BOARD MEETING MINUTES

Iowa Title Guaranty
Des Moines, Iowa
June 5, 2018

Board Members Present

Pat Schneider - Chair
Chuck Winkleblack – Vice Chair
Jason Froehlich

Judy Hilgenberg
Daniel Seufferlein (Telephone)

Board Members Absent

None

Staff Members Present

Tara Lawrence, Iowa Title Guaranty Director
Matthew Rousseau, Deputy Director
Randy Ambrozic, Controller
Deb Franklin, Business Relationship Manager
Halley Ryherd, Claims and Mortgage Release Attorney
Gerald LoRang, Residential Underwriting Attorney

Matt Veldey, Commercial Attorney
Mike Moss, Underwriting Attorney
Wes Peterson, Director of Government Relations
Heidi Koll, ITG Assistant to Director
Brea Young, Administrative Intern
Dakota Sullivan, Legal Intern
Andrew Whitehill, Legal Intern

Others Present

Ron Lewis, Warren County Abstract
Dean Hoag, Statewide
Randee Slings, ITC
Sandy Guy, People’s Abstract Company

Jan Gemar, Executive Director,
ILTA (Telephone)
Arlene Drennan, President, ILTA
(Telephone)

Call to Order

Chair Schneider called to order the June 5, 2018 meeting of the Iowa Title Guaranty (ITG) Board of Directors at 10:30 a.m. Roll call was taken, and a quorum was established with the following Board Members present: Chairwoman Pat Schneider, Vice-Chairman Chuck Winkleblack, Jason Froehlich, Judy Hilgenberg and Daniel Seufferlein (Telephone).

Action Items

Review and Approval of February 27, 2018 Board Meeting Minutes

MOTION: On a motion by Mr. Winkleblack and a second by Mr. Froehlich, the Board unanimously accepted the February 27, 2018 Board Meeting Minutes.
New Business

Proposed 2019 and 2020 ITG Board Meeting Dates
Director Lawrence presented the proposed dates for the 2019 and 2020 ITG Board Meeting.

MOTION: On a motion by Ms. Hilgenberg, and second by Mr. Froehlich, the Board unanimously approved the Proposed 2019 and 2020 ITG Board Meeting Dates.

ITG 18-03 - 2016 ALTA Commitment Form (Commercial Use)
Mr. Veldey presented the proposed 2016 ALTA Commitment Form (Commercial Use) outlined in Resolution ITG 18-03. Mr. Veldey noted the 2006 ALTA Commitment Form, which is currently used, would be de-certified in August. ITG has not received any negative comments regarding adoption of the 2016 ALTA Commitment Form.

MOTION: On a motion by Ms. Hilgenberg, and second by Mr. Winkleblack, the Board unanimously approved Resolution ITG 18-03.

ITG 18-04 Commercial Forms Manual
Mr. Veldey clarified that the Board last approved the Commercial Forms Manual on August 6, 2014, not in 2016 as stated in the memo accompanying ITG 18-04; and that the date has been corrected. The accompanying memo outlines the minor technical changes made to the Commercial Forms Manual since 2014.

MOTION: On a motion by Mr. Winkleblack, and second by Mr. Froehlich, the Board unanimously approved Resolution ITG 18-04.

ITG 18-05 Transfer of Funds
Mr. Ambrozie presented the proposed transfer of ITG funds outlined in Resolution ITG 18-05. The proposed transfer would be in the amount of $650,000 to Iowa Finance Authority’s (IFA) housing assistance fund. Mr. Ambrozie requested board action on ITG 18-05.

MOTION: On a motion by Ms. Hilgenberg, and second by Mr. Froehlich, the Board unanimously approved Resolution ITG 18-05.

Discussion and Informational Items

Claims Update
Ms. Ryherd reviewed the current claims report with the Board, stating that FY18 year to date ITG had paid out $161,745.21 in claims. She gave a detailed report regarding the trends in claims and the types of claims received. She also pointed out that most claims are resolved through corrective action rather than through litigation.

Mortgage Release Update
Ms. Ryherd reported that FY18 year to date, 353 mortgage release requests had been received. She stated that 288 of the requests were in conjunction with the Rapid Certificate program (79%), 64 requests included the $200 fee (21%) and 271 releases had been filed. Ms. Ryherd reported that since inception, 5,966 mortgages have been released through this program.
**Commercial Update**

Mr. Veldey reported that the new escrow software has been working very well and that it allows us to identify issues much quicker. Staff continues to work with new software to increase functionality and benefits.

Commercial staff has been involved in extensive testing on 2016 Commitment Form and expects that it will operate as it is supposed to on rollout. The new software has helped tremendously with this process.

Commercial staff continues to be involved in commercial real estate community (CREW, ISBA, ICREA, ALTA Forms). The value from networking and educational opportunities this provides has been significant to the Commercial team.

**Business Relations Update and Volume Report**

Ms. Franklin reported that April 2018 Commercial premium fees were $94,135 compared $31,865 reported in April 2017. Commercial certificates issued fiscal year-to-date were 248 vs. 259 for the same time period in 2017, a decrease of 4.25%. YTD Commercial Department premium fees were $164,911,587, an increase of 627.31% compared to the same period in 2017 which were $22,674,056. Ms. Franklin reported that the large increases in volume were due to the exceptional customer service provided by our Commercial Department.

Ms. Franklin reported that there were 2,461 Residential certificates issued in April 2018 vs. 2,623 issued in April 2017, a 6.18% decrease. In April 2018 there were 1,325 Refinance certificates issued vs. 1,971 in April 2017, a 32.78% decrease. Premium from Residential purchases was $311,411 and from Residential refinances was $134,811. YTD income from Residential purchases was $399,626,395 and from Residential refinances was $213,378,461. This represents a 4.76% and 33.33% decrease, respectively.

Ms. Franklin reported to the Board on her recent business development efforts in Council Bluffs, the audits and training performed by Carrie Nutt, ITG Audit Specialist and Amanda Jenkins, ITG Training Specialist, as well as events she and other staff had participated in during April.

**Financial Update**

Mr. Ambrozie reviewed the financial report for the ten months ending April 2018. He stated that Total Operating Revenue is $6.7M compared to the $5.2M budgeted for that same period, outperforming the budget by 29.6%. However, Total Revenue decreased by $510,200 or 7%, compared to the same period in FY17. Total Operating Expense is approximately $5.2M for the ten months ending April 2018, which is an increase of $818,300 compared to the budget. However, Total Operating Expense decreased for that same period compared to the prior year. Overall, we have done well in spite of a 32% decrease in refinances, which has been expected from the industry.

Mr. Ambrozie presented the Proposed ITG Budget for 2019. Net income for FY 2019 is budgeted to be $1,193,576 which is $255,712 or 17.6% less than net income forecasted for FY 2018. The lower profitability budgeted for FY 2019 is due to anticipated lower revenues in Iowa Title Guaranty’s Residential Division and increased employee and operating expenses. Total Operating Expense is budgeted to increase $34,386 compared to forecasted FY 2018.
**Director Update**

Director Lawrence informed the Board that the 2019 Budget does factor in costs associated with relocating to the Bell Avenue office and that there will be additional discussions regarding the Bell Avenue office at the IFA Board Meeting on June 6, 2018.

There have been two financial auditors on site: Eide Bailly and the State Auditors. Both have the information they need and Eide Bailly is expected to provide a report to the IFA Board in time for Board Meeting in August.

The Weinhardt firm has begun the investigation into the sexual harassment claims. Our understanding is that the firm is reviewing information obtained from the Open Records request, prior to scheduling interviews. While interviews are expected to begin any time, no one has been scheduled as of this date.

Ms. Lawrence and Wes Peterson, Director of Government Affairs for IFA are meeting with legislators across the state to provide an IFA 101 as well as an overview of what Iowa Title Guaranty does and how it benefits Iowans. There are some Administrative Rules that to be updated regarding claims as well as some legislation that we want to monitor, so we are doing this legislative tour in advance of the fall legislative session.

Ms. Lawrence and Mr. Peterson are also meeting with ILTA Board of Directors members as a complement to the outreach, education and training that Ms. Franklin, Ms. Nutt and Ms. Jenkins are doing with our participants throughout the state.

Ms. Lawrence reported that there are no pending waiver applications. There was discussion regarding waiver applications, trends and how ITG is working diligently to provide services in areas of the state from which there tended to be more waiver applications. Ms. Lawrence also stated that ITG Board action regarding past applications has demonstrated that the reason for the waiver must ultimately serve the interest of Iowans.

Ms. Lawrence stated that she and Mr. Ambrozie are developing an RFP to retain a firm to provide an analysis of our pricing structure in order to remain competitive.

Ms. Lawrence reported that we will be holding 7 half-day ITG Regional Workshops in October and November to cover frequently requested topics and as well as a full day in Cedar Rapids. There will be an ITG legal track, for legal CLE’s, at the Housing Iowa Conference in September. More information will be provided as agendas are finalized.

Ms. Lawrence stated that the success of the Commercial Department has necessitated a full-time Clerk Specialist position, previously filled by interns. In fact, Taylor Piper who was previously interned in that position was hired as an Accountant working with Mr. Ambrozie. ITG has two interns this summer, Erea Young (administrative) and Dakota Sullivan (legal).

In response to Chair Schneider’s question, Ms. Lawrence stated that ITG will attend the Commercial Expo again this year.
Public Comment

There was no comment from the public.

Adjournment

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Seufferlien, the June 5, 2018, meeting of the ITG Board of Directors adjourned at 11:15 a.m.

Dated this 28th day of August, 2018.

Respectfully submitted:                           Approved as to form:

Tara Lawrence                                           Pat Schneider
Director, Iowa Title Guaranty                             Board Chair, Iowa Title Guaranty