

Electronic Real Estate Recording Task Force
Minutes: 13 March, 2003

Present: (Members) Secretary of State Mary Kiffmeyer, Larry Dalien, Don Goedken, Denny Kron, Bob Malecki, Mike Ryan, Leonard Petersen, Chuck Parsons, Jeanine Barker, Rick Little, Eileen Roberts, Julie Bergh, , Gail Miller, Carmen Bramante, Mike Cuniff, (Guests) Bert Black, John Engerholm, Greg Hubinger, Erin Hultgren, Mark Ladd, Bill Mori, Ken Faares, Molly Terri, Lowell Haagenson, Ray Hirte, Luci Botzek, Jennifer Wiggins, Pat Brown, Carmen Mulder, Rick Kvien, Paul Backes, Pam Trombo,

1. Call to Order

Secretary Kiffmeyer called the meeting to order at 9:39.

2. Approval of minutes

The minutes of the 13 February 2003 meeting were approved as distributed

3. West Central Indexing Overview Lowell

Lowell Haagenson gave a brief overview of WCI, the vendor proposing to work with Roseau on the pilot. Lowell offered that WCI is willing to discuss ownership of the electronic recording software. WCI has not made a decision to give the state ownership of the software. They are willing to discuss it.

4. Project Coordinator update

Roseau County Pilot Proposal Review

Larry Dalien reviewed the meeting minutes from the pilot review committee meeting held 27 February, 2003.

Chuck Parsons asked what the budget is. Dalien said it was originally \$80,000, but now a little less. Lowell Haagenson confirmed the budget is \$78,000. Dalien stated that this includes the recording package as well. Lowell Haagenson confirmed this stating that this price is for the total package.

Bill Mori asked if we are talking about \$78,000 for full ER, or just indexing. Lowell Haagenson said this would be for full phase 1. Mori asked if this solution is from a vendor. Haagenson said the solution is internally invented. The cost is greater, but they want to limit hesitation from their first potential pilot county.

Paul Backes has the original document with pricing. He stated that the price total was around \$84,000 give or take \$500. Haagenson said that since the document was created, hardware costs have gone down so that the total is now \$78,000.

Secretary Kiffmeyer pointed out that there is an issue on the private sector side relating to competition if the state owns ER software. The private sector is concerned that one vendor will get an unfair advantage. The Secretary wants to make sure that E-recording is possible in all counties. However, the state cannot afford to give \$78,000 to all counties.

Chuck Parsons points out that this estimate is for phase 1 only. Parsons questioned the budget for phase 2 as well. He points out that the question of ownership is critical. These two issues need to be discussed prior to making a decision about Roseau County.

Denny Kron asks whether Roseau will be able to catch up to the other counties. They are coming in late. The timeline needs to be demonstrated.

Secretary Kiffmeyer said that the task force needs to resolve the Roseau issue as policy.

Bill Mori asks if it is the task force's position that the state would own the software. If the state can provide the solution at a free price, this eliminates competition. Who pays for maintenance? Larry points out that WC only has the ER piece. The indexing piece is still required.

Secretary Kiffmeyer said that no decisions have been made. This issue needs to be resolved before making the next step.

Jeanine Barker asks if the state owns the ER segment, will they open it to other vendors? We don't know which ones work the best right now. If we fund one to develop and it doesn't work as well as the others, what happens?

Secretary Kiffmeyer points out that in the other four pilots, counties chose to lease software. This allows people to switch if necessary.

Haagenson points out again that they are simply willing to discuss state ownership of software. They would move forward with Roseau without state ownership as well.

Denny Kron points out that the testing aspect of the Roseau project is excellent. After testing it has to be open to the market.

Carmen Bramante asks if something like this is an issue of mandate of the task force. We as a task force are responsible for facilitating ER for counties. This includes standards and procedures. Is this kind of work included in the task force?

Secretary Kiffmeyer said this is an issue for discussion. Don't make conclusions.

Jeanine Barker said we need to look at whether to put money toward Roseau's proposal. With that amount of money, they can share knowledge with other small counties. It is a necessary expense to learn what small counties need to do to get up and running. We should look at what we can learn, not how cost effective.

Secretary Kiffmeyer said there is an intellectual property issue. The task force will make the decision and the secretary will implement it.

Parsons said that with this kind of money for low filing, we need to have phase 1 & 2 combined and examine cost. We don't want to do phase 1 and then stop. Barker points out that we didn't do this with other counties. Parsons said Roseau is different because it is so small. We can defer the intellectual property issue until we know if this will work

Ray Hirte said if you don't give them approval, they can't get up to speed. You could leave the intellectual property issue for now. But, if you do decide to own it, get in now because it is cheaper. Phase II cost is a guess right now.

Secretary Kiffmeyer said Roseau just needs to know the go-ahead. Someone needs to make the motion.

Jeanine Barker makes a motion to move forward with Roseau County

Carmen Bramante asks for an explanation of what are we voting on? Secretary Kiffmeyer said this motion is silent to ownership of software. Mori said he has no problem if software is not state owned. If state owns it, he is opposed.

Sec Kiffmeyer said without a second we can leave the motion alone.

Schema v.1.1 Additional Synchronization Work for Phase II Documents

Parsons gave some background information regarding the schema sub-committee. They met last fall. The printouts from this meeting are immense. Currently, the sub-committee is working on the deed and assignment of mortgage for phase II. Through this process, they are starting to have sense of interaction between elements and attributes and thought it would benefit the Task force if Pam Trombo gave a walk-through.

Pam gave a presentation explaining the relationships between elements and attributes.

After the presentation, Parsons pointed out that elements can be broken down. This allows schema to define business rules. The more you break it down, the easier it is to maintain the standards. PRIA's standards have large element boxes. That is not what we want to accomplish in Minnesota. We may need to re-think the standards that have been done and break down the large elements. This leads to the suggestion that we need to re-think the decision to adopt national standards. It isn't consistent with MISMO and it makes things more difficult. When Pam submitted first documents, PRIA refused to review the schema. We need to re-look at standards and break down elements.

Parsons moved to return the standards to be used in the pilots to the Minnesota original schema with smaller elements per Pam's presentation, modified when practical to coordinate with PRIA standards.

Eileen Roberts seconds the motion.

Don Goedken asked why PRIA's attributes start with underscores? Trombo said this is because it helps define the meaning of the attributes. For example, "grantor_first name". Cunniff said this supports Chuck Parsons' motion.

Mori asks if we have extensions without abandoning PRIA standards? What is the implication when receiving documents from national submitters if PRIA standards are not followed?

Parsons said Jeff Carlson said that as a national submitter, he would rather proceed under the original Minnesota schema because long-term it would cost less to maintain.

Carmen Bramante pointed out that PRIA is pushing ahead with DTD validation. He asked if there would need to be software in the middle to do translation to schema. This would affect national submitters.

Cunniff said they had a technical staff look at schema. If we use conveyancing blank standards, they change yearly. Parsons' suggestion would be easier to maintain.

Cunniff asked Carmen Bramante if any state or county is using PRIA standards in the country. Bramante said "I don't believe so. One or two vendors in Washington may be building an electronic recording solution per the PRIA standard."

Mark Ladd chairs PRIA's DTD workgroup. He said that the PRIA underscores are gone. Attribute vs. element has been issue for MISMO. MISMO is choosing to move to a more element based method of doing DTD's. PRIA will be moving to that approach. PRIA doesn't feel schema is ready to go yet. PRIA has also had concerns over liability issues surrounding its standards. MISMO has begun schema workgroup to discuss moving to schema.

Carmen Bramante said it may take a year or so to convert to these new standards.

Cunniff said after hearing this, he is more convinced that we should move forward with a smaller element based schema per Pam's presentation. We will be ahead of all the others.

The motion prevails unanimously.
Pilot County Contracts

Bert Black handed out a memorandum regarding the Hennepin County Pilot Project Contract.

Section 2.1B

Cunniff does not believe that you need to include state law in a contract. If the legislature makes a decision to change it, there is a conflict with the contract. Parsons asked if you have a fee sent by mail, is this in the state statute? Cunniff said no. Parsons said it addresses the issue that is still discretionary and should remain in the contract.

Barker reminded the group that this contract is only for during the pilot. After that, we can charge fees. Bert Black agreed.

Parsons said this is important because it ensures that counties will not come up with additional fees.

Cunniff said this is not a show stopper.

There was a fifth Recital added at the beginning of the agreement which provides:

5. If the electronic recording project is successful and the Task Force is still in existence the Task Force and the County intend to mutually pursue legislation to permit the County to continue to record documents electronically in the future.

Section 7.4 was changed as follows:

7.4 Agreement Complete. This Agreement and attached Attachments A through E, including any modifications entered into pursuant to sections 2.1B and 2.2B , contain all agreements between the Task Force and County. No other understanding regarding this Agreement, whether written or oral, may be used to bind either party. An updated Attachment E shall be re-submitted to the Task Force within 10 days after the execution of this Agreement, consistent with the previous submission.

Section 10.2 was reviewed by the task force.

Section 12.1 was changed as follows:

12.1 Publicity. In any or all promotional materials and publicity related to this project, neither the State nor the County shall use the other's name or derivative thereof, without the prior written consent of the other. To the extent related to this project, the State and the County shall cite the work as a cooperative project of the State and County in all promotional materials and publicity.

Section 14.2 was changed as follows:

14.2 Termination for Insufficient Funding. The County understands that funding may not be available to the Task Force during all phases of this Agreement. It is understood and agreed by the parties that in the event that the Task Force does not obtain funding from the Minnesota Legislature, that the County may unilaterally elect to continue this Agreement with County funds. In such event, the Task Force shall not terminate this Agreement. The Task Force shall provide County notice of the lack of funding within

five (5) days of the Task Force's receiving that notice. The Task Force is not obligated to pay for any services that are provided after the notice. However, County shall be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available.

For purposes of this section, unavailability or lack of funding includes any situation in which appropriations for pilot projects are reduced, eliminated, or not provided at levels sufficient to fully fund all pilot projects.

Black stated that if there are no other issues, the Task Force could vote to accept issues as amended today.

Parsons motioned to use the wording for Hennepin County.

The motion prevails

Mike Cunniff abstained from the motion, as did Jeanine Barker and Gail Miller.

Black agreed to edit the document and distribute it, perhaps even this afternoon. Cunniff said he is satisfied.

Barker asked if she needed Task Force approval of her contract as well?

Parsons moves that any other pilot counties that use this contract will be considered approved by TF.

Motion prevails

Gail Miller, Cunniff and Barker abstained from the motion.

Black stated that this contract is for Lyon, Renville, Dakota, Hennepin. Roseau might have different language.

Funding Estimate for Phase II Status

Miller reviewed the estimate document. The estimate was reduced.

Secretary Kiffmeyer points out that the details are in the document.

Miller said this is a best educated guess.

5. Legislative Strategy Status

Black states that the strategy has been to take low profile. He appeared yesterday at LCC budget overview at the House State Government Finance Committee. The money for the Task Force has not been diverted as far as we know.

Secretary Kiffmeyer said the group did an excellent job of strategizing. We will probably see an equivalent position in the Senate.

5. Reports from Subcommittees

No meetings to report.

6. Mark Ladd of Racine County, WI Presentation

Ladd presented the process and status of electronic recording in Racine County. This was followed by a question/answer session.

7. Open Discussion

Black suggested that the task force meet again in two weeks to discuss whether to include Roseau as a pilot county. Barker suggested this may be a good time to review Renville, Lyon, and Dakota County contracts as well, if they are ready for discussion.

The meeting was adjourned at 1:45 p.m.