



Title Guaranty of Hawaii, Inc.

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November 12, 1999

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Ms. Barbara Tom, Planning and Project Management Officer
Information and Communication Services Division
Department of Accounting and General Services
1151 Punchbowl Street, Room B10
Honolulu, HI 96813

SUBJECT: Best and Final Offer

Dear Ms. Tom:

The undersigned has carefully assessed the comments provided by the State review committee during the presentation of Title Guaranty's Part 2 proposal on August 27, 1999 and the required additional information identified in the Lester M. Nakamura letter dated November 1, 1999. As instructed, Title Guaranty of Hawaii, Incorporated is submitting additional detailed information requested by the review committee and its best and final offer per instructions for RFP No. ICS-FY-99-52 for *Services to Develop and Implement a Replacement Land Court and Regular Automated Tracking System for the State of Hawaii*.

Additional Required Information

The information requested by Lester Nakamura is provided in the section that follows:

Please provide your charges based on an estimated ten year inventory of 24,000,000 images and cost, if any, to rescan images found to be unacceptable based on a mutually agreed upon quality standard.

1. For the ten-year span of recorded document images, Title Guaranty proposes a bid price of **\$.015 per image** delivered to the BOC. This bid price shall be applicable for purchase of the entire ten-year span or for five-year spans of recorded document images. For purchases of a span less than five years, Title Guaranty proposes a bid price of \$.02 per image delivered to the BOC.
2. Based on our proposed bid price of \$.015 per page, our charge for the estimated ten year span using a total document image count of 24,000,000 is \$360,000 plus tax.
3. Based on an estimated 3,100,000 documents and an average of 8.4 page images per document, our best estimate of the total number of images in a ten year span in the Title Guaranty recorded document repository is 26,040,000. Based on our proposed bid price of \$.015 per page, our charge for the ten-year span of recorded documents contained in the Title Guaranty recorded document repository is \$390,600 plus tax.
4. Title Guaranty proposes to provide the BOC with *all* recorded document images for a specified ten-year period at a total price not to exceed \$400,000 excluding tax. Should the total charge for recorded document images delivered to the BOC exceed \$400,000 based on Title Guaranty's proposed bid price of \$.015 per image, Title Guaranty acknowledges and agrees to provide BOC with all recorded document images for the specified period for a cap cost of \$400,000 excluding tax.

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5. Title Guaranty believes that a major positive feature of its proposal to the BOC is that the ten-year span of images specified in the BOC request for proposal has already been converted from microfilm and is in active use by Title Guaranty in its routine daily operations. As part of its proposed migration work plan, Title Guaranty will implement a quality review process prior to transmittal of images to BOC to identify images that may not meet the mutually agreed minimum quality standard. Title Guaranty acknowledges and agrees to provide the BOC with rescans of delivered images found not to meet the mutually agreed minimum quality standard at no additional charge to BOC.

During your oral presentation, reference was made to immediate access. Please provide specifics as to how this will be accomplished and what is included with this access and any cost associated with its implementation.

1. Title Guaranty will provide for the installation of a dedicated network link for transmission of finished recorded document images to the BOC. With this link, Title Guaranty will be able to transmit to the BOC document image batches as soon as they have been quality reviewed. And the batches will be incremental, thus facilitating the mass migration process.
2. Title Guaranty will make a browser based image viewer application available to the BOC at no additional charge so that it can use the network link to immediately access recorded document images stored on the Title Guaranty recorded document image transfer repository. This application supports the capability to retrieve, display and print images stored in the repository.
3. The monthly lease line charges for a single, dedicated telecommunications link installed between the BOC and Title Guaranty are included in our proposed price and shall be the responsibility of Title Guaranty until the scheduled end of the image migration project phase. Thereafter, the costs for the lease line will be included in an outsource service agreement between BOC and Title Guaranty or alternatively, the lease line will be terminated and removed if no agreement is entered into after the end of the image migration project phase.

It is the desire of the Bureau of Conveyances to provide public and internet access to digitized images. As such, access proposed through a lease program cannot be restricted and limited in its use. Proposed alternatives to the purchase of your images must not include any conditions that limit access by the Bureau of Conveyances or its public and internet users.

Title Guaranty expresses its willingness to provide the State with access to the recorded document images for its public clientele via a State sponsored website. Title Guaranty acknowledges and affirms that public access related to normal daily BOC business operations and processes will not be restricted or limited in its use.

Your proposal included a lease with an option to purchase at a price mutually agreed upon. Please provide a schedule based on a lease to own without additional cost.

1. The proposed price for the basic lease option is \$3,500 per month plus a \$25,000 one time set up charge plus tax. This price is based on up to 20 BOC staff users, on a named user basis. Additional BOC staff users may be added at a cost of \$150 per month per named user. The term of the agreement will be for ten years from the date of contract approval or for a period mutually agreed upon by both parties.

This proposed price assumes that BOC will be responsible for installing and maintaining the telecommunications link between the BOC main office on Oahu and Title Guaranty for access

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to the image repository. This proposed price also assumes that TG will receive current document images on a daily basis for the duration of this contract at no charge.

2. The proposed price for a lease to own option is \$4,375 per month plus a \$25,000 one time set up charge plus tax. This price is based on up to 20 BOC staff users, on a named user basis. Additional BOC staff users may be added at a cost of \$187.50 per month per named user. The term of the agreement will be for ten years from the date of contract approval. At the conclusion of the ten-year agreement period, the specified ten year span of recorded document images will be transmitted to the BOC. The BOC will be responsible for labor costs at then prevailing rates to implement the recorded document image migration.

The information requested by the review committee is provided in the section that follows:

Provide an estimate of the total number of recorded document images in the Title Guaranty recorded document image repository.

As of September 1998, Title Guaranty estimates the total number of recorded document images contained in its image repository to be 3.6 million.

Provide a response as to the total estimated number of documents and the average number of pages per document for the specified ten-year span of recorded documents.

Based on a review of document statistics provided by the Bureau of Conveyance (BOC) and Title Guaranty internal records, we estimate the total number of documents for a ten-year span from 1989 through 1998 to be approximately 3.1 million. Based on a sampling of documents for a representative one-year period, we estimate the average number of pages per recorded document to be 8.4.

Provide clarification regarding the outsource option for accessing the requested ten year span of recorded document images. Specifically, what are limitations and restrictions proposed for BOC access to the ten-year span of recorded document images?

The Title Guaranty proposal to the BOC includes an option to access all recorded document images contained in the Title Guaranty image repository, including newly recorded documents. Under this proposal, licenses for BOC users, on a named user basis, will be issued permitting use of the recorded document images in normal daily BOC business operations and processes. This includes retrieving, displaying, copying and printing individual recorded document images from the Title Guaranty image repository.

What are the limitations and proposed costs for public access to the recorded document images via a State sponsored website?

Title Guaranty expresses its willingness to provide the State with access to the recorded document images for its public clientele via a State sponsored website. However, Title Guaranty lacks sufficient information to properly estimate system capacity, infrastructure requirements, and costs to appropriately respond to the State at this time. To provide a proposed cost for the requested service, Title Guaranty will require additional information regarding the proposed website including:

- When will the proposed website be implemented?
- Will the website be implemented as an Internet or Intranet?

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- Will the State act as the web host or will it utilize a commercial host service?
- Will proposed website users be the public or selected clients with defined login names and passwords?
- What is the estimated number of daily and monthly users for the proposed website?
- What are the total average daily requests for recorded document images estimated for the website?
- What is the highest daily number of requests for recorded document images estimated for the website?
- Will the State require Title Guaranty to provide the capacity to identify the total number of recorded document image pages that are displayed, printed or copied by a user on the website?

Upon receipt of the above website information, Title Guaranty will gladly provide the State with a proposed price for access to the Title Guaranty recorded document images via a BOC website by the public.

What are proposed costs for including telecommunications links from State Bureau of Conveyance district offices on Maui, Hawaii, and Kauai to Title Guaranty?

Title Guaranty expresses its willingness to provide access from BOC district offices on Maui, Hawaii, and Kauai to enable use of recorded document images contained in the Title Guaranty image repository. Furthermore, Title Guaranty expresses our willingness to work with the BOC and the selected telecommunications service-provider to establish connectivity from the BOC offices to Title Guaranty.

Title Guaranty anticipates the BOC will incur charges from the selected telecommunications service provider for the following items:

- Network Line Installation Charge
- Required Network Hardware Charge
- One Time Set Up Fee
- Monthly Network Line Charge

Best and Final Offer

Title Guaranty of Hawaii, Incorporated hereby proposes, if selected, to furnish and deliver all items stated in its previously submitted Proposal, as modified by this best and final offer letter.

For its Part 2 proposal, Title Guaranty submits the following modifications:

Section III, Project Approach, Workplan and Schedule

1. Title Guaranty proposes to provide the BOC with all recorded document images for a specified ten-year period. Based on the review of recorded documents statistics provided by the BOC and from internal Title Guaranty records, the total estimated number of recorded documents for a ten-year period from 1989 through 1998 is approximately 3.1 million.
2. Title Guaranty proposes a six month project duration to implement the backfile review preparation, backfile review, preliminary migration activities, and document image migration activities specified in its workplan.

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3. As an alternative to direct purchase of the specified ten-year span of recorded document images, Title Guaranty offers to provide the BOC with access to the recorded document images contained in the Title Guaranty image repository on an outsource basis. Recorded documents contained in the image repository span the period from 1987 - present. Access to all recorded documents in the image repository is included in this proposal. This includes new recorded documents as they are added to the image repository on an ongoing basis.

If this outsource proposal is accepted, Title Guaranty will provide necessary technical assistance to facilitate installation of network connections from the main BOC office on Oahu to the Title Guaranty image repository. It will also deliver document image indexes, in a data format as specified in the BOC RFP, for upload to the BOC document index database.

Under this proposal, licenses for BOC users, on a named user basis, will be issued permitting use of the recorded document images in normal daily BOC business operations and processes. This includes retrieving, displaying, copying and printing individual recorded document images from the Title Guaranty image repository.

4. At BOC's option, Title Guaranty offers to allow access from BOC district offices on Maui, Hawaii, Kauai and to enable BOC staff users to access recorded document images located in the Title Guaranty image repository. Connectivity is the responsibility of the BOC.
5. Title Guaranty expresses its willingness to work collaboratively with the selected Part 1 vendor to create a solution that meets BOC requirements and enhances the interests of the BOC. Further, Title Guaranty expresses its willingness to work in a subcontractor capacity with the Part 1 vendor, should the BOC decide that such an arrangement would offer increased flexibility and options for creating an optimal solution to meet BOC Part 1 and Part 2 requirements.

Section VI, Price

6. For the ten-year span of recorded document images, Title Guaranty proposes a bid price of *\$.015 per page* delivered to the BOC. This bid price shall be applicable for purchase of the entire ten-year span or for five-year spans of recorded document images. For purchases of a span less than five years, Title Guaranty proposes a bid price of \$.02 per page delivered to the BOC.
7. Title Guaranty proposes to provide the BOC with *all* recorded document images for a specified ten-year period at a total price not to exceed \$400,000 excluding tax. Although Title Guaranty now estimates that the total number of recorded document images for a specified ten-year span exceeds 3.1 million images, it acknowledges and agrees to provide BOC with all recorded document images for the specified period for a cap cost of \$400,000 excluding tax.
8. The proposed price for the outsource service referenced in Item 3, as stated, is \$3,500 per month plus a \$25,000 one time set up charge plus tax. This price is based on up to 20 BOC staff users, on a named user basis. Additional BOC staff users may be added at a cost of \$150 per month per named user. The term of the agreement will be for ten years from the date of contract approval or for a period mutually agreed upon by both parties.

This proposed price assumes that BOC will be responsible for installing and maintaining the telecommunications link between the BOC main office on Oahu and Title Guaranty for access to the image repository. This proposed price also assumes that TG will receive current document images on a daily basis for the duration of this contract at no charge.

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November 12, 1999

9. The proposed price for a lease to own option is \$4,375 per month plus a \$25,000 one time set up charge plus tax. This price is based on up to 20 BOC staff users, on a named user basis. Additional BOC staff users may be added at a cost of \$187.50 per month per named user. The term of the agreement will be for ten years from the date of contract approval. At the conclusion of the ten-year agreement period, the specified ten-year span of recorded document images will be transmitted to the BOC. The BOC will be responsible for labor costs at then prevailing rates to implement the recorded document image migration.
10. The proposed price for allowing access from BOC Neighbor Island offices to Title Guaranty, as stated in Item 4, requires a one-time setup fee of \$2,500.00 per additional branch.

Questions which the Information and Communication Services Division or the State of Hawaii may have regarding this best and final offer may be directed to:

Mr. Michael A. Pietsch
President
Title Guaranty of Hawaii, Incorporated
235 Queen Street
Honolulu, Hawaii 96813
Telephone: 521-0259
Facsimile : 532-3160

Respectfully Submitted,



David T. Pietsch, Jr.
Executive Vice President

NOV 12 1999

Date

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