access
- Defined the basis on which access may be revoked
- Specified a process for appealing a decision to revoke access
- Specified the enforcement actions to ensure compliance with the Terms of Service
- Defined and described the process for requesting authorization to modify image view limits
- Specified the conditions for granting of temporary permission to exceed “image view” limits
- Specified that ESS has the right to deactivate accounts in certain circumstances
- Other editorial or grammatical changes

The Project Manager noted that the draft amendment language had been circulated widely among stakeholder organizations. Further, the draft amendment has been reviewed by counsel at the Brick Gentry law firm and also approved by the ESS Standards Subcommittee. Input from these sources led to changes and improvements to the policies. Approval by the ESS Coordinating Committee was requested. Denise Baker made a motion to approve the amendments to Chapter 7 of the Policies and Procedures. Jolynn Goodchild seconded the motion it was approved.

Associated Reference - Chapter 3

3.9 Associated Document References

The Project Manager reported that in April 2023 the Standards Subcommittee had been asked to begin reviewing polices concerning Associated References. One of the features of the new search application was an enhanced method for accessing associated documents. This turned out to be one of the most popular parts of the new application. For this reason, the potential benefits of expanding the use of associated references were considered. In July 2023, the ESS Standards Subcommittee advanced a proposed amendment to Section 3.9 of the Policies and Procedures which would provide for the following associated reference types.

- References between conveyance documents with previous conveyance documents for the same property
- References between mortgages and satisfaction of mortgage documents
- References between tax liens and lien releases
- References between original documents and re-recorded or corrected documents
- References between documents and “companion” documents such as groundwater hazard statements
- References between surveys, plats, corner certificates monument preservation certificates and easements associated with the same property

The proposed amendment was presented to the ESS Coordinating Committee for consideration. Members of the Committee expressed support for the general policy, but expressed concern that the language might result in unintended rejections of documents if they didn’t include associated reference information. By unanimous consent, it was determined that the amendment would be remanded back to the Standards Subcommittee for further consideration.

3.10 Parcel Identification Numbers

The Committee was presented with a draft amendment regarding the indexing of parcel identification numbers (PIN). The Project Manager provided a brief history of the topic since the inception of the Iowa Land Records project, and also noted that nationally it appears to be the preferred data element for tying different land record and geographic information systems together. The members of the Committee discussed the topic and shared information about how they are handling the indexing of PIN information locally. The topic is concurrently being discussed by the ESS Standards Subcommittee. No action was requested, but the topic is expected to be brought forward at a future meeting. Members were asked to give consideration to the concept of consistently indexing PIN information in all Iowa counties going forward.

Document Formatting

In February 2023 the Standards Subcommittee in conjunction with a working group comprised of more than a dozen other county recorders met to begin a comprehensive review of document formatting standards and Section 331.606B of the Iowa Code. Subsequent planning meetings were held and in July 2023 the Standards Subcommittee, with the apparent support of the other working group members, adopted a proposed revision to Subsection 1 of Section 331.606B. This could be characterized as an update or “modernization” of the technical formatting requirements for recording.

Some of the provisions of the proposed amendment to Subsection 1 include the following.

- Inserting 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 to maintain 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 Committee was asked to review the draft amendment. The Standards Subcommittee and working group will continue to review concepts and ideas for other sections of 331.606B.

2024 Legislative Planning

The Project Manager reported that ESS would not be formally advancing legislative proposals in 2024. However, it is expected that there will be a substantial amount of engagement with recorders, customers stakeholders and policy makers in preparation for 2025.

PRIA Working Group

The ESS Coordinating Committee received information about participation in various PRIA activities including a work group about blockchain. Phil Dunshee, Census Lo-liyong and Lindsay Laufersweiler are part of the PRIA working group. One group is examining private sector uses of Blockchain, especially how they intersect with the public Land Registry.

The meeting was adjourned at 1:00 PM. The next regular meeting will be **November 9, 2023**.