

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672
9256 HOUSE LABOR & COMMERCE

WHAT THIS SYSTEM WOULD DO FOR THE STATE

- *System would reduce personnel time spent in assigning and tracking multiple manual stamping processes for each of thirty-four separate recording districts; all recording data would become computer generated and monitored*
- *System would reduce operational expenses associated with return of approximately 200,000 original documents to customers on an annual basis*
- *System would reduce or eliminate high maintenance costs for outdated equipment including obsolete time stamps and aging reader/printers, planetary cameras and film duplicating equipment*
- *System would allow other agencies to access recording database as needed and facilitate integration of recording information with other state informational databases*
- *System would change workflow from a time consuming duplicative sequential process to a streamlined simultaneous multi-stage process, improving efficiency by eliminating manual processing steps*

LONG TERM BENEFITS FOR ALASKA

- *System would improve customer service and provide enhanced retrieval processes throughout the state*
- *System would eliminate unnecessary delays in recording process*
- *System would enable time and personnel savings to be redirected to address severe preservation problems with archival records more than 100 years old*
- *System would enable state to have a current operational backup for this critical data in event of disaster*
- *System would allow state to maintain control over its data and update or enhance the system as needed*

Alaskans interested in contacting their legislators about this project - or about any other project or issue - may do so by sending a Public Opinion Message through their local Legislative Affairs office. For further information contact your local Legislative Affairs office or the Anchorage LIO at (907) 258-8111.

Audit Report



DEPARTMENT OF NATURAL RESOURCES
RECORDER'S OFFICE INDEX SYSTEM

February 22, 1991



Audit Control Number:

10-4397-91

Division of Legislative Audit
P.O. Box 113300, Juneau, Alaska 99811-3300

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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BUDGET AND AUDIT COMMITTEE

March 26, 1991

Members of the Legislative Budget
and Audit Committee:

In accordance with a Legislative Budget and Audit Committee special request and Title 24 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF NATURAL RESOURCES
RECORDER'S OFFICE INDEX SYSTEM

February 22, 1991

Audit Control Number

10-4397-91

As stated in the Objectives, Scope and Methodology, this audit was conducted to evaluate the factors underlying the decision to replace or retain the existing Recorder's Office computer system.

The audit was conducted in accordance with generally accepted governmental auditing standards. A further statement of our audit approach is included in the Objectives, Scope and Methodology section of this report. The audit results are summarized in the section titled Audit Conclusions.



Randy S. Welker, CPA
Legislative Auditor

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OBJECTIVES, SCOPE AND METHODOLOGY

In accordance with a Legislative Budget and Audit Committee special request and the provisions of Title 24 of the Alaska Statutes, we conducted a review of the factors underlying the decision to replace or retain the existing Recorder's Office index system.

Objectives

The objectives of this audit included:

1. Obtaining an understanding of the computer system currently used to index recorded documents.
2. Identifying the factors which we consider critical to the operation of such a system.
3. Evaluating Department of Natural Resources' (DNR) analyses of alternatives for indexing recorded documents in terms of the critical factors identified.

Scope and Methodology

Our review of the issues pertinent to the Recorder's Office system began in December 1990 and was completed in February 1991. During this time period, DNR put substantial analysis effort toward deciding the future of the Recorder's Office indexing system. Our work included reviewing these in-house documents and interviewing DNR personnel to determine the assumptions behind the analyses.

We gained an understanding of the existing system. This encompassed observation and inquiry of Recorder's Office personnel regarding data entry, discussion of processing with the contractor and DNR personnel, and review of output. The latter included an attempt to reconcile information in the contractor's data base against information recorded in the state accounting system.

We reviewed the request for proposals to replace the existing system which was issued in August 1990. Written comments from the evaluation team were reviewed. We met with both respondents to elicit their views on this unsuccessful solicitation.

The existing contract between DNR and Motzik Computer Services, Inc. was evaluated against criteria for service bureau contracting. The relationship between the contractor and DNR, as well as between the contractor and other state agencies, was documented.

Preliminary discussions with legal counsel were held regarding the public information aspects of the Recorder's Office index information.

ORGANIZATION AND FUNCTION

Alaska Statute 40.17 details the statutory requirements related to recording public records. The Recorder's Office, situated in the Department of Natural Resources' Division of Management, is charged with implementing this and other statutes governing public records.

One of the statutory requirements of AS 40.17 is to provide an indexing system "so the public may find documents by names of grantors and grantees." The indexing system is simply a document retrieval system, but it is critical to the business of the Recorder's Office. Part of this indexing system is currently provided by a contractor under a unique arrangement between the State and the private sector.

The contractor provides on-line data entry and processing capability to the Recorder's Office in exchange for access to the data. This data is public information. This symbiotic relationship began in 1986 when a zero dollar contract was struck between the contractor and the Recorder's Office. This contract is currently due to expire June 30, 1991.

Also situated within the Department of Natural Resources' Division of Management is the Land Records Information Section (LRIS). LRIS is responsible for the wide range of data processing activities in which the Department of Natural Resources engages. The business applications unit within LRIS is involved in the Recorder's Office system. This unit maintains the portion of the system which produces the indexes required by statute. These batch programs process at the Department of Administration's Anchorage Data Center.

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AUDIT CONCLUSIONS

The Legislative Budget and Audit Committee requested that we determine whether "it is cost effective for the State to purchase an elaborate computer system or to continue to contract" for free services. To gain the understanding necessary to answer this question, we reviewed various actions and analysis efforts of the Department of Natural Resources (DNR). In our opinion, these were insufficient to determine the course of action which is in the best interest of the State.

The contract which allows DNR to receive free service in exchange for access to Recorder's Office data expires June 30, 1991. In anticipation of the expiration, DNR issued a request for proposals (RFP) in August 1990. Like the existing contract, the RFP stipulated contractor access to Recorder's Office data as consideration provided in exchange for free service to the State.

This arrangement may not be legal under public access legislation passed in 1990. (See Recommendation No. 1.) Regardless, the RFP process failed to produce a responsive bidder in the judgement of the proposal evaluation team. DNR has concluded that because this zero dollar RFP failed, the replacement of the system should be accomplished by departmental personnel.

This conclusion has been translated into a capital project funding request of \$305,100. About \$100,000 is requested for equipment upgrades and training for the new system, with the remainder earmarked for data processing chargeback and personal services costs. These latter costs are ongoing, not one time costs. It is impossible to project how the ongoing evolution of chargeback will impact these costs. However, it is certain that the costs will continue annually in the budget of either DNR or the Department of Administration.

We do not question DNR's ability to build the system in-house. However, DNR currently has no basis for deciding not to contract for services. They have not allowed the current contractor, nor the vendor community, the opportunity to meet their indexing needs for money. It is possible that a contractor could do it cheaper than DNR.

Both unsuccessful bidders to the RFP accuse DNR of a bias toward building the system in-house. Some DNR personnel even admit that this bias exists. The leap from zero dollar RFP to large dollar in-house project seems to indicate such a bias. Recommendation No. 2 outlines our reasoning that

DNR should consider issuing a new RFP. The responses to such an RFP would provide DNR the cost and benefit information necessary to support an in-house versus contract decision.

Both DNR and the contractor have been generally pleased with the arrangement over the past five years. DNR personnel characterize the contractor as being as responsive as no remuneration allows. There are no known problems with the data resulting from contractor service. While the contract governing the relationship is less than adequate, the service provided has been acceptable to both parties. Given the problems with the existing contract, we concur with DNR concerns that this level of satisfaction may change. Toward this end, we recommend that problems with the existing contract be corrected in the current negotiations for an interim extension. (See Recommendation No. 3.)

Conclusion

DNR should seek legal advice as outlined in Recommendation No. 1. Based on this advice, they should reevaluate the options available to them which may range from a zero dollar contract for services, to a contract involving remuneration, to an in-house development project. For the interim, DNR concerns about the existing arrangement should be addressed in the current contract negotiations.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Natural Resources (DNR) should obtain legal advice on several issues pertaining to the indexing system for Recorder's Office and Uniform Commercial Code documents.

During our review of factors relevant to the audit request, we became aware of the following areas in which legal implications were either unclear or open to interpretation:

1. Effect of SLA 90, Chapter 200 on providing access to data as consideration under both the existing contract and under any new contractual relationships.
2. Legality of allowing title companies exclusive times for recording of documents.
3. Applicability of AS 36.30 to "zero dollar" contracts.

The options open to DNR may be limited by legal interpretation of these issues. For this reason, we recommend that the department seek the advice of the attorney general as soon as possible. This counsel should be taken into consideration for subsequent actions the department takes in anticipation of the current contract expiration.

Recommendation No. 2

DNR should consider issuing a new request for proposals to obtain a document indexing system.

During 1990, DNR issued a request for proposals (RFP) to provide an on-line index and retrieval system for Recorder's Office and Uniform Commercial Code documents. The RFP was necessary because the existing contract for this service expires June 30, 1991. The expiring contract was a sole source procurement which was initiated by an "unsolicited proposal" from the contractor to provide services to DNR at no cost in exchange for on-line access to DNR's data.

Much has changed since 1986 when this contract originated. The new procurement code has limited sole source to situations in which the chief procurement officer determines that there is only one source, and no reasonable alternatives, for a given procurement. The effect of this has been a higher level of scrutiny directed at potential sole source awards. Other pertinent legislative changes deal with public access to information. As outlined in Recommendation

No. 1, legal interpretation is required to determine the effect of these changes on the current situation.

DNR spent substantial resources compiling and issuing the RFP last year. Unfortunately, the RFP failed as both proposals submitted were declared nonresponsive by the evaluation team. We recognize the judgement inherent to the RFP process, and we do not question DNR's authority to specify requirements. However, it is our opinion that DNR should consider issuing a new RFP. Our position is based on the following which we consider to be significant factors in the RFP process:

- a. Questionable consideration - The RFP offered as consideration no money, but "immediate access" to DNR's information. The value of this immediate access is questionable. Under AS 09.25.115 (h), the department is prohibited from providing electronic services to one member of the public and withholding them from others. It would seem that something available to everyone has little value as consideration under contract law.
- b. Unclear proposals rejected without efforts to clarify - Both proposals were rejected without any oral communication with the proposers. The evaluation team had no obligation to solicit oral presentations, but we question the wisdom of not doing so. The written comments of every member of the evaluation team included references that the proposals were unclear, vague, or did not provide enough information to evaluate against criteria. It is possible that oral presentations by the proposers would have clarified the unclear aspects of their written submissions.
- c. Change in situation - The RFP required the development, implementation, and maintenance of an index system without any payments from DNR. With the failure of the RFP, DNR is requesting funding to build the system in-house. Monetary consideration may significantly change the reaction from the vendor community to a new RFP.

There is some question as to whether the procurement code applied to the RFP, given the zero dollar nature of the offering. AS 36.30.850 states that it applies to "every expenditure of state money" under a contract. However, the intent of the code to get the best deal for the State while treating potential vendors fairly certainly applies to any RFP.

We recommend that DNR comply with this intent by issuing a new RFP taking into account each of the factors outlined

above. However, prior to reissuance, DNR should consider the advice of the attorney general per Recommendation No. 1.

Recommendation No. 3

DNR should correct problems with the existing contract. The lack of clearly defined rights and responsibilities limits its usefulness in governing the relationship between DNR and the contractor.

Alaska Statute 40.17.040 requires the Recorder's Office to maintain an index system for recorded documents so that the public may retrieve them by names of grantors and grantees. This statutory responsibility is currently met through a unique arrangement between DNR and a private sector contractor.

The contract governing this arrangement has met the needs of DNR for five years. Generally, the Recorder's Office has been pleased with the service provided by the contractor given the lack of remuneration involved. However, the Recorder's Office has determined that their indexing needs could be better served using technology which has evolved since the current system was developed. Also, the contractor has expressed a desire for the system to be eventually transferred back to the State.

DNR is currently weighing alternatives for continuing the indexing function. As an interim measure, the existing contract will be renewed for another year. Our review of the contract documents identified the following as areas where we consider the current terms inadequate:

- a. Ownership of the indexes - The current contract is silent on ownership of this information while in the custody of the contractor. It is reasonable to assume that the State owns the information, but this should be clearly established in any future contract documents.
- b. Critical aspects of relationship not adequately addressed - We evaluated the existing contract against sample language for service bureau contracts. Examples of areas in which the current contract should be strengthened include:
 - (1) Backup requirements related to data and program files should be more specific. The need for prior generations of the data should be evaluated. A retention schedule should be developed along with some means to assure DNR that on-site and off-site backups are occurring in accordance with the schedule.

- (2) DNR's access to their data is currently limited to scheduled output and "normal termination of the contract." Their access to the contractor's programs is prevented unless the contractor's business fails. This language could preclude DNR from acquiring the data and programs in the event the contractor chooses to simply stop providing service.
 - (3) Provisions for disaster recovery are vague. Stating that "the tapes could be taken to any IBM computer equipped with the appropriate software/hardware" does little to specify disaster recovery requirements. Not surprisingly, this has been an area of contention between DNR and the contractor. Minimum requirements acceptable to DNR should be incorporated into contract language.
 - (4) There is no contract requirement for the contractor to use sound operating controls. Sample service bureau contract language includes this as a responsibility of the bureau. It also provides for the customer's right to have their auditors review the reasonableness of these controls.
- c. Contractual remedies - The current contract has provisions for both parties to terminate the contract by providing one year written notice. However, the contract is silent on remedies available to injured parties should services cease prior to the end of the contract.

A related problem is the lack of recourse when terms of the contract are not met. For example, several enhancements to be completed under the contract amendment covering FY 90 have yet to be completed. Recorder's Office personnel have little leverage in this matter; there is no cost to the contractor for not fulfilling the contract terms.

The contract should require some type of performance bond to ensure that injured parties will be compensated for lack of performance under the contract.

It is very difficult to manage a contract in which the terms and conditions are unclear or unwritten. In this situation, it has resulted in the contractor dictating the service level to the State. Fortunately, the contractor has shown responsibility to meet the basic needs of the Recorder's Office. This arrangement of mutual trust is not how the State normally does business. It places DNR in a position vulnerable to changes in the contractor's priorities and

attitude. We recommend that the contract extension currently being negotiated clearly specify all aspects of the relationship between the DNR and the contractor.

Recommendation No 4

DNR should reconcile revenues recorded in the Alaska State-wide Accounting System (AKSAS) to corresponding information in the document index system.

The Recorder's Office collects over \$2 million annually from the public. These revenues are generated over the counter for services related to the recording of public documents. The revenue associated with each document is entered into the contractor's data base as the document is indexed. This information is summarized on statistical reports generated monthly.

Revenue transactions are also posted to AKSAS when the money is deposited into the State's bank accounts. (AKSAS is the centralized accounting system used by state agencies to account for financial activity.) Theoretically, the revenue information on the statistical reports should reconcile to revenues recorded in AKSAS which are based on the amount of deposits attributed to the Recorder's Office. However, we were unable to reconcile these two sources of revenue information.

When two sources of the same information cannot be reconciled, problems may exist in at least one of the sources. We recommend that DNR research this situation to enable the Recorder's Office to implement such a reconciliation on a monthly basis. Periodic reconciliation would provide assurance that both systems accurately reflect revenues related to recording documents. By extension, it would also provide some assurance that recorded documents were indexed.

To facilitate such a reconciliation, it may be helpful to use separate collocation codes on AKSAS for each Recorder's Office.

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DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MANAGEMENT

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
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April 15, 1991

RECEIVED
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LEGISLATIVE AUDIT

Randy S. Welker
Legislative Audit Division
P. O. Box W
Juneau, AK 99811-3300

Dear Mr. Welker:

Thank you for the opportunity to comment on Preliminary audit report regarding the Recorder's Office Indexing System.

Recommendation No. 1

The Department of Natural Resources (DNR) should obtain legal advice on several issues pertaining to the indexing system for the Recorder's Office and Uniform Commercial Code documents.

1. Effect of SLA 90, Chapter 200 on providing access to data as consideration under both the existing contract and under any new contractual relationships.

We concur. The opinion has been requested.

2. Legality of allowing title companies exclusive times for recording of documents.

In September 1988, the State Recorder entered into an agreement with the Alaska Land Title Association (ALTA) to facilitate recording in the Anchorage office. The agreement requires all title agencies to bring their documents to the office between 7:00 a.m. and 7:30 p.m. each work day. The documents are checked for conformity with statutes and department regulations while the title agents review the prior day's business. When the title agents have completed the check of all prior day recordings and filings and their documents are deemed acceptable, they are serial number/time stamped in. Each document is imprinted with a consecutive serial number stamp that includes the date and time as 8:30 a.m. Any document accepted into the record after 8:30 a.m. reflects the normal advance of time.

Randy S. Welker
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April 15, 1991

While the intent of the ALTA agreement was not to exclude the general public from this opportunity, and in fact the public was also encouraged on specific occasions to come in during this time period to record multiple documents, no effort was made to specifically advise the public of the opportunity. When this was brought to our attention by the auditor, the Anchorage Recording Office posted signs advising the public that the office would be open for review of prior day records and newly submitted documents and notice was published in the Anchorage Daily News to further alert the public to the expanded availability of records in Anchorage. The practice of stamping documents in prior to 8:30 has been suspended pending legal advice.

In Fairbanks, no formal agreement was ever made with the title companies, but the office has been routinely open to title companies, and the general public as well, from 7:30 - 8:30 a.m. for early research and review of documents.

3. Applicability of AS 36.30 to "zero dollar" contracts.

We believe AS 36.30 is a good guideline for any procurement, including zero dollar contracts. Should we contemplate such contracts in the future, we will consult the Attorney General's Office for advice on applicability of details of the statute.

Recommendation No. 2

DNR should consider reissuing the request for proposals to obtain a document indexing system.

We concur. A new RFP will be issued upon authorization of CIP funding. If responses to the RFP indicate that a vendor can meet our requirements more cost effectively than DNR staff can, we will proceed with a contract.

Recommendation No. 3

DNR should correct problems with the existing contract. The lack of clearly defined rights and responsibilities limits its usefulness in governing the relationship between DNR and the vendor.

Demonstration of our agreement with the auditor on this recommendation is found in the new system requirements represented in the RFP specifications. While every attempt

Randy S. Welker
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April 15, 1991

will be made to comply with this recommendation as it applies to the impending amendment to the current contract, we expect our success will be very limited given the zero dollar constraints of this contract. However, any future contracts for data processing services will comply with this recommendation.

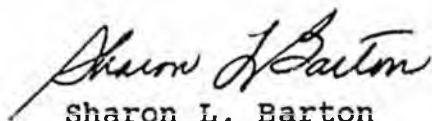
Recommendation No. 4

DNR should reconcile revenue recorded in the Alaska Statewide Accounting System (AKSAS) to support per the document index system.

We agree. DNR Financial Services and Recorder's Office staffs will work closely on the design of the new system to provide for periodic reconciliation between it and the DNR revenue and billing system.

If you have any questions, please call.

Sincerely,



Sharon L. Barton
Director

cc: Harold Heinze, Commissioner
Meg Hayes, Assistant Director
Linda Plumb, State Recorder
Dianne Lyles, Section Chief

OVERSIGHT

HEARING:

DE-PRIVATI-

ZATION

FILE 2

**REPORT OF THE HOUSE LABOR AND COMMERCE COMMITTEE
ON OVERSIGHT HEARING ON STATE RECORDER'S OFFICE
MAY 5, 1997**

On Monday May 5, 1997 the House Labor and Commerce Committee held an oversight hearing on the announced de-privatization of certain functions of the State Recorders office as of July 1, 1997.

The purpose of the hearing was to give the committee members a frame of reference for complaints received from a variety of parties pertaining to current and planned practices for recording and indexing real estate transactions and UCC filings.

Testimony was heard from Mr. Robert Motznik of Motznik Computer Services (MCS), Mr. Nico Bus, Chief of Financial Services for the Department of Natural Resources, and, by teleconference from Anchorage, Ms. Sharon Young, State Recorder.

Attachment 1 is a copy of the documents submitted by Mr. Motznik.
Attachment 2 is a copy of the documents submitted by Mr. Bus.
Attachment 3 is a copy of the post-hearing documents submitted by Ms. Young.

The issues of concern to the Committee are threefold. The most immediate issue is accuracy of the data being input by the employees of the Recorder's offices. Accuracy dropped off noticeably about two years ago. Part of the reason for the decline may have been that format changes were ordered by the State Recorder. Nevertheless, the decline in accuracy has been documented by MCS.

The second issue pertains to the Department of Natural Resources' intention to duplicate MCS's functions within the department. According to Commissioner Shively's press release of April 25, 1997,

"the public should anticipate that there will be some disruptions in service and possible backlogs as a result of having to create an interim system on such short notice."

In effect, the Department intends to precipitate a crisis that will disrupt all commercial activity that depends on prompt and correct data for real estate and UCC filings.

Commissioner Shively added,

"...such service disruptions and backlogs would likely increase if the proposed replacement system is not approved this session and the state has to continue an interim system on a longer basis. He urged system users to make their concerns known to legislators..."

Thirdly, because the decision made now will have long-lasting effect on the mode and means of services provided by the Recorders office, the legislature needs to examine the alternative applications of technology, their costs, and their friendliness to end users. There are significant ramifications of this decision to future years' budgets. It is not clear whether DNR's proposed capital expenditure is too broad a solution for several narrowly defined problems.

BACKGROUND

Motznik Computer Services, Inc. (MCS) has provided programming and computer processing for the Recorders Office and UCC Office computer index files since June 1986 at no cost to the state budget. In the original contract MCS agreed to develop the system to the specifications established by the Recorders Office. The state covered the cost of terminals and communications. MCS covered the cost of computer equipment and system development. The state agreed to cover the cost of system enhancements that were required thereafter. Although the state requested several minor enhancements and MCS completed them, MCS did not backcharge the state.

In 1991, the zero cost contract was replaced with a "Cooperative Agreement" to make it easier for the state to cover some of the costs of enhancements. This agreement would run through 1996.

In 1995, the State Recorder, Sharon Young, demanded, as a condition of renewing the contract, that MCS provide, for free, a group of enhancements that would have cost MCS over \$100,000. This demand included the statement:

"In the event the above conditions are not met, the state will be free to pursue other alternatives for providing an indexing system for public access."

MCS purchased \$30,000 of new equipment to meet the demands and proceeded to design an updated system only to find out that the recorders office had already made a request for \$440,000 to the legislature to develop their own system anyway. MCS stopped work on the enhancements.

The Cooperative Agreement expired in June 1996. MCS verbally agreed to continue operating the system at no cost until July 1997 to provide some time to find a solution, MCS has offered to continue free service beyond July 1997 as long as the recorders office reverses the trend of incomplete and inaccurate indexing that has occurred over the last year. These indexing errors put the state at great risk and should be addressed anyway.

THE DNR SOLUTION

The DNR solution for this situation is a \$1.2 million funding request to provide a new imaging system. They want to use public money to provide services to the public that are now provided by private enterprise. They have conducted an extensive campaign trying to get people to support their funding request. They are lobbying user groups to support their funding request by promising free services, or alternatively threatening disruption of recording services. Commissioner Shively in a press release stated that they will discontinue use of the old system of July 1, 1997 whether or not they get funding and the users should expect a disruption and backlog in recording services. That funding request has been thus far denied in the House and Senate Finance Committees.

Topics that need to be resolved:

1. Is there a way to stop DNR from creating a crisis on July 1, 1997
2. How much participation by private enterprise should there be in the recorders office functions? The recorders office wants "none". The other end of the spectrum would be to completely privatize all the recorders office functions. Is there middle ground? Does it make a difference to the end-product provided to the public?
3. Can the Recorders Office and Motznik incorporate new technology, i.e., an imaging system, under a new cooperative agreement. Is an imaging system an overkill solution to the shortcomings in the current system?

4. Are there sole source contract issues involved?

STAFF RECOMMENDATIONS

1. The committee and the legislature should stand foresquare in favor of maintaining or increasing the number of Recorders Office functions that are performed by the private sector. The application of new technology should not be used as a rationale to displace private sector participation.

2. The Legislative Budget and Audit Division should conduct a detailed performance audit of the Recorders Office. An independent evaluation is needed on the alleged decrease in accuracy of recorded data. Although the state is immune from liability for erroneous recording, at least one title company has been sued because it relied upon an erroneous information from the Recorder's office.

They should also investigate new technologies for application to Recorder Office functions.

3. The state, DNR Recorders Office, should enter into good faith negotiations with MCS to continue providing services without interruption or degradation. There has been a long, mutually beneficial relationship between the state and MCS, through several different State Recorders. A marked change in the tenor of the relationship occurred with the advent of the present administration. It appears to staff that well-intentioned desire for system equipment upgrades has been confused with terminating the arrangement with MCS and the "public-ization" of services that have been well delivered from the private sector.

One staff member suggested that this Committee investigate a broader pattern of practices whereby this Administration is eliminating state contractors who are not politically aligned with them and replacing them with supporters. However, that investigation is beyond the scope of present purpose and will be deferred until later direction from the Chairman.

5. The Labor and Commerce Committee should seek cooperation with the Finance Committees of the House and Senate in order to enforce its findings with a commensurate budget for the Recorder's office.

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**POST HEARING DOCUMENTS
FROM STATE RECORDERS OFFICE**

1. June 28, 1991
Co-Operative Agreement Between Motznik Computer Services Inc. and State of Alaska, Department of Natural Resources Division of Management.
author: State Recorder
2. December 8, 1994
Revisions to Workplan #4 from Dept of Natural Resources.
author: Sandra J Singer
3. April 22, 1994
Cooperative Agreement Workplan Summary #3.
author: Sandra J Singer
4. July 14, 1993
Miscellaneous Fee Screen Code Breakdown required by item four of Workplan Summary #2.
author: Sandra J Singer
5. May 19, 1993
Revised Cooperative Agreement Workplan Summary #1.
author: Sandra J Singer
6. July 9, 1993
Updated Cooperative Agreement Workplan Summary #1.
author: Sandra J Singer
7. June 22, 1995
First Amendment to Cooperative Agreement.
author: State Recorder
8. Request For Information from Sharon Young State Commissioner.
author: Sharon Young
9. October 14, 1996
Capitol Projects Description
10. April 21, 1997

**Letter to Bob Motznik from John Shively about April 7th
Correspondence to Sharon Young.
author: John T. Shively**

- 11. April 7, 1997
Cooperative Agreement Extension
author: Bob Motznik**
- 12. March 17, 1997
MCS Index System
author: Sharon Young**
- 13. February 24, 1997
Cooperative Agreement Extension
author: Sharon Young**
- 14. June 7, 1996
Cooperative Agreement
author: Sharon Young**
- 15. January 26, 1996
Follow-up to 12/6/95 and 1/2/96; meetings; design
document.**
- 16. March 8, 1994
Anchorage Recording District Sheets**
- 17. Annual Cost Savings Associated with Proposed System.**
- 18. Sept 10, 1996
Recorders Office Management Audit**
- 19. May 5, 1997
Additional Information and Response to Issues Raised in
L&C Oversight Hearing on Recorders Office.**

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1. There is no written contractual agreement at this time. The Cooperative Agreement under which the indexing data processing is performed by Motznik Computer Services (MCS) expired June 30, 1996. This agreement contained various upgrades and enhancements which were mutually agreed to in writing and incorporated into the Cooperative Agreement as a workplan. The most recent workplan was dated December 8, 1994. The majority of the agreed changes remain incomplete at this time. Copies of the agreement and the various approved workplans are attached.

2. In November 1994, all parties convened for an annual meeting as required by the terms of the Agreement. At this meeting, Mr. Motznik agreed to re-write the programs in COBOL. Various other issues were raised by both parties and all of these matters were addressed in an amendment to the Cooperative Agreement. The amendment was executed by all parties in June 1995. This amendment addressed several items of concern including ongoing incomplete workplan items, a programming language upgrade from RPG to COBOL (to facilitate the state's disaster recovery plans for this database), and planned TCP/IP conversion by July 1997 to ensure compatibility with the Department of Administration's statewide network standardization plans. The amendment specifically outlined the conditions for renewal of the agreement the following year. Prior to the state exercising the first three year renewal of the Cooperative Agreement, MCS agreed it would have the program conversion to COBOL substantially complete, would complete all outstanding workplan items, and would have a plan in place for TCP/IP conversion. At the time the Cooperative Agreement expired in June 1996, the COBOL conversion had been aborted by MCS and the majority of items on the workplan remained unaddressed. While MCS had proceeded with TCP/IP installation, that condition of the amendment was not required until July 1997, and then only became a requirement if the Cooperative Agreement itself had been extended, which did not occur. Because the amendment was breached by MCS, the state did not exercise its renewal option in 1996. A copy of the signed amendment is attached.

3. On June 6, 1996, Mr. Motznik informed the State Recorder's Office for the first time that he would not be proceeding with the COBOL conversion which was to be substantially completed by the end of that month under the terms of the amended agreement. He also indicated at that time that he would not go forward with that conversion without compensation from the state and additional staffing. Because Mr. Motznik had waited until the last minute to relay this information to the state, the state requested that the system remain fully operational while the state explored its

options. The agreement had been breached by MCS in multiple respects.

4. With the expiration of the agreement imminent in June 1996, the State sought Mr. Motznik's concurrence to a month-to-month arrangement documented in a Letter of Understanding. This document was forwarded to MCS on June 28, 1996. He refused to sign the month-to-month extension and stated that he would prepare a new draft and send it back to us. The state never received a subsequent document on this matter. MCS verbally agreed to continue the status quo only through June of 1997 while the state sought CIP funding. There continues to be no formal written documentation covering the ongoing operation of one of the state's most critical databases consisting of millions of records and there is no operable backup for this system in event of disaster.

5. With the conditions for extending the agreement breached by MCS, and the Cooperative Agreement itself expiring at the end of June 1996, the state had to begin looking at other options for housing the indexing function. One option involved undertaking a Request for Information (RFI) process to determine if there were other vendors willing to provide this service at no cost to the state. Of the seven responses to the RFI, three indicated that they would be able to provide this service at no cost to the state. However, they did impose other conditions or restrictions that the state was not able to meet (i.e., granting exclusive use of the public information, providing lists of MCS customers, etc.). Other responses to the RFI indicated that the components for a comprehensive system would be available on a direct cost basis or on other creative financing terms. MCS did not submit a response to the RFI. A copy of the RFI solicitation is attached.

6. With no written agreement in place, no operable backup system, and no viable zero-cost options surfacing through the RFI process, the state had to consider a replacement system as a priority item in the FY98 capital budget process. The \$1.2 million request contained in the Governor's FY98 capital budget would cover the complete hardware, software, installation, training, consultation and other expenses associated with a comprehensive multi-faceted system incorporating all recording, cashiering, and indexing processes, together with new scanning and imaging processes, for all eleven of the component's DNR staffed offices statewide, as well as for the UCC central file system office. It also would address many operational issues resulting from a multitude of manual recordation processes, failing timestamps and other equipment items, and a sequential workflow that under the current system cannot be distributed among workstations to achieve efficiencies. (The MCS system is one-dimensional in that it only pertains to the indexing function, and does not address the numerous other functions and processes. Continuation of the MCS index system will not mitigate or resolve the myriad of other operational weaknesses currently at issue, such as failing or malfunctioning timestamps and other equipment, duplicative data entry processes, numerous manual and labor intensive recordation

steps, etc.) A copy of the capital budget proposal is attached.

7. By correspondence dated February 24, 1997, MCS offered to continue to provide the free processing until DNR can obtain a long term solution. The MCS proposal for an interim agreement was to resurrect the expired Cooperative Agreement, with no amendments, while at the same time requiring significant data entry changes on the part of recording staff which would adversely affect internal operations in recording offices statewide. The state's response, dated March 17, 1997, simply requested an interim continuation of the status quo processing through June 1998, or until a replacement system is obtained, whichever first occurs. The state indicated it would seek no new programming services during the interim arrangement, and would not require completions of any of the still pending workplan items from the original agreement. The MCS response to this offer, dated April 7, 1997, was phrased in terms of an ultimatum: either the state must begin paying for the service, or it must change its internal data entry operations in order to benefit MCS's own commercial needs. The state's procurement code does not permit conversion of this ongoing service from a no-cost basis to a cost basis without undertaking a competitive bid process. Equally problematic is the suggestion that state resources be used to input information in a specific manner to meet MCS business needs when it is detrimental to the customer research needs in recording offices statewide. Having reached an apparent stalemate on this issue, DNR prepared to undertake an emergency programming effort in house in order to have an interim system operational by July 1, as the MCS correspondence stated that the service would not be continued past June 30, 1997, unless its conditions were met. Copies of this correspondence are attached.

8. During the oversight hearing, Mr. Motznik made numerous references to various data entry procedures and changes that have been implemented by the state. Similar references have been addressed repeatedly in prior correspondence and in prior meetings with Mr. Motznik. In order to ensure that this summary accurately reflects the agency's position on these topics, they are reiterated here.

a. MCS wants the state to resume entering collateral descriptions on UCC documents, and further to devote staff time to go back and re-index many months of UCC filings that have not included this information. UCC collateral is not required by statute to be indexed. Additionally, the field for this item in the MCS system is actually the document title field which is too small to accommodate the bulk of collateral descriptions received and recorders had to make judgement calls regarding what to include and what not to include. More importantly, the collateral field is not a searchable field by customers using the MCS system in our offices, although presumably such information can be retrieved by Mr. Motznik for a fee. It is critical for state organizations to find operational efficiencies whenever possible. Eliminating UCC

collateral descriptions from the index has enabled the component to free up resources to address other priorities that are mandated by statute. It is not an effective use of resources to index a field that the state and its customers cannot utilize and that is not required by law to be indexed. The index is only a tool to get to the official public record of documents where customers can see for themselves the exact information as it is contained in the document itself.

b. MCS wants the state to let its staff abbreviate document descriptions as they see fit and to routinely use a limited array of document type codes. Basically this entails inconsistent judgments on the part of front line recording staff to determine the "real" intent of a document when it has a lengthy title or reflects multiple functions. Similarly, MCS has had a problem with the way that recording staff are using document codes. After much review of these activities over extended periods of time, it was determined that there was a high incidence of errors in the use of document type codes and considerable latitude was being taken by staff to attempt to fit document titles into one of the limited code categories. In an effort to keep staff from making unwarranted and inaccurate judgment calls in this classification process, they were instructed to use the document type codes only when the document's title matches the code definition exactly. The principal problem here is that the specific fields programmed into the MCS system are much too short to accommodate the actual information from the document. The state recorder's office has previously requested in writing that the document type codes be expanded. Written workplans have also requested that the document type fields be made longer so that the system will encompass all of the necessary information and not require staff to make erroneous judgments to pigeon hole document type entries. None of these requested improvements have been implemented by MCS to date.

c. MCS has repeatedly requested the state to go back to using abbreviations for business names as it had done prior to 1994. The decision to limit the use of, and ultimately to discontinue the use of abbreviations stemmed directly from thorough review of daily indexing over extended periods of time. It turned out that abbreviations were used wrongly in as high as 40 per cent of a day's activity. Sometimes the entire abbreviation was indexed incorrectly, but most of the time abbreviations were used improperly in situations where the company name did not match the name as submitted on the document. Data entry time was not adversely impacted by the discontinuance of abbreviations. Extensive tests reflected that staff spent more time researching to determine the proper abbreviation than it took to index the names exactly as presented on the documents. Further, discontinuance of abbreviations has clearly improved information made available to customers doing research. Examples of indexing reports

occurring both before and after the change are attached. It is far more beneficial for the customer to see the full company name in the index than to see only an abbreviation that they then have to try and identify from other sources. Customer feedback in our recording offices has strongly supported this change.

d. MCS expresses continued concern about the indexing errors in the database. We acknowledge that there are errors and we do have procedures in place to attempt to limit the occurrences. It is unrealistic to expect that millions of records will be immediately reviewed and all errors purged from the system. Further, a significant number of the errors occur because the names may be spelled wrong on the documents that are submitted for recording. It is not the recorder's place to change the information it receives from its customers. Supervisors regularly review the indexing by their staffs, and standard performance measures utilized by the component provide consistent methods of tracking and identifying such errors. Spell checking or edit programming has also been repeatedly requested in agreed workplans but has never been implemented by MCS.

The remainder of this narrative addresses specific comments made by Mr. Motznik during the oversight hearing.

1. Mr. Motznik said the state was requesting \$1.2 million in the capital budget to do what MCS does for free. The indexing system provided by MCS is only one function of the entire recording process. The capital budget seeks funding for a comprehensive system that would consolidate all of the recording functions, including indexing, into a single system in order to streamline operations, improve customer service, and eliminate multiple inefficient layers of processing. It would also serve to eliminate the ongoing problems of failing timestamps and other outdated and malfunctioning equipment items in multiple locations statewide. The MCS system provides a valuable service to its subscribers by consolidating into one place information from many different state databases. All of these other state agencies - except the Recorder's Office in DNR - maintain their own data systems and provide this data to MCS on a regular basis. The Recorder's Office is the only one to use state resources to place the entire public indexing database into a privately owned system. The state has no operable backup for this system in event of disaster. There is no reason to believe that a state-owned system to house the critical recording database would change MCS services to its customers in any way as MCS could opt to receive the recording database updates just as it receives such updates from the other state agencies it deals with.

2. Mr. Motznik said that the proposed system would put Western Microfilm out of business. Western currently films documents on state premises for sale and distribution to title companies and other third parties. The state has no control over the process

those companies use to designate their filming agent and they may change that agent at any time. Under the proposed capital project, all data distribution formats currently in use will continue to be available, as would additional new format options. So long as the title companies continue to authorize Western to film records on their behalf under the new system, Western would continue to film records on site in the Anchorage office. The state's concurrent scanning/filming process, however, would be automatically incorporated into the comprehensive system, enabling the state to free up vital staff resources to address the multitude of archival and preservation issues that continue to grow throughout the system.

3. Mr. Motznik stated that his system saves the state a lot of money although he did not identify the types or amounts of savings. The state has thoroughly documented that the existing system is indirectly costing the state in excess of more than \$100,000 per year as a result of duplicative data entry, continuation of various manual processing steps, and a labor intensive workflow process, all a direct result of being unable to bring about technological improvements in its operations.

4. Mr. Motznik stated that the state will "create a crisis" by trying to implement its own interim system in July. The state fully intends to make every effort to ensure that the system transition is transparent to the public. However, since the recording system workload is driven by external forces and entirely beyond the ability of the state to control, occasional disruptions may occur. This is no different from the existing arrangement. The state continues to document the frequent down time of the MCS system. As an example, the day this oversight hearing occurred, the MCS system was completely inoperable in all of our offices statewide for approximately four hours, resulting in significant backlog accruals in all recording locations. In addition, cyclical increases in incoming workload frequently result in indexing and verification backlogs throughout the system and these will continue to occur until the state implements faster processing technology in the state's recording offices.

Cooperative agreement

**Between Motznik Computer Services, Inc.
and
State of Alaska, Department of Natural Resources
Division of Management
to
operate and maintain an on-line index information system
for the Statewide Recorders/UCC offices.**

I. Purpose, Intent, and Statutory Authority

This agreement, entered into this 28th day of June 1991, is between the State of Alaska, (State), acting through the Director, Division Management, Department of Natural Resources, and Motznik Computer Services, Inc. (MCS), acting through Robert L. Motznik, its president. The State and MCS may be referred to as the parties.

AS 40.17 mandates that the Department of Natural Resources (DNR) Recorders/UCC Section provide the public with documents and indexes for retrieval of real and personal property documents such as deeds, mortgages, liens, and contracts for services. DNR Land Records Information Section (LRIS) provides the Recorders/UCC Office technical support for data processing functions.

MCS sells on-line access to various databases including the Recorders/UCC Section index to all recorded and filed documents.

Because the State has a continuing need for data processing services to gather, sort, and report the information required by statute, and MCS has a continuing need to gather and maintain this information for its clients, the parties agree to enter into a cooperative agreement to maintain and operate a Recorders/UCC on-line index system in accordance with the terms and conditions of this agreement.

II. MCS will provide equipment and services as follows:

Hardware

MCS will provide the use of hardware at its facility that is sufficient to process the Recorders/UCC system. An inventory listing of equipment is included as an appendix to this agreement. The equipment inventory list will be published at least annually.

MCS may provide equipment at the Recorder's Office in accordance with the purposes of this agreement provided that use of the equipment is at no cost to the state except for utilities and previously agreed to communications costs. MCS will retain ownership of this equipment.

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MCS will notify the State in writing of any change in its hardware configuration that may impact the state operations no later than 60 days before installation.

MCS will acquire and/or upgrade equipment necessary at its site to continue to operate the system and provide data storage for the life of this agreement.

Nothing in this agreement is intended to restrict or require state approval of any hardware procurement by MCS that does not negatively impact the operations of the Recorders/UCC office or the Recorders/UCC system.

Hardware support services:

MCS will provide hardware support services for all hardware operated at its location. Support services will include, hardware maintenance and repair, user notification, hardware updates and other services as mutually agreed upon in writing.

Hardware maintenance and repair

MCS will be responsible for maintenance and repair support for all its computer equipment and related facilities. MCS will keep all its equipment used to support the Recorders/UCC system on its IBM maintenance agreement. In the event of equipment failure, MCS will immediately initiate a service request to IBM.

MCS will provide a copy of its hardware maintenance contracts, any repair agreements, and disaster plan as an appendix to this agreement. The plan will reference any maintenance, repair, or disaster planning agreements that it has in place to minimize down time as the result of hardware failure or disaster.

User notification

MCS will provide reasonable notice to the State Recorder's Office of any planned system disruption. Notification will include date, time, and projected length of outage.

If an unplanned system disruption occurs, MCS will call the State Recorder's Office contact immediately and provide an estimate of the projected length of system disruption.

Hardware Updates

MCS will insure that all equipment changes are compatible with the state telecommunications network as long as the State continues to use IBM-VTAM as its communications software.

Software

MCS will provide all system, application, and utility software necessary to meet the functional requirements outlined in this section. At a minimum the system will provide for data input, edit,


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and verification, system security, data search and retrieval, reports, and other functions mutually agreed upon in writing.

Data input, edit and verification

The system will provide for the input of new records, verification of records input, and updating of existing records in both the current and base file data bases.

The system will be able to provide "on demand" updates to the current data base.

Updates to the base data base will be done at least semi-annually.

System security

The system will require passwords for system security. The Recorders/UCC Office will have the ability to add, delete, or change passwords.

The system will report passwords that have not been changed within 45 days.

Data search and retrieval

The system will allow recorders and the public in a DNR recorder's or UCC Central office location to search by name, real estate description, serial number, or other mutually agreed upon search criteria.

The system will provide the ability to request a Uniform Commercial Code search by debtor name for records filed with the UCC Central Office and produce a printed report at the UCC Central Office.

The system will provide the ability to review any of the following listed batch reports on-line.

Reports

The system will provide the following reports that can be printed at each DNR Recorder's Office and the UCC Central Office.

- A batch statistics report within 24 hours from time of request. The report will consist of separate tabulations of financial and document type statistics for each of the 34 recording districts and the UCC Central Office and a combined report for the total financial and document statistics for the section. This report will be produced in both calendar year format and fiscal year (July through June) format. This report will be requested by phone to MCS by the Recorder's Office.
- A batch miscellaneous fees report within 24 hours from time of request. This report will provide separate statistics for each of the reporting offices and will also include a combined report for a total financial and statistical report of miscellaneous copy and



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search fees for the section. This report will be requested by phone to MCS by the Recorder's Office liaison.

- A batch serial number report of verified and **unverified records at any time during normal business hours. The report for verified records will be separate from the **report of unverified records. The report will be requested on-line.
- **A batch edit report of input information that will allow Recorders to correct entries before printing a reception number report, alphabetic report, or real estate report. The report will be requested on-line.
- **A batch alphabetic grantor/grantee or real estate report of verified or unverified records at any time during normal business hours. The report will be requested on-line.
- Other print requests and reports as may be mutually agreed upon in a work plan approved by the parties.

Other software requirements

If the system must be modified to provide for the addition of other functions and software enhancements as statutes or conditions change, the parties agree to review the extent of the change and negotiate a work plan.

All planned changes to the software that affect the functionality of the system must be reviewed and approved by the parties.

MCS will provide a user manual that documents the system functions and user capabilities. The manual will have separate sections to document input, verification, current and base file updates, print requests, and information retrieval.

Software support services:

MCS will provide software support services for all software operated at its location including, support services for software maintenance and programming, database maintenance and back-up, troubleshooting, user manual updates and other services as mutually agreed upon in writing.

Software maintenance and programming

At its site, MCS will maintain, update, and operate all software needed to run the Recorders/UCC system and will continue to work with the state to insure that MCS's communication software remains compatible with appropriate state systems as long as the State continues to use IBM-VTAM as its communications software.

MCS will provide a copy of its operating software support agreements and disaster plan as an appendix to this agreement.



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Application Software Documentation

MCS will provide documentation describing its application software that is required to run this system. MCS will update application programming documentation annually and/or any time there is a major revision. Documentation and updates will be reviewed by LRIS annually or at any time a major revision is completed. This documentation will be kept confidential at all times.

Software back up

MCS will place back up tapes of its application and system software in a vault at NBA at least monthly. The State Recorder will have access to the vault during normal business hours. In the event that MCS fails, the State has full license to use the MCS software for 18 months or until the date of termination of this agreement, whichever occurs first.

Troubleshooting

MCS will designate a programmer to work with state personnel to correct any omissions or problems with the system. System problems will be reported to this party, however, MCS may direct other personnel to work with recorders or LRIS.

User Manual updates

MCS will provide updates to user manuals when functions are changed or added. Written updates will be provided within five working days of a function change that is initially invisible to the users. Written updates will be provided at least two weeks prior to installation of a functional change that requires recorders in the DNR offices to alter retrieval, input, verification, or print procedures.

Database maintenance & back-up

MCS will make a weekly back up of the current data base records, the validation tables, valid abbreviation tables, plat code and password tables, and other data as mutually agreed upon in writing to assure records are current, accurate, and can be recovered with a minimum of duplicate data input or manipulation required by the state in the event of a system failure.

MCS will produce a magnetic storage medium copy of the entire historic data base semi-annually. This copy will be delivered to a site of the State's choosing. Daily incremental base data base changes will be backed up after each day's transaction processing is completed and made available to the State.

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MCS deliverables

The following Recorders/UCC data files will be made available to the State:

FILE	AVAILABLE FOR PICK-UP BY THE STATE
1. UCC base file	Weekly
2. UCC daily transaction file	Daily
3. Recorder's Office base file	Semi-annually
4. Recorder's Office current file	Weekly
5. Recorder's Office transaction file	Daily
6. Recorder's Office base update file	Daily
7. Recorder's Office/UCC table files	Daily
8. Recorder's Office fee file	Daily
9. UCC Office fee file	Daily

MCS will make magnetic tape copies of the above listed State owned data files available to the State at the regular intervals indicated above. The State may use these data files at its discretion without consulting MCS. The above listed data files are the only data files that MCS is obligated to make available to the State.

MCS will provide a daily data tape of the day's activities to be made available for delivery to the Anchorage Data Center by 6:30 pm each business day.

Other services or conditions:

System improvements

MCS will provide programming assistance, as mutually agreed upon in writing in the work plans, to provide enhancements to the system.

Expenses to be paid by MCS

MCS is responsible for all hardware, software, maintenance, repair, programming and other operational costs incurred at its place of business in providing the services listed in this agreement.

Any services for which there may be a direct cost to the state during the life of this agreement will be subject to AS 36.30 the state procurement code.

Response time

MCS will make every effort to maintain an average system response time of 2 seconds or less at a terminal in the MCS office during business hours for normal business activity.


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Use of data

MCS may market on line and/or batch processing of information contained in the data bases. Recordors/UCC Office terminals shall have free access to retrieval processing by name, property description, and serial number for Recordors/UCC data. Additional retrieval functions may be made available to Recordors/UCC offices as mutually agreed upon in writing by the parties. Any other State office that wishes access to the system must subscribe for MCS services. The department may use up to an additional 10 hours of retrieval and search time monthly on the MCS system.

III. The State will provide equipment and services as follows:

Hardware

The state will provide, maintain, and repair, all hardware necessary to use the system from MCS to the user, unless otherwise agreed upon in writing. The State will provide, maintain, and repair the modem at MCS that is connected to the State data line.

The state will provide MCS access to its telecommunications network for the purposes of this agreement.

LRIS will provide an inventory listing the state equipment using the system and its locations. This list is included as an appendix to this agreement and will be updated and published for the annual meeting of the parties.

If the state makes equipment changes at the Anchorage Data Center (ADC) or another state location that directly impacts the functions of the system MCS will be notified no later than 60 days before installation. DNR is dependent upon ADC for timely reporting of this information.

The state acknowledges that MCS may provide a modem and control unit to access a direct data line between MCS and the Anchorage Recorder's Office. This additional access to MCS is presently being completed.

Software

The state is responsible for the maintenance and operation of software necessary to print batch reports of Recordors/UCC data at ADC.

The Recordors/UCC Section will advise MCS of software changes and updates to the State Recordors/UCC system that could have an effect on the MCS-Recordors/UCC on line system.



RLM

System processing

The Recorders/UCC Section will provide staff to complete all document input, verification, updates, and table maintenance. This includes:

- Inputting and verifying documents to the on-line system on a daily basis in each office where terminal access is located.
- Inputting all copy and search fees on a daily basis in the multi-employee offices and at least weekly in the one employee offices where terminal access is located.
- Inputting additional information as agreed upon in work plans.
- Continuing to review and update the historic indexes to improve the quality of index information.
- Maintaining the password, abbreviations, plat code, and validation tables, to add, delete, or change functions.

System administration and maintenance

The Recorders/UCC Section will designate a liaison to work with MCS on any requested or necessary changes to the system. System problems will be routed to this party before contacting MCS. Occasionally, Recorders may be instructed to work directly with MCS. MCS will be advised in writing of any change in the operational liaison.

The Recorders/UCC Section staff will provide training to the public at the Recorder's and UCC offices in the use of the on-line retrieval system and will provide input, verification, and research training to all Recorders.

The Recorders/UCC Section staff is solely responsible for updating of data contained in the data files described under MCS deliverables. MCS will make no changes to the data contained in those files.

Upon receipt of new or updated user manuals, the State will provide written comments to MCS within 10 working days.

The state will review MCS Recorders/UCC user manuals at least annually and will provide a written report at the annual meeting of the parties to outline any required changes.

The Recorders/UCC Section administrative unit will maintain Recorders' procedures manuals.


R & M

Technical support:

LRIS will provide technical representation and support for the Recorders/UCC Section in its dealings relating to data processing issues for this agreement. This includes providing support for:

- Liaison with the ADC concerning telecommunication issues.
- Installation and maintenance of all state owned telecommunication equipment and hardware located in DNR offices.
- Programming maintenance support for the Recorder's Offices and Uniform Commercial Code systems run at the Anchorage Data Center.
- MCS access to personnel concerning data processing issues relating to this agreement.

Other Conditions

Expenses to be paid by the state

The State is responsible for all communications and hardware costs for equipment including system connections in the Recorder's Offices and the UCC Office to the state data network, all communications and all hardware expenses to connect MCS to the state data network.

IV. It is mutually agreed that:

Agreement Contacts

MCS will provide one primary contact person to coordinate day to day operations. This agreement will be administered by the Assistant Director for the Division of Management.

The state will provide one contact from the Recorders/UCC Office to handle questions or concerns regarding Recorders/UCC office operations and one from LRIS to handle questions regarding state network or other related data processing questions.

Insurance

MCS shall provide insurance as described below. Certificates of insurance will be furnished to the Recorders/UCC Office and will provide for a 30 day prior notice of cancellation. These limits are subject to annual review and will be adjusted upward as mutually agreed upon in writing.

Proof of insurance is required for the following:

- A. Worker's Compensation Insurance: MCS shall provide and maintain, for all employees of MCS engaged in work under this agreement, Worker's Compensation Insurance as required by AS 23.30.045.



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- B. Comprehensive (Commercial) General Liability Insurance: with coverage limits not less than \$300,000 combined single limit per occurrence and annual aggregates where generally applicable and shall include: premises operations, independent contractors, products/completed operations, broad form property damage, blanket contractual, and personal injury endorsements.
- C. Comprehensive Automobile Liability Insurance: Covering all owned vehicles with coverage limits not less than \$100,000 per person, \$300,000 per occurrence bodily injury and \$50,000 property damage.

Governing Laws and compliance

This agreement is governed by the laws of the State of Alaska. In the performance of this agreement each party agrees to comply with all applicable federal, state, and borough regulations, codes, and laws; and will be liable for all required insurance, licenses, permits and bonds; and pay all applicable federal, state, and borough taxes.

Indemnification

Each party agrees that it will be responsible for its own acts and the result thereof and each party shall not be responsible for the acts of the other party; and each party agrees that it will assume to itself risk and liability resulting in any manner under this agreement.

Conflicting provisions:

If a conflict arises between the provisions of this section and any other section of this agreement or amendments to the agreement, the conflicting provisions will be amended or the agreement will be reconsidered.

Nothing in this agreement is intended to conflict with Federal, State, or Local laws or regulations. If there are conflicts, the conflicting sections will be amended or the agreement will be reconsidered.

Amendments and work plans

If either party wishes to amend this agreement, they will submit a written proposal to the other party briefly outlining the purpose for the amendment, when they would like to see it implemented, and any resources they may need or may be able to contribute towards implementing the amendment.

Either party may reject any proposed amendment requested by the other provided that the rejection is not in conflict with this original agreement or subsequent approved amendments.

Any change to this agreement must be mutually acceptable to the parties and will be agreed to in writing. A work plan will be developed to implement the change. For minor system enhancements a memo describing the enhancement will be an acceptable work plan.. Work plans must be approved by authorized representatives.



Work plans which do not change the scope or terms of this agreement and result in no direct cost to the state require approval of the parties.

Work plans that require a change in the terms of this agreement, result in direct expenditures by the state to upgrade or change its operations, or require the state to pay MCS must be approved by the Director, Division of Management or designee in addition to MCS, the Records/UCC Office, and LRIS.

Work plans may result in an amendment. If a work plan is of sufficient scope to require amendment to this agreement, the amendment will be completed before system or program changes are commenced.

Operational changes

MCS will provide reasonable advance notice of any major changes to MCS operations that could impact this agreement. The State will provide reasonable advance notice of any changes in the State operations that could impact MCS's ability to cooperate under this agreement.

Nothing in this agreement is intended to restrict MCS's ability to change its applications or hardware with respect to the services it sells to the public provided those changes do not negatively impact Records/UCC operations.

Right to inspect facilities

Each party has access to view the work place of the other during normal business hours or as may be scheduled beforehand.

EEO

Each party will comply with all applicable state and federal laws regulations, and executive orders relative to Equal Employment Opportunity programs and requirements.

Ownership of the data/system

Software

MCS is owner of all system and application software developed and run at the MCS facility.

Data

All Records/UCC data contained in the MCS-Records/UCC system is public data.

Data files

MCS is the sole owner of all files, other than those listed under MCS Deliverables, that it creates or may create from the Records/UCC data.

Reports/products

All reports/products of Records/UCC office data generated by MCS in the course of fulfilling this agreement are owned by the state and are part of the public record.

Handwritten signatures and initials, including "R1M" and a large signature.

Confidentiality of financial information

All financial information provided to the state by MCS regarding MCS's business operations will be considered confidential and will not be provided to a third party for any reason whatsoever.

Confidentiality of Software

All MCS application software back up media and application software documentation or copies that are kept by the State will only be used for the purposes of this agreement and will be stored in a secured area with restricted access.

Expenditure of funds

Nothing in this agreement or any subsequent amendments shall obligate the state to expend funds or provide future payments of money in excess of appropriations authorized by law.

Disaster plan

Both parties will work to develop a detailed disaster plan which will become an appendix to this agreement. The purpose of the plan will be to identify potential risks and liabilities to both parties and provide for an orderly transition in the event of MCS being unable to continue to provide the services outlined in the agreement for any reason. At a minimum, the plan will include, disposition of back-up system programs and documentation, MCS's disaster plan, and the States back-up plan in case MCS is unable to continue this agreement for reasons beyond its control.

The plan will be completed and in place by October 31, 1991 and will be considered an appendix to this agreement.

Public access to data

State law requires that the public have access to state data. The State will provide on line retrieval of Recorders/UCC data on the MCS system to the public through at least one public access terminal at each Recorder's Office and the UCC Office and at least two public access terminals in the Anchorage office and two in the Fairbanks office.

All Recorders/UCC Office data contained in this system is public data. During the term of this agreement, MCS has the authority to use all Recorders/UCC data for any purpose and at no cost. Any one other than the parties may obtain the data from either source.

If a request for electronic services and/or products pertaining to Recorders/UCC data per AS 09.25.220(1) is submitted to the Recorders/UCC Section, the Recorders/UCC will consult LRIS regarding the State's options for making the data available. If the state decides it is not in the state's best interest to exercise its option to provide the electronic service or product, the requestor will be so advised.

Assignment or delegation

Assignment of rights and duties under this agreement must be approved by the parties in writing.



Termination

This agreement may be terminated at anytime upon mutual agreement of both parties.

Either party may terminate this agreement at any time by providing 18 months advance written notice to the other party.

Upon termination of this agreement, MCS will supply the State with a final copy of all state owned Recorders/UCC data files listed under MCS deliverables and return any State equipment that may be at MCS.

Upon termination of this agreement, the State will return any and all copies of MCS software, MCS profit/loss statements, and any MCS equipment that may be located at a State office.

Disputes

It is the intention of each party to continue to work together to the mutual interest of the other party to implement this agreement. If either party has a dispute, it will first be addressed in writing at the administrative contact level. Copies of all disputes will also be submitted to the Director, Division of Management, and the DNR Procurement Officer.

The dispute must include the following:

- Factual information regarding the dispute
- Documentation or evidence to support the facts as presented.
- A proposed remedy

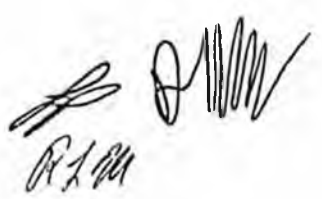
The other party will have 30 days to review the dispute and either accept the remedy and dissolve the dispute, propose a counter remedy, or comment and request a meeting with all parties to the agreement and the Director, Division of Management.

If the dispute cannot be solved at the first administrative level, either party may request a hearing before an independent arbitrator mutually agreed upon by the parties. Such arbitrator shall be governed by the provisions of the Uniform Arbitration Act AS 09.43.010 et seq. The decision of the arbitrator will be final.

Annual meetings/work sessions

The parties agree to meet at least once a year in October to:

- Review and discuss updates to the MCS or state software and hardware,
- Update equipment and software inventory lists.
- Review this agreement, completed or ongoing work plans, and issue any necessary amendments to bring the agreement current.
- Review MCS profit and loss statements and State budget plans.
- Discuss any problems that have been encountered in operating the system.
- Allow each party the opportunity to inform the other of their operational plans for the coming year.



Work sessions will be held to review and develop work plans and discuss issues at the request of either party.

Term

This agreement is for a term of five years to begin on 7/1/91 and expires on 6/30/96. Upon mutual agreement of the parties, there may be two extension periods: the first for three years and the second for two years.

Robert L. Motznik

Motznik Computer Services

John J. Lamb

DNR State Recorder

Donnie M. Uffo

DNR Chief LRIS

Margaret J. Hayes for

Director, Division of Management

CS Paul C. Skimge

Commissioner, DNR

**Indicates products or services which will be addressed in the work plan(s).

Summary of Appendices

- MCS Hardware Inventory
- MCS Hardware Maintenance, Back-up/Recovery Plan
- MCS Software Inventory
- State Hardware Inventory
- MCS/State Disaster Plan
- List of improvements in progress
- Approved Work Plans
- Minutes of Annual Meetings

All outstanding and instrumental appendices to this agreement must be approved by the parties and attached to this agreement no later than October 31, 1991.

First Amendment to
Cooperative Agreement

Between Motznik Computer Services, Inc
and
State of Alaska, Department of Natural Resources
Division of Management
to
operate and maintain an on-line index information system
for the Statewide Recorders/UCC offices

This agreement is entered into this 22nd day of June, 1995, by and between the State of Alaska (State), acting through the Commissioner, Department of Natural Resources, and Motznik Computer Services, Inc. (MCS), acting through Robert L. Motznik, its president, for the sole purpose of amending that certain Cooperative Agreement between the State and MCS dated July 28, 1991.

The Cooperative Agreement is hereby amended as follows:

1. All references throughout the Cooperative Agreement to "Division of Management" are to be replaced with "Support Services Division." All references to "Assistant Director of Division of Management" are to be replaced with "Director, Support Services Division."
2. Section IV, Page 9, Agreement Contacts, first paragraph, is amended to read: "MCS will provide one primary contact person to coordinate day to day operations. In the event the primary contact person will be unavailable for more than 24 hours, a substitute contact person will be appointed, and the Recorders/UCC Office will be notified. This agreement will be administered by the Director, Support Services Division."
3. Section IV, Page 9, Agreement Contacts, second paragraph, is amended to read: "The State will provide one contact from the Recorder's/UCC Office to handle questions regarding Recorder's/UCC office operations, and one contact from LRIS to handle questions regarding state network or other related data processing questions. In the event the primary contact from either office is unavailable for more than 24 hours, a substitute contact person will be appointed and MCS will be notified."
4. A new paragraph is added to Section IV, Amendments and Work Plans, as follows: "Workplans will be updated on a quarterly basis, and the parties will use diligent efforts to complete requested changes under a mutually agreed prioritized basis. MCS will provide firm completion dates for each item contained in a workplan and will provide a minimum of three periodic progress

reports, written or verbal, to the Recorders/UCC Office each quarter. Workplan items which affect data elements or the Anchorage Data Center in any way must be pre-approved by LRIS and the Recorders/UCC Office. Any changes undertaken by MCS that affect the data in any way, whether or not the change appears as a workplan item, must be pre-approved by LRIS. LRIS will be kept informed of any workplan items which do not affect data elements or the Anchorage Data Center."

5. Section II, Page 6, MCS Deliverables, is amended to provide that the Recorders Office base file will be updated quarterly rather than semi-annually, and that the data tapes of the base file will be available for pick-up by the state on a quarterly basis.

6. Section II, Page 1, Hardware, is amended to delete the requirement for MCS to provide and annually update an inventory listing of hardware.

7. Section III, Page 7, Hardware, third paragraph is amended to delete the requirement for LRIS to provide an inventory listing all state equipment using the system and its locations.

8. Subsequent to the annual meeting in November 1994, MCS provided updated copies of its hardware inventory, leased software, software lease/maintenance agreement, and insurance certificate. Pursuant to the terms of the Cooperative Agreement, these items are attached as appendices to this agreement and incorporated by reference.

9. Section III, Page 9, Other Conditions, is amended by adding a new paragraph as follows: "The State is responsible for securing courier service to transport daily data tapes between MCS and the Anchorage Data Center. The State will pay all costs associated with this courier service."

10. Section II, Page 6, Other Services or Conditions, is amended by adding a new paragraph as follows: "Program Rewrite. MCS will commit the necessary resources, provide the programming support and pay all costs of converting the existing software program from RPG to COBOL, or such other language acceptable to and approved by LRIS and the Recorders/UCC Office, prior to June 30, 1996. In conjunction therewith, MCS will secure the necessary license to use COBOL, or such other language approved by LRIS, and LRIS will provide personnel to respond promptly to any data processing issues or questions that arise in the course of MCS's conversion to COBOL."

11. Section II, Page 2, Hardware Support Services, Hardware Updates, is amended to read as follows: "MCS will insure that all equipment changes are compatible with the state telecommunications network. With the State's planned implementation of higher line speeds in Anchorage, and subsequently statewide, MCS agrees it will become compatible with the transmission control protocol/internet protocol (TCP/IP) format by July 1, 1997, if this agreement is still in force at that time."

12. Section II, Page 6, Other Services or Conditions, is amended by adding a new paragraph as follows: "Short Term Disaster Protection". If the State successfully obtains funding for replacement of dumb terminals with personal computers, so as to provide for continuation of automated data entry at each recording office in the event of a short term disaster affecting MCS, MCS agrees it will provide abbreviated programs on 3.5 diskettes for each office as they are upgraded to PC capability, sufficient for creation of the index and modified reporting systems on the PCs. PC data communication will use TCP/IP protocol and TN327D sessions to access the mainframe computer at MCS."

13. Section IV, Page 12, Public Access to Data, is amended by adding a new paragraph as follows: If a new State entity is created which requires that the recording database be made available centrally to the general public, either party has the option to cancel the Cooperative Agreement under the provisions of Section IV, Termination.

The initial term of the Cooperative Agreement expires on June 30, 1996. The Cooperative Agreement provides that upon mutual agreement of the parties, there may be two extension periods: the first for three years and the second for two years. It is the intent of the State to agree to extend the Cooperative Agreement for a three year period beginning July 1, 1996, subject to the occurrence of the following:

a. That MCS has by that date undertaken in good faith to complete or substantially complete the conversion of the programming language from RPG to COBOL, and that such conversion is fully acceptable to LRIS and will be fully operational upon completion. LRIS must review the software and documentation used in running the system to be prepared for running the system at the Anchorage Data Center in event of disaster affecting MCS operations. This review will be limited to information required to transport, install, and run the system. This includes system documentation, file layouts, job control language and other applicable information. It is understood and agreed that the conversion to COBOL is being undertaken by MCS solely at the State's request. If for any reason the Cooperative Agreement is not extended beyond July 1, 1996, the State agrees it would seek authority under state procurement laws to reimburse MCS for its documented out of pocket costs associated with the conversion that it incurred prior to that date.

b. That MCS has agreed to initiate plans that will enable it to become fully compatible with TCP/IP on or before July 1, 1997, if the Cooperative Agreement is extended.

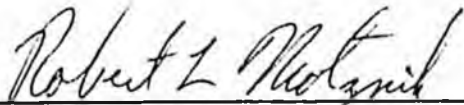
c. That MCS provides programming assistance to establish a decentralized data entry system for short term disaster protection within six months from the time the State notifies MCS that it has received funding for converting dumb terminals to intelligent PC's.

d. That MCS is in compliance with all of its obligations under the Cooperative Agreement, as amended.

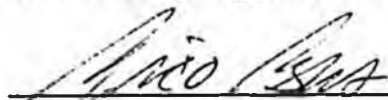
e. That MCS has diligently worked to comply with the mutually agreed workplans and has completed requested enhancements within agreed time frames.

In the event the above conditions are not met and the Cooperative Agreement is not extended beyond its June 30, 1996 expiration date, for whatever reason, the State will be free to pursue other alternatives for providing an indexing system for public access. MCS agrees it will provide continued service for uninterrupted transition to a new system for a period not to exceed six months.

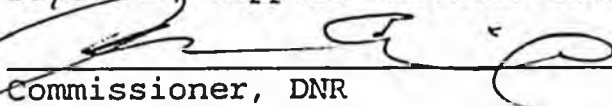
All other terms and conditions of the Cooperative Agreement remain unaffected by this amendment.



Motznik Computer Services, Inc.

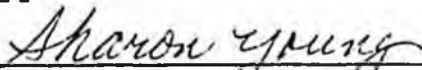


Director, Support Services Division



Commissioner, DNR

Approved:



DNR, State Recorder



DNR Chief LRIS

ANNUAL COST SAVINGS ASSOCIATED WITH PROPOSED SYSTEM

Cost savings in an electronic document imaging implementation such as that sought by the Recorder's/UCC component are difficult to quantify when the exact configuration of the proposed system is yet to be determined and would depend upon the outcome of the RFP process. There are, however, certain anticipated cost savings in personal services and other line items that would be directly tied to the implementation of a new comprehensive system. These are more fully delineated below.

Additionally, there are other possible benefits that are less quantifiable but that relate directly to greater availability of information to customers, easier and more flexible search mechanisms, and a more simplified workflow structure. Some of these benefits would extend to private sector as well, in that broader availability of public information and dissemination of that information may lead to reduced overhead costs for our highest volume customers.

In addition to productivity improvement within the recording system offices, electronic document imaging and the comprehensive system that is proposed may also offer opportunities for development of new products or services offered by the state, including direct on-line access to the data and images, or possible Internet access, as well as other options for obtaining data directly from the state. A future benefit of an imaging system relates to reduced floor space requirements and filing equipment and supplies, as the thousands of historical original record books throughout the state can be converted to an optical format to facilitate customer research and ensure that the books themselves can be transmitted to State Archives for permanent storage under controlled conditions.

The proposed system would offer the following benefits, which also would be translated into either direct or indirect cost savings or cost avoidance:

1. **FASTER RETRIEVAL OF DOCUMENTS.** Customers would be able to retrieve documents faster and more efficiently, thereby reducing employee time spent in identifying and searching for film records, assisting customers with research, and filing processes within each office.
2. **IMPROVED WORKFLOW.** Some of the specific cost savings in this area are further documented below. Generally speaking, employees will no longer have to manually track and push each document through a sequential labor-intensive process. Once the document is scanned, an automatic workflow takes over, plugging in some data fields, automatically routing the remaining input need to various workstations for completion, and gathering statistical data for management use throughout the process. Staff will utilize a variety of "click and select" pull down windows to reduce the remaining

keystrokes necessary to create the public index. Automatic spell checking, and data verification against a variety of logic fields will further reduce the staff time needed to manually verify the accuracy of each data element. Employees will be able to complete transactions more quickly and simultaneously improve customer service.

3. STORAGE SPACE REDUCTION. As noted above, storage space in all recording offices could be significantly reduced once all original records are addressed and ultimately digitized.

4. INFORMATION AVAILABILITY. More options for making information available to the public will ensure that the state is fulfilling its statutory obligations with respect to the creation and dissemination of public information. Photocopying expenses for the entire imaged database would be reduced in each of our office locations as it relates to internal processing of documents. Such expense might possibly be reduced in customer offices as well since they would be able to access images rather than having to rely on paper or film records.

5. RETRIEVAL FLEXIBILITY. The ability of the proposed system to search and sort on multiple fields simultaneously will greatly enhance customer service. More individually customized information will be directly available to the private sector to support their individual business needs.

6. PROTECTING ORIGINAL RECORDS. By imaging all documents and drawings submitted for recording and/or filing, the state will ensure that those documents it is required to keep in its custody (such as plat documents) will not be damaged from repeated handling as they now are.

The specific cost savings and reductions associated with the proposed system, more fully described below, indicate a potential conservative savings of more than \$1.3 million over a ten year period. This figure does not include additional direct personal services reductions totalling nearly \$400.0 in the first four years as it is assumed that such staffing resources would be redirected internally to address critical preservation issues for the first four years following system implementation.

Twenty-one of the thirty-four recording districts currently affix recording information by hand stamping the documents. The remaining 13 districts have been utilizing machine stamps which are suffering repeated malfunction, breakage and down time. For purposes of this analysis it is assumed that the time currently spent affixing the machine data would be roughly equivalent to the time which would be required under the new system to affix computer generated labels to each document prior to scanning. The specific areas of cost savings indicated below attempt to identify only the portions of current workflow that would be eliminated under the new system.

Annual direct and quantifiable cost savings of the proposed system

include the following:

1. Because the desired system combines the cashiering, recording and indexing functions, multiple purposes are served by keying in specific information once rather than several times. The new system utilizes one basic screen for all functions. For purposes of cost estimation, it is assumed that partially completing this screen in order to produce an adhesive recordation label and a receipt will take the same amount of time as completing the current NR48 receipting screen. This eliminates the need to record by hand any documents or complete the first screen of the current indexing system. Not having to do these tasks separately results in the following savings sectionwide using FY95 volumes as an average workload. Savings will increase or decrease according to volume fluctuation.

a. STATEWIDE - Hand stamping documents (in those areas without machine stamps) takes approximately two minutes per document. There were 17,341 documents recorded by hand in FY95. A Recorder II, range 10D, with an hourly rate of \$14.09 + benefits of approximately 40% = \$19.73 is used as a salary average given the low turnover the recording system typically experiences.

17,341 documents x 2 minutes = 34,682 minutes or 578 hrs x \$19.73 per hr = \$11,404 dollars a year or \$114,040 over a ten year period.

b. Completing the first screen of the indexing program (serial number, date, time, index code, document type, fee, book and page, and associated reference number) takes a proficient recorder approximately 18 seconds. The book and page would not be utilized under the new system, so the average time for this estimate is dropped to 15 seconds or four documents per minute.

STATEWIDE - 165,440 documents / indexing 4 first screens per minute = 41,360 minutes / 60 minutes = 689 hours x \$19.73 = \$13,594 dollars per year, or \$135,940 over a ten year period.

2. Walk in customers provide 65% of the daily recording volume. Being able to record, scan and return these documents immediately will reduce mailback postage for the Anchorage operation if a combination scanner/camera is purchased. 68,266 documents were recorded in FY95 for Anchorage and its outlying offices. 65% of these = 44,373 documents. (The cost of a camera/scanner combination is approximately \$100.0 and is therefore not suitable for all locations. Outlying offices would continue to mail their documents in for microfilming and would still incur 100% of their mailback costs.) Stocking envelopes for mailback would also be reduced somewhat.

44,373 x .32 cents per item = \$14,199 yearly reduction in Anchorage postal expenses or \$141,990 over a ten year period.

44,373 x .012 cents per envelope with printing cost (25,000 envelopes cost \$271.75 + \$18.75 for printing) = \$532 dollars per year or \$5,320 over a ten year period.

Staff time to sort, type and stuff envelopes for the mailback process averages approximately 1.1 minutes per document. If 65% of the Anchorage volume was eliminated from mailback by scanning this would represent a minimum salary savings of 44,373 x 1.1 minutes per document = 48,810 minutes / 60 = 813.5 hours x \$19.73 salary and benefits = \$16,050 dollars per year, or \$160,500 over a ten year period.

3. Locating and batching documents is accomplished at the rate of 4 documents per minute. These steps would disappear with a table window feature on the new system for indexing assistance.

165,440 documents / 4 documents per minute = 41,360 minutes / 60 = 689.33 hours x \$19.73 salary and benefits = \$13,600 dollars per year or \$136,000 over a ten year period.

4. The current manual process of certifying documents requires copying individual documents, sorting, stapling and stamping them with the certification stamp. The new system will streamline this process and produce copies on the laser printer formatted to require certification signature only. A conservative time reduction estimate of 40% is used. The average time to do the above steps is 2 minutes per document. Approximately 24,000 certified copies were requested in FY95.

2 minutes per document x 24,000 x 40% = 19,200 minutes saved / 60 minutes = 320 hours x \$19.73 salary and benefits = \$6,314 dollars per year or \$63,140 over a ten year period.

5. Staff reductions of 2.5 employees are expected to take effect the fifth fiscal year after system implementation. As previously stated, the 2.5 employees will be utilized on critical preservation projects for the first four years following installation.

Total staff hours savings of 4,468.83/1,875 hrs per year = 2.5 employees x \$36,994 (\$19.73 x 1,875) = \$92,485 dollars per year, or \$554,910 over a six year period. (Scenario assumes that similar annual savings in the first four years following system implementation would be redirected internally to address critical archival and preservation issues.)

Total Savings over a 10 year payback period \$1,311,840. (Salary and postal increases during such ten year period are not taken into account.) The additional personnel savings in the first four years, which would be redirected to archives issues, total \$369,940 and

should be recognized as an additional benefit offered by the new system even though it would not reflect as a direct cost reduction. Additional cost savings resulting from improved efficiencies and broader information availability are not quantified here, nor are the cost savings that would inure to the benefit of the private sector as a result of the modernization project. The specific design of the indexing software is also expected to include features that will promote further flexibility in the input process and have the potential of reducing keystroke activity significantly through use of various pull down window tables.

**THE FOLLOWING PAGES MAY
NOT FILM LEGIBLY BECAUSE OF
THE POOR QUALITY OF THE ORIGINAL**

SERIAL NO.	DATE	TIME	DOCUMENT DESC	INDEX CODE	BOOK	PAGE	NO.OF PAGES	NO. GRTRS	NO. GRTES	NO. PRCLS	ASSOCIATED SERIAL-NO.	OTHER ID NO.
94- 14110	3/01/94	9:39 AM	D/TRUST 118579.00 GRANTOR(S) STAGG THEODORE OWEN/ GRANTEE(S) (FATCO)/(FIMC)/ LOCATION LOT 6 ;BLOCK A ;PLAT P-452 ;	M	2605	765	8	1	2	1	-	
94- 14111	3/01/94	9:39 AM	POWER/ATTY SPECIAL GRANTOR(S) EMERSON RAY E/EMERSON BETTIE A/ GRANTEE(S) (KPMI)/ LOCATION LOT 33 ;BLOCK 9 ;PLAT 73-96 ;	PA	2605	773	2	2	1	1	-	
94- 14112	3/01/94	9:39 AM	W DEED GRANTOR(S) EMERSON ROY E/EMERSON BETTIE A/ GRANTEE(S) GREGORY DONALD G/GREGORY JANICE M/ LOCATION LOT 33 ;BLOCK 9 ;PLAT 73-96 ;	D	2605	775	1	2	2	1	-	
94- 14113	3/01/94	9:40 AM	D/TRUST 156570.00 GRANTOR(S) GREGORY DONALD G/GREGORY JANICE M/ GRANTEE(S) (FATCO)/(NMC)/ LOCATION LOT 33 ;BLOCK 9 ;PLAT 73-96 ;	M	2605	776	7	2	2	1	-	
94- 14114	3/01/94	9:40 AM	ASSGN/D/TRST GRANTOR(S) (NMC)/ GRANTEE(S) (NBA)/ LOCATION LOT 33 ;BLOCK 9 ;PLAT 73-96 ;	M	2605	783	1	1	1	1	-	2605 776
94- 14115	3/01/94	9:41 AM	D/TRUST 75950.00 GRANTOR(S) PETTY ERVIN A/PETTY DERRI J/ GRANTEE(S) (FATCO)/(NBA)/ LOCATION LOT 30 ;BLOCK 3 ;PLAT 82-390 ;	M	2605	784	12	2	2	1	-	
94- 14116	3/01/94	9:41 AM	ASSGN/D/TRST GRANTOR(S) (NBA)/ GRANTEE(S) (AHFC)/ LOCATION LOT 30 ;BLOCK 3 ;PLAT 82-390 ;	M	2605	796	1	1	1	1	-	2605 784
94- 14117	3/01/94	9:42 AM	D/TRUST 132636.00 GRANTOR(S) CARL MICHAEL E/CARL LAURIE J/ GRANTEE(S) (FATCO)/(NBA)/ LOCATION LOT 8 ;BLOCK 1 ;PLAT 77-169 ;	M	2605	797	6	2	2	1	-	
94- 14118	3/01/94	9:42 AM	ASSGN/D/TRST GRANTOR(S) (NBA)/ GRANTEE(S) (AHFC)/ LOCATION LOT 8 ;BLOCK 1 ;PLAT 77-169 ;	M	2605	803	1	1	1	1	-	2605 797
94- 14119	3/01/94	9:43 AM	D/TRUST 125286.00 GRANTOR(S) JURKOWSKI JOHN K/JURKOWSKI MICHALINE S/ GRANTEE(S) (FATCO)/(FIMC)/ LOCATION LOT 1 ;BLOCK 12 ;PLAT 71-47 ;	M	2605	804	8	2	2	1	-	

SERIAL NO.	DATE	TIME	DOCUMENT DESC	INDEX CODE	BOOK	PAGE	NO.OF PAGES	NO. GRTRS	NO. GRTES	NO. PRCLS	ASSOCIATED SERIAL-NO.	OTHER ID NO.
94- 14171	3/01/94	10:16 AM	D/TRUST 52530.00 GRANTOR(S) CHERRY LAWRENCE H SR/ GRANTEE(S) (ST)/(CMCO)/ LOCATION APT 640A;PLAT 82-339 ;	M	2606	1	5	1	2	1	-	
94- 14172	3/01/94	10:16 AM	ASSGN/D/TRST GRANTOR(S) (CHCO)/ GRANTEE(S) (AUSAFCU)/ LOCATION APT 640A;PLAT 82-339 ;	M	2606	6	1	1	1	1	-	2606 001
94- 14173	3/01/94	10:16 AM	D/TRUST 116300.00 GRANTOR(S) QUINTO BARRY C/ GRANTEE(S) (ST)/(NBA)/ LOCATION LOT 8 ;BLOCK 5 ;PLAT P-268 ;	M	2606	7	8	1	2	1	-	
94- 14174	3/01/94	10:17 AM	ASSGN/D/TRST GRANTOR(S) (NBA)/ GRANTEE(S) (AHFC)/ LOCATION LOT 8 ;BLOCK 5 ;PLAT P-268 ;	M	2606	15	1	1	1	1	-	2606 07
94- 14175	3/01/94	10:17 AM	COMPLETION GRANTOR(S) (SHI)/ GRANTEE(S) (SHI)/ LOCATION LOT 25 ;BLOCK 4 ;PLAT 84-156 ;	MS	2606	16	1	1	1	1	-	
94- 14176	3/01/94	10:17 AM	BLDG INSPECTION GRANTOR(S) SPINILL HOMES/ GRANTEE(S) SPINELL HOMES/ LOCATION LOT 25 ;BLOCK 4 ;PLAT 84-156 ;	MS	2606	17	1	1	1	1	-	
94- 14177	3/01/94	10:17 AM	W DEED GRANTOR(S) (SHI)/ GRANTEE(S) ELZY ROBERT W/ELZY DARLENE H/ LOCATION LOT 25 ;BLOCK 4 ;PLAT 84-156 ;	D	2606	18	1	1	2	1	-	
94- 14178	3/01/94	10:17 AM	D/TRUST 175429.00 GRANTOR(S) ELZY ROBERT W/ELZY DARLENE H/ GRANTEE(S) (ST)/(CMCO)/ LOCATION LOT 25 ;BLOCK 4 ;PLAT 84-156 ;	M	2606	19	5	2	2	1	-	
94- 14179	3/01/94	10:18 AM	ASSGN/D/TRST GRANTOR(S) (CMCO)/ GRANTEE(S) (AUSAFCU)/ LOCATION LOT 25 ;BLOCK 4 ;PLAT 84-156 ;	M	2606	24	1	1	1	1	-	2606 19
94- 14180	3/01/94	10:18 AM	D/TRUST 106500.00 GRANTOR(S) FICKES CARL JAMES/FICKES CATHY DIANE/ GRANTEE(S) (ST)/(NBA)/ LOCATION LOT 22 ;BLOCK 5 ;PLAT 74-127 ;	M	2606	25	8	2	2	1	-	

SERIAL NO.	DATE	TIME	DOCUMENT DESC	INDEX CODE	BOOK PAGE	NO. OF PAGES	NO. GRTRS	NO. GRTEES	NO. PROLS	ASSOCIATED SERIAL-NO.	OTHER ID NO.
97- 14104	4/01/97	8:10 AM	DEED OF TRUST 152000.00	M	3043 766	5		2	1	-	
GRANTOR(S) DAVIS DWAYNE E./											
GRANTEE(S) SUMMIT TITLE INSURANCE AGENCY, LTD./CITY MORTGAGE CORPORATION/											
LOCATION LOT 11 ;BLOCK 4 ;PLAT 93-142 ;											
97- 14105	4/01/97	8:10 AM	ASSIGNMENT OF DEED OF T	M	3043 771	1	1	1	1	-	3043 766
GRANTOR(S) CITY MORTGAGE CORPORATION/											
GRANTEE(S) COUNTRYWIDE HOME LOANS, INC./											
LOCATION LOT 11 ;BLOCK 4 ;PLAT 93-142 ;											
97- 14106	4/01/97	8:10 AM	STATUTORY WARRANTY DEED	D	3043 772	2	1	2	1	-	
GRANTOR(S) EASTMAN SANDRA R./											
GRANTEE(S) EASTMAN JAMES E./EASTMAN TERESA R./											
LOCATION LOT 22 ;BLOCK 1 ;PLAT P-386 ;											
97- 14107	4/01/97	8:11 AM	DEED OF TRUST \$72268.00	M	3043 774	10	2	2	1	-	
GRANTOR(S) EASTMAN JAMES E./EASTMAN TERESA R./											
GRANTEE(S) SUMMIT TITLE INSURANCE AGENCY/NATIONAL BANK OF ALASKA/											
LOCATION LOT 22 ;BLOCK 1 ;PLAT P-386 ;											
97- 14108	4/01/97	8:11 AM	ASSIGNMENT OF DEED OF T	M	3043 794	2	1	1	1	-	3043 774
GRANTOR(S) NATIONAL BANK OF ALASKA/											
GRANTEE(S) ALASKA HOUSING FINANCE CORPORATION/											
LOCATION LOT 22 ;BLOCK 1 ;PLAT P-386 ;											
97- 14109	4/01/97	8:11 AM	OWNERS NOTICE OF COMPLE	MS	3043 786	1	2	2	1	-	
GRANTOR(S) EAGLE VENTURES/WAKELAND STEVE C./											
GRANTEE(S) WAKELAND STEVE C./EAGLE VENTURES/											
LOCATION LOT 9 ;BLOCK 9 ;PLAT 96-7 ;											
97- 14110	4/01/97	8:11 AM	BUILDING ENERGY EFFICIE	MS	3043 797	1	1	1	1	-	
GRANTOR(S) EAGLE VENTURES/											
GRANTEE(S) EAGLE VENTURES/											
LOCATION LOT 9 ;BLOCK 9 ;PLAT 96-7 ;											
97- 14111	4/01/97	8:11 AM	SUMMARY OF BUILDING INSP	MS	3043 789	2	1	1	1	-	
GRANTOR(S) CROUSE WILLIAM/											
GRANTEE(S) EAGLE VENTURES/											
LOCATION LOT 9 ;BLOCK 9 ;PLAT 96-7 ;											
97- 14112	4/01/97	8:11 AM	STATUTORY WARRANTY DEED	D	3043 790	1	1	2	1	-	
GRANTOR(S) EAGLE VENTURES/											
GRANTEE(S) GELSTON P.S./SAMMIS CATHERINE M./											
LOCATION LOT 9 ;BLOCK 9 ;PLAT 96-7 ;											
97- 14113	4/01/97	8:12 AM	DEED OF TRUST 193500.00	M	3043 791	8	2	2	1	-	
GRANTOR(S) SAMMIS CATHERINE M./GELSTON P.S./											
GRANTEE(S) SUMMIT TITLE INSURANCE AGENCY, LTD./VISTA MORTGAGE COMPANY/											
LOCATION LOT 9 ;BLOCK 9 ;PLAT 96-7 ;											

REF ID	DATE	TIME	DOCUMENT DESC	INDEX CODE	BOOK PAGE	NO. OF PAGES	NO. OF PTGS	NO. OF CRTES	NO. OF PPLS	ASSOCIATED SERIAL-NO.	OTHER ID NO.
97- 14095	4/01/97	9:07 AM	STATUTORY WARRANTY DEED	D	3043	741	1	2	2	1	-
GRANTOR(S) MCRAN DAVID K./MCRAN BETTY L./ GRANTEE(S) TIRADOR MARTIN E./TIRADOR MARILYN K./ LOCATION LOT 3 ;BLOCK 9 ;PLAT 71-19 ;											
97- 14094	4/01/97	9:48 AM	DEED OF TRUST (78465.00)	M	3043	742	2	2	2	1	-
GRANTOR(S) TIRADOR MARTIN E./TIRADOR MARILYN K./ GRANTEE(S) SUMMIT TITLE INSURANCE/GMAC MORTGAGE CORPORATION/ LOCATION LOT 3 ;BLOCK 9 ;PLAT 71-19 ;											
97- 14097	4/01/97	9:02 AM	WARRANTY DEED	D	3043	750	1	2	1	1	-
GRANTOR(S) BARNHART GARY E./BARNHART BETTY J./ GRANTEE(S) THOMAS MARTY C./ LOCATION LOT 1 ;PLAT 93-121 ;											
97- 14099	4/01/97	9:08 AM	DEED OF TRUST 242999.00	M	3043	751	5	1	2	1	-
GRANTOR(S) THOMAS MARTY C./ GRANTEE(S) SUMMIT TITLE INSURANCE AGENCY, LTD./CITY MORTGAGE CORPORATION/ LOCATION LOT 1 ;PLAT 93-121 ;											
97- 14099	4/01/97	8:09 AM	ASSIGNMENT OF DEED OF T	M	3043	756	1	1	1	1	3043 751
GRANTOR(S) CITY MORTGAGE CORPORATION/ GRANTEE(S) NORWEST MORTGAGE, INC./ LOCATION LOT 1 ;PLAT 93-121 ;											
97- 14100	4/01/97	9:09 AM	FIXTURE STMT AND ASSIGN FX		3043	757	2	1	2	1	-
GRANTOR(S) THOMAS MARTY C.;FOR 102495;ANCH AK 99510/ GRANTEE(S) CITY MORTGAGE CORPORATION;121 WEST FIREWEED LN STE 120/ NORWEST MORTGAGE, INC.;ASSIGN:900 LASALLE AVE SUITE 1000/ LOCATION LOT 1 ;PLAT 93-121 ; COMMENT(S) SF ADDRESS:ANCH AK 99503/ AP ADDRESS:MINNEAPOLIS MN 55402/											
97- 14101	4/01/97	8:09 AM	STATUTORY WARRANTY DEED	D	3043	759	1	1	2	1	-
GRANTOR(S) DENNIS VERNON L./ GRANTEE(S) BOTT RUSSELL D./BOTT JULIE I./ LOCATION LOT 7 ;BLOCK 3 ;PLAT 72-149 ;											
97- 14102	4/01/97	8:09 AM	DEED OF TRUST ADJUSTABL	M	3043	760	5	1	2	1	-
GRANTOR(S) DEAN MARK A./ GRANTEE(S) SUMMIT TITLE INSURANCE AGENCY, LTD/PACIFIC ALASKA MORTGAGE/ LOCATION LOT 7B ;PLAT 92-227 ;											
97- 14103	4/01/97	8:09 AM	WARRANTY DEED	D	3043	765	1	2	1	1	-
GRANTOR(S) HUGHES JAMES C./HUGHES KIMPERLY F./ GRANTEE(S) DAVIS DWAYNE E./ LOCATION LOT 11 ;BLOCK 4 ;PLAT 93-142 ;											

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

April 21, 1997

Department of Natural Resources
Office of the Commissioner
3601 C Street, Suite 1210
Anchorage, AK 99503-5921
Phone: 269-8431
Fax : 269-8918

Bob Motznik
Motznik Computer Services, Inc.
8301 Briarwood, Suite 100
Anchorage, Ak 99518

Dear Mr. Motznik:

In your April 7th correspondence to Sharon Young, State Recorder, you have indicated that you would continue free processing for the recording index system after June 30, 1997, only if the state agrees to change its manner of data entry to the formats you want for your own business needs. This would adversely impact our operations and the department is not willing to make this change. Your alternative proposal was that you would continue the processing after June 30 for a fee. The department cannot authorize this activity without undertaking a competitive bid process, as you have been informed on multiple occasions.

Ms. Young has previously relayed to you the only option that the state can consider at this time - continuation of the processing at no charge until June 30, 1998, with no substantive programming changes required in the indexing system. Since your own proposals are in direct conflict with this proposal, it seems we are at a stalemate. Therefore, I wish to inform you that the state will undertake efforts to establish a skeletal interim indexing system for the recorder's offices until a long term solution is approved by the legislature. This interim measure will take effect July 1, 1997, and will operate on the state's mainframe in much the same way that your system currently operates. Due to the short time frame involved and the extensive programming that will be necessary, we anticipate that there may be some delays in distributing daily information after that date.

To assist in this transition, we request that you provide the state with one final and complete base file update through the close of business on June 30, 1997. The state will require that this update be done on unused tapes, and will pay for your costs of tape acquisition in order to make this final base update for both the recording and UCC databases.

On behalf of the state, I would like to thank you for maintaining this automated indexing system for the past decade.

Sincerely,



John T. Shively
Commissioner

cc: Nico Bus, Admin Services Manager
Sharon Young, State Recorder

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

SUPPORT SERVICES DIVISION

TONY KNOWLES, GOVERNOR

State Recorder's Office
3601 "C" Street, Suite 1180
Anchorage, Alaska 99503-5947
Ph (907) 269-1182 Fax (907) 269-8912

VIA TELEFAX

March 17, 1997

Bob Motznik
Motznik Computer Services Inc.
8301 Briarwood, Suite 100
Anchorage Ak 99518

Re: MCS Index System

Dear Bob:

Thank you for your letter dated February 24, 1997. We appreciate your willingness to maintain the existing index system operation on a status quo basis while the state continues to explore its options and seek a long term solution. As you know, the Governor's FY98 capital budget has proposed funding for a comprehensive new imaging system for the state's recording offices. In past meetings you have indicated that you would support the state's efforts in seeking an alternative indexing system and technological advances. We seek your continued support in this process.

Your letter summarizes the background behind the Cooperative Agreement and the fact that you stepped forward to provide this processing service at a very critical time for the state as the Anchorage Data Center had announced in 1985 that it would no longer provide the data entry services it had done for nearly fifteen years prior to that time. At that time, the state's only alternatives would have been for the Recorder's Office to return to an unduly burdensome manual index system or to seek funding for a new system. Not surprisingly, this is the same position we find ourselves in more than ten years later with the non-renewal of the Cooperative Agreement and your announcement last year that you would be unable to continue providing and/or modifying the existing index system at no direct cost to the state. As we have indicated previously, the state must follow normal procurement law; and a competitive bid process if it is to consider purchasing this service or any portion of this service in the future from you or any other vendor.

Your gratuitous operation of the on-line index system for more than ten years has indeed been mutually beneficial. This system has provided the state with a basic automated index in a relatively current mode; it was a definite improvement over the batch entry processing and voluminous computer printouts distributed on a delayed basis when the Data Center did the processing for us.

Bob Motznik
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However, it is also a fact that this basic index system does not offer the versatility and research options that our customers are demanding and that are available with the newer technology systems in widespread use in other jurisdictions. Further, despite our mutual written agreement documented in periodic workplans over several years regarding the addition of specific enhancements to the existing system to better serve our customers and improve our workflow, these agreed upon changes were never implemented by you. Your letter suggests that the state had initially agreed to fund your costs of additional disk space and system enhancements, but I can find no such reference in the original agreement.

Additionally, mutual efforts to arrive at an acceptable disaster plan during the entire term of the Cooperative Agreement were unsuccessful. The disaster proposal you submitted in 1992 had numerous problems which were discussed in detail with you at that time. Of primary concern was the fact that you proposed splitting the cost of the alternative hot site, which again raised the issue of departing from the no-cost arrangement.

In 1995, an amendment to the agreement was negotiated to address several items of concern including but not limited to incomplete workplan items, a programming language upgrade to COBOL (as part of a plan by the state to act as its own hot site backup) and planned TCP/IP network compatibility. Prior to the state issuing the first three year renewal of the Cooperative Agreement, program conversion to COBOL was to be substantially complete, the outstanding workplan items completed, and a plan for TCP/IP conversion to occur within three years. At the time the Cooperative Agreement expired in June 1996, you were not substantially converted to COBOL and the majority of items on the workplan remained unaddressed. Both of these conditions, as stated in the Amendment to the Cooperative Agreement, had to occur before the state could agree to extend the Agreement for a three year period. Although you had proceeded with the purchase and installation of TCP/IP compatible equipment, this condition of the amendment was not required unless the Cooperative Agreement itself was extended and even then would not have been required until July 1997.

Your letter refers to a number of changes that I personally have implemented in the Recorder's Office that have had adverse impact on your proprietary products that you sell to others. I can assure you that every change that has been implemented in the Recorder's Office has undergone extensive internal review and research, represents a significant operational benefit, and is consistent with the type of requests we receive from our customer base and that have been implemented in other jurisdictions. The nature of the changes we have made provide more information in the database, rather than less, and benefit our customers in many ways. In fact,

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March 17, 1997
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we have received many compliments on the expanded index information that is now available to the public without them having to resort to trying to decipher a particular abbreviation or determine what a specific document type code represents. The only unfavorable aspect of this expanded information lies in the inherent length limitations of your system's data element fields and the necessity to truncate information and continue it into a comment area. As a state agency I cannot justify having our staff input information in a specific manner that meets your commercial needs when it is detrimental to the customer research needs in our own offices.

You stated that DNR sought funding to develop a system of their own which prompted you to stop work on program conversions to COBOL. As you know, the nature of government funding is such that budgets must be submitted and approved up to a year in advance. The 1995 amendment to the cooperative agreement stated our intention was to renew for an additional three year if you completed the agreed upon changes. However, we would have been remiss in our responsibilities had we not pursued contingency options in the event the agreement failed to qualify for renewal. You were informed of these circumstances at the time this budgeting proposal was put forward.

The Cooperative Agreement expired on June 30, 1996, but you have verbally agreed to continue the system as is on a month to month basis. The recorder's office has sought no additional programming changes to the system since the agreement lapsed, nor have we asked you to work on any of the items stated in the last workplan. I can recall one unusual situation in November 1996, when you assisted the recorder's office by keying in the table information we furnished to expedite the input of approximately 2,100 mining documents taken in the Iliamna district on November 11, 1997. Staff then verified the information as normal to take it from a temporary file to the permanent database.

In January of 1997, you requested a meeting to discuss the future of the recorder's office system. At that time, we made you aware that the on-line index is just one piece of a larger multi-system problem that the recorder's office is trying to address so they will be better positioned to "do more with less" in the future. Again, these items are:

1. Failing serial stamps and book/page machines. Of the 34 recording districts statewide, approximately 20 are manually recorded. They are stamped with a generic rubber stamp which must be manually completed for district, serial number, date and time, book and page. In order to accurately assign this information, both the serial numbers and book and page sequences must be manually tracked. In the remaining 14

Bob Motznik
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districts which do have machine serial and book and page stamps, this equipment has an average age in excess of 25 years. These units are experiencing progressively chronic failure. Newer model machines do not provide the array of information needed or cannot withstand the usage we put them through.

2. After a document is recorded, a receipt must be generated. Much of the information keyed into the state's on-line revenue and billing system must then be rekeyed into the MCS index system. This duplication of effort is a major obstacle in achieving any further operational efficiencies.
3. We are in a race against time to free up resources to address long standing archival problems related to the original historic book records, aperture cards and 35mm roll film records.

There are also a number of other specific operational shortcomings we feel a non-proprietary comprehensive networked Windows-based system could resolve.

Your system has provided an important and necessary service to the state since its implementation in 1986, but over the past few years it has become clear that to ask more of you under a "no-cost" arrangement is neither practical nor reasonable. Your willingness to work with us in the interim time needed to acquire and implement a multi-faceted replacement system is appreciated. The pros and cons of the proposed system changes identified on Page 4 of your letter have been discussed many times in the past. It does not seem appropriate to reconsider implementing these changes now in view of the agreement's expired status.

From our most recent discussions, I understood that you would be sending us a new draft document for a proposed extension of the index system operation since you had not signed the original extension we previously sent to you last June. It seems that some documentation is still a necessary formality and I offer the following for your consideration.

As an interim measure, the Recorder's Office proposes that you continue to keep the existing programs functioning until a replacement system is obtained by the state or until June 30, 1998, whichever occurs first. We will seek no new programming services from you during the course of this interim agreement nor will we expect you to devote programming resources to any of the workplan items previously requested. You will continue to provide all of the basic deliverables that were covered by the Cooperative Agreement when it was in effect.

Bob Motznik
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Please indicate your concurrence with this interim arrangement by signing below and returning this concurrence for our files.

Sincerely,

Sharon Young

Sharon Young
State Recorder

cc: Nico Bus
Rich McMahon

The interim extension proposal outlined above is acceptable. Dated this _____ day of _____, 1997.

MOTZNIK COMPUTER SERVICES, INC.
By: _____

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

SUPPORT SERVICES DIVISION

TONY KNOWLES, GOVERNOR

State Recorder's Office
3601 "C" Street, Suite 1180
Anchorage, Alaska 99503-5947
Ph: (907) 269-8882 Fax: (907) 269-8912

June 7, 1996

Bob Motznik
Motznik Computer Services, Inc.
8301 Briarwood
Anchorage, AK 99518

Re: Cooperative Agreement

Dear Bob:

This will serve to confirm our telephone conversation yesterday in which you informed me for the first time that you were not proceeding with the Cobol conversion which was to be substantially completed by June 30, 1996, under the terms of the Cooperative Agreement amendment. You also indicated that you would be unable to accomplish that conversion without compensation from the state and additional staffing. As you know, the current agreement has always been a zero-cost arrangement, and we cannot simply change it to provide for compensation, as we do not have either the funding or the authorization to do so. Had you expressed these reservations a year ago when the amendment was initially signed, we may have had an opportunity to pursue funding options or explore other avenues. Regrettably, your decision to wait until nearly the last minute to relay this information has placed the state in a very vulnerable situation. We expect the system to remain fully operational while the state explores its options at this time.

To date you had delayed work on existing workplan items in order to dovetail them as part of the Cobol conversion. The workplans have been an integral part of the Cooperative Agreement from its inception. It is still critical that these workplan items be addressed, even in view of your unilateral decision not to go forward with the Cobol conversion.

Sincerely,

Sharon Young

Sharon Young
State Recorder

cc: John Shively, Commissioner DNR
Nico Bus, Acting Director, SSD
Rich McMahon, Chief, LRIS

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES
SUPPORT SERVICES DIVISION

State Recorder's Office
3601 "C" Street, Suite 1180
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Ph: (907) 269-8882 Fax: (907) 269-8912

January 26, 1996

Bob Motznik
Motznik Computer Services, Inc.
8301 Briarwood, Suite 100
Anchorage, AK 99518

Re: Followup to 12/6/95 and 1/2/96 meetings; design document

Dear Bob:

This letter is intended to serve multiple purposes, including to summarize our recent meetings in December and January, to respond to your draft design specifications received on January 16th, to alert you to a few problematic situations that have arisen in the past few weeks, and to comment on a few other issues that don't seem to have been addressed in any of these areas.

First of all, I want to send a summary followup to our December 6th meeting to thank you for bringing us into the loop on the many questions and concerns you have raised. As noted at the meeting, some of these are beyond the scope of our ability to address, for example system specifications and communications linkage, but I will attempt to have LRIS provide feedback to you on these matters. This letter will also serve as a brief summary of our 1/2/96 meeting.

Summary of Meetings

It seems that your principal concerns at the December meeting surrounded the TCPIP communications link and the COBOL conversion, and the expense of complying with these changes. In the recent amendment to our cooperative agreement, you had agreed to undertake the conversion of the programming language from RPG to COBOL at your expense, and this conversion, according to the amended agreement, must be substantially complete before the State will consider extending the agreement in 1996. If for any reason the agreement is not extended beyond July 1, 1996, the State has indicated it would seek to reimburse you for that expense. Therefore, the expense of this conversion will either result in an extension of the existing arrangement, or a direct reimbursement of the expense if the agreement is not extended. There was no requirement that you install TCPIP immediately. The amendment provided that you would make your system compatible with TCPIP by July 1, 1997, if the Cooperative Agreement is extended. There is no provision to seek reimbursement of the TCPIP expenses if the

Bob Motznik
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agreement is not extended.

You stated that you were working on a new system "to last another ten years or so"; however, we have not requested nor committed to such a term. Again, addressing the above COBOL conversion is of primary importance to the state prior to committing to the first agreement renewal period of three years.

You expressed concern about a number of ideas that were previously outlined in a letter to you dated October 4, 1995, indicating that these changes would require you to "start over" on the COBOL conversion/system design. If you or the title industry understood that these were changes we were actually pursuing, you are mistaken. The information you currently have, in the form of a written workplan, constitute the enhancements we seek in the indexing system. I want to reiterate that the items mentioned in the October 4th letter were discussion items only, i.e. a user survey to gauge support for possible future implementation. Creation and maintenance of the index system is but one of our overall system responsibilities. There is no question that this task closely interrelates with other tasks like physical recordation, customer assistance and record preservation. Resolving inefficiencies in one area frequently affects other areas of the entire recording system operations. You should anticipate that we will be soliciting input on many topics in the future which may or may not involve the indexing system directly. These solicitations will be used to help us determine if frequent users support the changes under discussion or if alternatives should be explored.

Nico made the point that more frequent communications with the Recorder's Office might help alleviate some of your concerns before they escalate to a point where you feel it is important to get department administration, industry users and legislators involved. Some of the matters raised in your agenda summary at the December meeting clearly fall in this category. Questions or concerns regarding code usage, spelling and indexing errors, COM reports and similar matters can be routinely addressed by Recorder's Office managers without calling a group meeting.

Abbreviations/Document Codes

A summary review of the spelling/indexing errors you presented at the December meeting discloses that most of the errors shown for 1995 are, in fact, verification errors. However, I would like to point out that your report comparison with prior years' activity may be somewhat skewed due to the fact that for the past year many recorders have chosen to input an entire name rather than rely on an abbreviation list that may be outdated or erroneous. The list contains many defunct organizations and companies and our staff

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finds it easier to input the name directly off the document rather than to search the manual abbreviation list and confirm that the spelled out version is exactly the same as that presented on the document. Hence, there has been greater keystroke activity in grantor/grantee fields, thereby increasing the risk that spelling errors will occur. The only way for the report to reflect a true "apples to apples" comparison would be to simultaneously screen for instances of improper abbreviation usage for the time periods covered. We have tested staff performance and found a significant problem with regard to abbreviation errors. Therefore, we believe that any increase in spelling errors is more than offset by a significant decline in improper abbreviation usage and improved customer research capabilities. Nevertheless, we are cognizant of the effect any spelling error has on the integrity of the system in general, and we are striving to provide more stringent monitoring of verification functions in order to attempt to alleviate this problem.

In our meeting on January 2, you indicated you would have a letter to us during the week of January 8 stating the design specifications that will be incorporated in the conversion of your programming language to COBOL. We received your draft design document late on January 16th. In our meetings you referred to this as designing a "new system". However, we have never requested that you design an entirely new system, but we have asked that incomplete workplan items be addressed during the conversion project. It is our intent that the system remain basically intact, but with the programs converted to COBOL to enhance the state's ability to utilize the data in the event of a long term disaster situation. You previously informed us that many of the enhancements covered by our current workplan were being delayed so that they could be incorporated at the time of the programming language change. Some of these requested enhancements have been pending for several years now. Of course, there are many many other features that would be desirable from our perspective and to enhance public service if we were asking you to design an entirely new system. However, we generally view these as beyond the scope of a programming language conversion which we requested and to which you have agreed, except as otherwise noted in this letter.

You have raised a number of concerns related to some management decisions affecting the use of document type codes, abbreviations, and dollar amounts on deeds of trust, among others. As I understand it, your concerns are principally due to the impact they have had on certain reports you prepare for your other clients. Let me first outline the principal reasons behind these changes from our point of view.

The document type code list simply does not address the many variations of document titles that we are faced with on a daily

Bob Motznik
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basis. Further, there is no consistency in the manner in which staff have used the codes or expanded their usage in other situations. Frequently our employees have liberally interpreted certain types of document titles in order to force them into a particular code, sometimes inappropriately. As an example, the document in Book 419, Page 184, Juneau Recording District, is entitled "Termination Notice Deed of Trust Foreclosure"; the code utilized was M4 whose definition is Ntc/Default. Obviously the code is not appropriate for this document. The myriad of abbreviations of various words used in document titles is also a concern, particularly when the words are rearranged into an order completely different from that on the document.

Close scrutiny of input activity has disclosed a high incidence of errors in the use of document type codes and considerable latitude was being taken by our staff in attempting to fit a document title into one of the limited code categories. In an effort to keep our staff from making unwarranted judgment calls in this classification process, we instructed our staff to use the document type codes only when the document title matches the code definition exactly, i.e. use D1 only if the document title actually is "Warranty Deed". If the document title is something other than the code definition, such as "Statutory Warranty Deed", then D1 cannot be used and the document title should be input exactly as it appears on the document, as far as the field will allow. Unfortunately, as you have pointed out to us, this does result in some titles being cut off in midstream (example, "Partial Assignment of D"). This is a direct result of the field being too short to accommodate the entire title.

We do, however, believe that the document type codes can serve a valid purpose in eliminating keystrokes and facilitate customer research, provided they are used accurately and consistently. Reviewing the list of November's documents by document description, it appears there were several instances where new document type codes would be warranted due to the high number of occurrences which do not fit within an existing code type, i.e. "Statutory Warranty Deed". We also believe we can, by internal procedure, authorize the use of specific codes even where the document title may differ slightly from the code definition on your list (example: an M3 code could be authorized for use if the document title is "Reconveyance", as noted in the code definition, but also if the document title is "Deed of Reconveyance," "Deed of Full Reconveyance", "Deed/Full Reconveyance", or "Full Reconveyance". However the code would not be authorized for use if the document title was something else, such as "Substitution of Trustee and Deed of Reconveyance".

We think that the system should be able to accommodate some additional codes (to cover the high volume repetitions and limit

Bob Motznik
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keystrokes on certain types of documents), as well as to provide an expanded field for document type to keep the title from being cut off before completion. We also believe there is benefit in use of certain abbreviated words in conjunction with the approved codes, provided they can occur in the order presented on the actual document. For example, a "Correction Warranty Deed" would be a CORR D1, and would appear in the reports as CORR W DEED, not as a W DEED CORR.

We will continue the use of document type codes in certain situations, and we recommend that this list be expanded to cover a few other frequently occurring titles that differ from the approved list. A final recommendation on what those additional codes will cover will be forthcoming. We will also work on developing consistency in the usage of certain abbreviations in conjunction with these codes in limited instances. However, we would request that you look at incorporating two measures into your design specifications to help eliminate the other problems we have encountered: (1) allow word abbreviations to either precede or follow the document type code so that the translation will be in the same order as presented on the document; and (2) expand the document type field to at least sixty characters so that in those instances when document codes cannot be used appropriately, the system will allow a longer document title to appear. This will help eliminate the confusion caused by the shortened version or cutoff titles now utilized due to the limited length of the field.

With regard to the use of company name abbreviations in the grantor/grantee fields, the principal problem is that the historic abbreviation list is cumbersome, difficult to use, and fails to account for name variations. Documents frequently do not contain the same name that is listed on the historic abbreviation list. For example, variations in the names are frequent, words may be omitted, added, or substituted, etc. If an abbreviation is used, the full name does not appear anywhere except in a name search, and then it is limited to only thirty characters. The reception reports reflect the abbreviations, and customers then have to search the abbreviation list to try to locate the proper name. For this reasons, we have long requested modification of display screens to reflect full names instead of abbreviations in detail screens (workplan item #4).

We have reviewed the usage of name abbreviations in detail in the past and have found a error ratio as high as 40 per cent on some days' activity. Additionally, inputters were instructed to completely disregard the use of abbreviations for an approximate two week period. At the end of that time frame, they were instructed to use abbreviations whenever possible so long as they could confirm that the abbreviation exactly matched the name on the document. These tests confirmed exactly what we expected: that it

Bob Motznik
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takes virtually the same amount of staff time to search out and confirm an abbreviation as it does to type the name exactly as it appears on the document. With those results documented, we instructed our staff that they can choose to input documents either with or without abbreviation usage, so long as they are able to confirm that an abbreviation matches the name on the approved list. Many employees opted to simply input directly off the document.

Other Problem Areas

Attached is a letter from Sandy outlining some technical questions that have arisen in the past few weeks. Please give us some feedback on these particular questions and what can be done to avoid similar pitfalls in the future.

In a similar vein, we are hearing exceptional concerns from the public, particularly the legal community, regarding the indexing utilized prior to 1990 on "husband and wife" transactions. When husband and wife were named on a document, the names were historically indexed under the husband's name only. While the wife's name does appear in the index, it can only be reached if you know the husband's name. This obviously has far reaching implications for persons desiring to search the index only for the wife's name. Is there any type of programming change that could be done to "unmarry" these combined references in the index, i.e. refer to each separately? Or at a minimum extract the information so that our staff could make the changes and note the date changed on the comments line. As this has never been a workplan item, we do not expect that you will address it in the program conversion process. However, it is a very significant issue and must be addressed either now or in the future. If it cannot be addressed until after the conversion, we must request some sort of on screen disclaimer that will appear at the beginning of any search activity in the interim. We can provide the proper wording for such a disclaimer if this route is necessary.

Proposed legislation

As you are undoubtedly aware, a recently introduced bill (HB438) would mandate the recorder's office to maintain a location index in addition to the grantor/grantee index. While we are currently indexing all legal descriptions that appear on a document (within the constraints of your system), it is only because recording volumes are relatively low that we are able to do this. Because the location index is discretionary, it is certainly one of the items that might have to be dropped in the event of accelerated recording volumes or funding limitations. This bill would change it from a discretionary function to a mandatory one. Because we understand and appreciate the value of a complete location index, we support this bill.

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The Recorder's Office has also been involved with some other proposed statutory changes to remove some of the conflicts and ambiguities from current statutory language. At this point it is not known if this legislation will be introduced in the current session.

Program Design Document

In our January 2 meeting, you stated that your letter would summarize all the pending workplan items that would be covered in your program conversion. With the exception of the few items noted above, those workplans adequately address the enhancements we have long wanted with the existing indexing system. We concur with your decision to incorporate those workplan items into the conversion process, and we hope you will be able to address the above items in that process too. Nevertheless, it is unrealistic to expect that once the conversion is complete, the system would remain static and no further enhancements would ever be needed. The indexing system has to be able to respond to ongoing customer needs. If the cooperative agreement is extended following the conversion process, we would expect that minor system modifications would continue to be addressed on an ongoing basis in workplans as the need arises.

The draft design document we received appears to address many but not all of the workplan items. Additionally, it appears to incorporate a number of items we have not formally requested as workplan items. While there is no question that these may be desirable enhancements, we do not feel they should take precedence over some of the more critical workplan items that are essential to our mission.

Specifically, the workplan items which don't appear to be included in the design draft are:

1. Workplan item #3. Preserving correct information from the first screen during the verification process, so all data does not have to be rekeyed.

Also covered in this item was single sided indexing on certain document types where To Whom It May Concern (TWIMC) was involved.

2. Workplan item 4a. The ability to renumber long complicated data entry when a number error is generated from either the input or verify stage.
3. Workplan item #9. Manipulation of the UCC database to standardize indexing for TS and AS transactions. Adjusting the UCC search program as necessary to reflect this change.

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4. Workplan item #11. Automation of the plat index, edit capability for bad plat numbers.
5. Workplan item #12. Edit historical and current database for transpositions and common spelling errors. You did refer to this item in a telephone conversation with Sandy on January 17, 1996, but it was not included in your draft design.
6. Workplan item #13. Update to the system user manual.
7. Workplan item #14. Update the user manual for keyfast/RAPS multi-session functions.

While all other workplan items appear to be covered in your design document, your narrative did not address all points of each workplan item in detail. Are there aspects of some workplan items which you will not be able to provide? If so, please identify what those specific omissions are. We will be available to further define the objectives of each workplan item, if needed, during the conversion process, but just wanted to be sure we are in agreement on what the general design topics will cover.

Management Audit

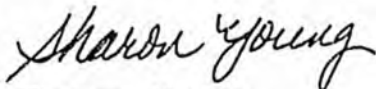
While we know that you would like to have a precise commitment by the state to extend the cooperative agreement, we must continue to keep our options open at this time. Our recurring needs to enhance the existing indexing system, to integrate databases within our department and elsewhere, and to reduce duplication of data entry, require that we explore all possible options for providing an overall system for the public record. Along these lines, I want to inform you that the Recorder's Office will soon be undergoing a comprehensive management audit by the Office of Management and Budget. One of the anticipated focus items will be a review and analysis of the existing information system cooperative agreement. The audit manager, Laura Doughty, will be contacting you directly to discuss this topic in detail.

We are extremely concerned about whether the COBOL conversion will be substantially complete before the expiration of the agreement in June. At this point, we expect that you will proceed with the conversion along the same basic structure as the existing system, incorporate all of the pending workplan items into the conversion, and address the other points raised in this correspondence. We will not be raising or requiring any other design features in the conversion process that have not already been addressed in one of these areas. Therefore, we believe that you already have adequate parameters for moving forward with the conversion process immediately.

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The sample UCC COM report you provided has been reviewed for format, but we continue to research statutory impact on this project. Once research has been completed, we will be contacting you with additional input.

Sincerely,



Sharon Young
State Recorder

Enclosures

cc: Nico Bus, Acting Director
Rich McMahon, LRIS

TONY KNOWLES,
Governor

DEPARTMENT OF NATURAL RESOURCES

Support Services Division

State Recorder's Office
3601 C Street, #1180
Anchorage, AK 99503

(907) 762-2428

VIA TELEFAX

December 8, 1994

Bob Motznik
Motznik Computer Services, Inc.
8301 Briarwood
Anchorage, AK 99518

RE: Revisions to Workplan #4

Dear Bob:

Attached are the revisions to Workplan #4 as we discussed during the annual meeting on November 16, 1994. I have the following action items for you related to these changes or other topics covered:

1. The timeframes we discussed at the meeting for items three and four have passed. Please provide your best draft plan estimate for each with your acceptance and approval of the changes listed below.
2. In a conversation we had last week, you referred to updated copies of equipment lists, insurance coverage, etc. which were en route via U.S. Mail. Tuesday, December 6th, I received a copy of your hardware (11-22-94), leased software (11-22-94), an IBM software lease/maintenance invoice for November 1994, an IBM equipment maintenance invoice for November 1994, and a Certificate of Insurance from Ribelin Lowell & Company on electronic data processing equipment. Thanks for providing this updated information promptly. These will be attached as applicable to the amendment to the agreement which is in the early drafting stages.
3. Both user manual updates have been dropped to the bottom of the priority list in view of your plans to convert from RPG to COBOL. New user manuals will be of critical importance when the language conversion is finalized and will be reidentified as a high priority on the workplan list at that time.

When can we expect a proposal and timeline associated with this conversion? This change is significant and your decision to undertake this conversion is sincerely appreciated.

Secondly, I have reviewed the edits addressed in item two of the workplan and find no problems. Thanks for taking care of that one and closing a troublesome hole in our data screening process.

And finally, Vicky Backus has been working with you on a format for the planned UCC Computer Output Microfiche (COM) conversion. This COM is intended to serve as backup in the event on-line access to the UCC

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database goes down. Essentially, our intention is to have the information presented as it is for the Grantor/Grantee COM in the recorder's office. A document with three names indexed (one debtor, one secured party and one assigned party) would be locatable in the COM alphabetically at three point, with the other two names inset beneath for reference. I don't know how complex establishing this type of format for the UCC database will be. Would it be more easily accomplished if the UCC file were part of one combined database with recording information as proposed in item 5d of the workplan? Your input on this would be appreciated. The current lack of hard copy backup to the UCC on-line index is an oversight we would like to resolve as soon as possible, by the simplest means possible.

Please review the attached workplan changes. If you agree with the accuracy of all changes, sign the workplan and return to me by Monday, December 13, 1994. As provided by the cooperative agreement, the approved workplan shall be attached to the original agreement as an appendix. A fully executed copy will be forwarded to you for your files. I look forward to working with you on the remaining items.

Sincerely,


Sandra J. Singer
Assistant State Recorder

Attachment: Revised Workplan #4, 7 pages

cc: Nico Bus, Acting Director
Sharon Young, State Recorder
Rich McMahon, LRIS
John Cacy, LRIS
Chris Rutz, Admin Services

PROPOSED SYSTEM UPGRADES
IN ORDER OF PRIORITY
AS OF 12-8-94
Revised WORKPLAN SUMMARY #4

1. DISTRICT SPECIFIC DEED EXTRACTATIONS. The recorder's office has the responsibility of providing conveyance copies on request to various municipalities or boroughs across the state. In order for the borough or muni to determine which copies they need to purchase, we would like to create a request table that would define the recording districts contained in whole or in part within borough boundaries. For example the boundaries of the Mat-Su Borough contain all or part of the Palmer, Talkeetna, Anchorage, Nenana, Mt. McKinley, Kenai and Chitina recording districts. The Kenai Peninsula Borough boundaries contain all or part of the Anchorage, Kenai, Seward, Valdez, Iliamna, Homer and Seldovia recording districts. Both boroughs would get duplicate lists of the deed extractions for the entire Anchorage and Kenai districts. In order for the borough or muni to determine what the copy fees for the appropriate documents would be, the extractions should be styled after the existing reception report with two extra columns: the first should identify the total number of pages in the document, and the second is the copy fee for that document based on \$1.25 for the first page and \$.25 for each additional page. During the 11-16-94 annual meeting, MCS estimated this job could be completed 10 days from LRIS confirmation that their edit programs would have no trouble dealing with line expansion from 999 to 9,999. Received LRIS confirmation on 11-30-94, MCS notified same day.

Completion Date: 12-12-94.

2. UCC EDIT MODIFICATION to reflect any suffix entries to a serial number. Multi-function UCC-3 documents are filed regularly with UCC Central and the recorders offices. Both programs need edit revisions as a cross check for supervisors to verify whether all suffix entries were keyed as expected. As an exception to the indexing rule, the backup for this special type of document must be effective. Edit is expected to report any suffix or break in serial number sequence as an error. Task completed and successfully run against actual data for the first time on 12-6-94, (see attached sample).

Completion Date: DONE.

3. MODIFY FIRST INPUT SCREEN UTILIZED BY BOTH RECORDING AND UCC CENTRAL PROGRAMS. Currently the verifier must rekey the entire first screen to change any one item in order for the PF7 key to take the change. Can this screen be modified to keep all the original data except that which has been changed by the verifier? Also discussed during the 11-16-94 annual meeting is

the desire to eliminate mandatory grantor/grantee designation in the edit program to allow for one-sided data entry. No more TWIMC entries would then be required. MCS estimated that he would be able to call back with a completion date for this item on Monday, November 21. No estimated date has been received as of yet.

Completion Date: _____

4. MODIFICATION OF DISPLAY SCREENS to reflect full names instead of abbreviations on details screens. Currently, the only place a customer can locate the full name as keyed in by staff is in the first grantor/grantee alpha search list. Once any name is selected from that list, all subsequent screen reflect abbreviations only. Because the name is one of three methods used to access the database, any customer using the location method or serial number options will never see the names as they were keyed in, making their research more complicated and time-consuming. Discussion of this item during the 11-16-94 annual meeting indicated that completion of this item could more easily be accomplished with the following:

- a. Creation of a PF function which would allow staff to ask for a renumber bypass on long complicated data entry. This would be used by either the inputter or the verifier.
- b. Data entry would change to one abbreviation per line to simplify the process for name expansion, so the verifier only sees the spelled out version of the name. Once blown out, the name could be modified as needed to correct, rather than requiring full rekey from scratch.

MCS requested time to prepare a proposal draft plan for accomplishing this item. Estimated date for submitting draft plan, 11-28-94.

Completion Date: _____

The remainder of the items on this list have text modifications which resulted from discussion during the annual meeting. Completion dates will be agreed upon as the above items are accomplished.

5. AUTOMATED RECORDING UCC SEARCH PROGRAM. A duplicate of the program that is currently used in UCC Central with the requisite modifications necessary to accommodate the differences between UCC and recording is needed. MCS will modify the existing UCC program to link addresses to proper party on the search printout. Once this change is made, the UCC search program will be further modified to fill the needs of the Recording offices. Prior to completing this task, an associated document

maintenance file must be established for a search program to operate against. This associated document maintenance file is also necessary before a monthly lapsed document report can be generated to each office automatically. Contingent upon completion of items a, b, c and d below. Successful completion of conversion from RPG to COBOL is understood to be a prerequisite to addressing this workplan item.

Completion Date: _____

- a. Expand grantor/grantee alpha list beyond 30 characters to eliminate the inclusion of erroneous filings in official search requests.

Estimated Completion Date: _____

- b. Establish a book and page search option in addition to the name, serial number, and legal description fields already established.

Estimated Completion Date: _____

- c. Expand type 2, 3 and 4 line entry length to reduce the number of comments or continuation lines that must be created. Doing so will improve accuracy of search reports and reduce the amount of duplicate entry necessary to link comments lines to their original type 2, 3 or 4 line.

Estimated Completion Date: _____

- d. Combine the UCC Central and Recording index files by assigning an office number to UCC and modifying the existing programs as needed to reflect the inclusion of the UCC file as needed. Doing so will reduce the need to create separate programs for the same purpose, as well as ensure the inclusion of UCC data in monthly statistical information.

Estimated Completion Date: _____

Items six and seven related to user manuals are being moved to the end of the list and renumbered. MCS states there have been no changes in system functionality since the manual was last updated in 1989. An annual letter is requested to confirm that no updates are required to document that the manuals have been taken into account. Once a number of the workplan items are completed and/or the MCS programs have been converted to COBOL the manuals will require updates. Completion timelines will be addressed at that point.

6. (formerly item no. 8) LINK PRODUCTION OF THE UCC MONTHLY STAT REPORT TO THE MONTHLY RECORDING VOLUME/REVENUE REPORT.