



Title Guaranty of Hawaii, Inc.

235 QUEEN STREET, HONOLULU, HI 96813 • P.O. BOX 3084, HONOLULU, HI 96802
TELEPHONE: (808) 533-6261

December 26, 2001

Mr. Carl Watanabe
Bureau of Conveyances
Department of Land and Natural Resources
State of Hawaii
1151 Punchbowl Street, Room 121
Honolulu, Hawaii 96813

Dear Carl:

Enclosed is a draft regarding the agreement for document scanning services. Please review it and let me know as soon as possible what your thoughts are. Feel free to make comments on the draft or call me at 521-0259.

Hope you had a pleasant Christmas and best wishes for the New Year!

Sincerely,

Michael A. Pietsch
President & CEO

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Bureau of Conveyances
Department of Land and Natural Resources
State of Hawaii
1151 Punchbowl Street
Honolulu, Hawaii 96813

December ____, 2001

Hawaii Land Title Association
c/o _____

Honolulu, Hawaii 96813

[Vendor]
c/o _____

Honolulu, Hawaii 96813

DRAFT

Re: Memorandum of Agreement For Document Scanning Services

Dear Ladies and Gentlemen:

This letter is to confirm our mutual agreement ("Agreement") regarding the electronic scanning of documents recorded with the Bureau of Conveyances and the Office of the Assistant Registrar of the Land Court, State of Hawaii (collectively, "Bureau"), and the conditions for the provision of copies of the scanned images to the Hawaii Land Title Association members ("HLTA" or "HLTA Members", as the context provides, the individual members of which are listed on Exhibit "A" attached hereto). The parties recognize that this Agreement constitutes an unique opportunity between the private and public sectors, with a mutual benefit and substantial cost savings to both.

The brief background of this Agreement is as follows. The Bureau's document receiving desks receive, process, and record hundreds of documents every day. The original documents are voluminous and physically consume large amounts of space. The recorded documents are microfilmed for archival purposes. The public obtains copies of the recorded documents from the microfilm. The paper documents are used in the Bureau's internal processing until returned to the party requesting recordation.

At the same time, the title plants operated and maintained by the HLTA Members have their own staffs, which also process and index the various documents. Several HLTA Members convert the microfilm of the recorded documents to an image file format for ready retrieval for internal processing purposes. The efficient conversion of the

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documents into an image file format is therefore of mutual benefit to the Department of Land and Natural Resources ("DLNR") and the HLTA Members.

The vendor, _____ ("Vendor") has extensive background and experience in document and image management systems and associated equipment. Vendor is uniquely qualified to perform the functions described in this Agreement.

The parties hereto therefore agree to cooperate and comply with the following terms of this Agreement.

A. Provision of Services and Cost-sharing Arrangement

1. The Bureau will provide the necessary scanning equipment and space in the Bureau's offices at 1151 Punchbowl Street for use by the Vendor. The Bureau will not charge nor be charged for such use.
2. The Vendor will provide qualified staff. The Vendor will scan the documents recorded by the Bureau into digital images in a format complying with specifications set by the Bureau in consultation with the HLTA and the Vendor, which specifications are attached hereto as Exhibit "A".
3. Vendor will produce a daily batch of images, which shall contain images of all documents recorded by the Bureau on a given business day. The daily batch will be made available for distribution within _____ hours of the close of that business day, with a reasonable tolerance for extraordinary volume and re-scanning of images due to staff or equipment error.
4. The Vendor will produce and deliver one set of the images on CD-ROM or other acceptable medium to the Bureau at no additional cost to the Bureau.
5. The Vendor will also produce and deliver at cost a set of the images on CD-ROM or other acceptable medium to each participating HLTA Member who requests a copy. The format of the data to be delivered to the HLTA Members will comply with specifications agreed upon between the Member and Vendor, which specifications are attached hereto as Exhibit "B".
6. The Vendor's labor, materials and other costs will be apportioned among and shared equally by all of the participating HLTA Members.

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B. Restrictions on Use of Images

1. The HLTA and each HLTA Member may use the imaged documents to maintain their title plants and for other proprietary business purposes.
2. The Bureau, the HLTA, and each HLTA Member agree not to create duplicate imaged documents for distribution or sale in bulk to anyone not a party to this Agreement. "In bulk" is defined as sequentially recorded documents in defined periods of time (e.g., day, week, month, or year(s)).
3. The Bureau, the HLTA, and each HLTA Member agree not to sell or distribute images in bulk; provided, however, that use of the CD-ROM and images for image-retrieval services and re-sale of individual images is permissible.
4. All parties understand and acknowledge that any breach or threatened breach of these restrictions will result in irreparable harm for which monetary damages will be inadequate. The parties accordingly agree that any such breach or threatened breach may [result in termination of participation in this Agreement and] be enjoined by temporary restraining order, preliminary, or permanent injunction without the necessity of proving the lack of an alternate remedy at law. Nothing herein shall be construed as a waiver, however, of any other remedy to which the non-breaching party or parties may be entitled.

C. Cancellation.

Any party may withdraw from this Agreement at any time upon one-hundred-eighty (180) days prior written notice.

D. No Joint Venture

Nothing herein shall be construed to create or imply a partnership or any other type of joint or co-venture by and between any of the Bureau, Vender, HLTA, or any HLTA Members.

The undersigned further confirm and acknowledge that they have the authority to bind the respective principals for whom they are signing. Thank you again for your cooperation and consideration. If you have any questions, please do not hesitate to contact us.

Sincerely,

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State of Hawaii, Department of
Land and Natural Resources

By _____
Its

Approved as to form and content:

EARL ANZAI, ATTORNEY GENERAL

By _____
Its Deputy

Acknowledged and Agreed To:

HAWAII LAND TITLE ASSOCIATION

[VENDOR]

By _____
Its Authorized Representative

By _____
Its

[Member]

By _____
Its

[Member]

By _____
Its

[Member]

By _____
Its

[Member]

By _____
Its

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EXHIBIT "A"
[Bureau technical specifications]

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EXHIBIT "B"
[HLTA Member technical specifications]

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Title Guaranty of Hawaii, Inc.

235 QUEEN STREET, HONOLULU, HI 96813 • P.O. BOX 3084, HONOLULU, HI 96802
TELEPHONE: (808) 533-6261

August 23, 2001

Mr. Carl Watanabe
State of Hawaii Department of Land and Natural Resources
Bureau of Conveyances
1151 Punchbowl Street
Honolulu, HI 96813

Dear Carl:

This is a follow up to our last meeting on July 17, 2001. At that meeting, Title Guaranty (TG) had offered to consider and provide you with a statement of warranty regarding the recorded document images transmitted under the terms of contract with the Bureau of Conveyances (BOC).

By way of this letter, Title Guaranty is providing you with the following warranty statement:

1. The warranty applies specifically to the ten-year span of recorded document images delivered under the TG contract with BOC.
2. The warranty period will be for a two-year period beginning from the delivery date for recorded document images delivered under the BOC contract.
3. Within the warranty period, TG agrees to replace any recorded document, in whole or in part, found to be defective or missing among those delivered to the BOC.
4. A defective recorded document is defined as one that is missing a page(s), is not readable due to scanning error (and not due to a defective microfilm source document), or is a corrupted image file that cannot be opened.

A missing recorded document is one with a recordation date within the specified ten-year span of recorded documents, that is found not to be among recorded documents delivered by Title Guaranty, and for which a BOC source document/microfilm is available for scan capture.

We trust the warranty statement will meet with your agreement. Please do not hesitate to call should you have any questions regarding this matter.

Yours very truly,

Michael A. Pietsch
President and CEO

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Title Guaranty
Bureau of Conveyances - Document Scanning
June 2001

The following is a summary of TG's monthly operating cost for document scanning at the Bureau of Conveyances:

	<u>Monthly Cost</u>	<u>Comments</u>
Depreciation of equipment	\$ 1,054	Hardware and software depreciated over 5 years
Personnel cost for document scanning	7,800	3 staff at \$15 per hour
Monthly parking and telephone	100	One parking stall and telephone line to call TG for systems support
Equipment maintenance & software support	515	
	<u>9,469</u>	
TG Management Fee	1,420	Management fee at 15%
TOTAL MONTHLY COST	<u><u>\$ 10,889</u></u>	

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**Title Guaranty
Bureau of Conveyances
Document Scanning Project**

The following is a summary of start-up costs incurred and monthly operations cost for document scanning at the Bureau of Conveyances

Start-up costs

Hardware and Software	63,235
Design and Programming	7,875
Testing and Implementation	2,800
	<u>73,910</u>
Monthly cost - amortization over 5 years	<u>1,232</u>

Estimated Monthly Costs

Amortization of start-up cost	1,232
Personnel cost for document scanning	7,800
Monthly parking and telephone	100
Equipment maintenance & software support	515
	<u>9,646</u>
TG Management Fee (15%)	1,447
TOTAL ESTIMATED MONTHLY COST	<u>11,093</u>

	<u>SIS</u>	<u>PC</u>	<u>Bell & Howell</u>
	20,933	20,509	21,793
JH, CN, other IS		175	\$45
CN & CB		80	\$35

3 staff @ \$15

1,375 Annual, Bell & Howell
4,800 Annual, SIS

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**Bureau of Conveyances
Document Scanning Project**

The following is a summary of costs incurred and estimated costs to be incurred for the document scanning project:

Start-up costs

Hardware and Software	63,235	SIS 20,933	PC 20,509	Bell & Howell 21793
Design and Programming	7,875	JH, CN, other IS	175	\$45
Testing and Implementation	3,600	CN & CB	80	\$45
	<u>74,710</u>			
Monthly cost - amortization over 3 years	<u>2,075</u>			

Estimated Monthly Costs

Amortization of start-up cost	2,075	
Personnel cost for document scanning	5,250	1-1/2 staff @ \$20
Technical support	1,440	32 hours per month @ \$45 (one day per week)
Equipment maintenance	255	1,375 Annual, Bell & Howell
Create CD-ROM (10 copies each week)	1,120	1,685 Annual, SIS Weekly - 8 hrs @ \$35
	<u>10,140</u>	
TG Management Fee (20%)	2,028	
TOTAL ESTIMATED MONTHLY COST	<u><u>12,168</u></u>	

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Note: If ten companies share in the cost, the estimated monthly cost per company



Title Guaranty of Hawaii, Inc.

235 QUEEN STREET, HONOLULU, HI 96813 • P.O. BOX 3084, HONOLULU, HI 96802
TELEPHONE: (808) 533-6261

November 17, 2000

Carl T. Watanabe
Acting Registrar of Conveyances
State of Hawaii
Department of Land & Natural Resources
Bureau of Conveyances
P. O. Box 2867
Honolulu, HI 96803

Re: Supplemental Agreement 1, RFP IC-FY-99-052

Dear Mr. Watanabe:

Enclosed please find the original and copy of Supplemental Agreement #1 to the original contract No. ICS-FY-99-052 for the completion of work required for Part II.

The Supplemental Agreement has been executed (both the original and the copy) as follows:

1. Contract's have been signed by the Contactor's Representative (Michael A. Pietsch).
2. Corporate Seal has been affixed.
3. Contractor's Acknowledgment (page 4) has been completed and notarized.
4. TG Corporate Resolution has been attached, which is the evidence of authority of the contractor's representative (Michael A. Pietsch) to sign agreement.
5. Submission of Completed Standards of Conduct Declaration completed & enclosed.

Please call me if you have any questions of if I may be of any assistance (521-0259).

Sincerely yours,

Michael A. Pietsch
President & C.E.O.

MAP:yrn

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STATE OF HAWAII
 SUPPLEMENTAL AGREEMENT NO. 1
 TO AGREEMENT ICS-FY-99-52
(Insert Agreement Number or Other Identifying Information)

This Supplemental Agreement No. 1, executed on the respective dates indicated below, is effective as of June 29 ~~XIX~~ 2000 between the _____

Department of Accounting and General Services, State of Hawaii
(Insert Name of State Department, Agency, Board or Commission)

(hereinafter "STATE"), by its Comptroller
(Insert Title of State Officer Executing Agreement)

whose address is 1151 Punchbowl Street, Honolulu, Hawaii 96813

_____, and

Title Guaranty of Hawaii, Inc. (hereinafter "CONTRACTOR"),

a corporation
(Insert "Corporation", "Partnership", "Joint Venture", "Sole Proprietorship", or other legal form of the Contractor)

under the laws of the State of Hawaii, whose business address and taxpayer

identification number are as follows: 235 Queen Street, Honolulu, Hawaii 96813;

Taxpayer id: 10005663

RECITALS

A. WHEREAS, the STATE and the CONTRACTOR entered into an Agreement ICS-FY-99-52 for Services to Develop and Implement a Replacement Land Court and
(Insert Agreement Number or other Identifying Information)
Regular Automated Tracking System for the State of Hawaii

dated January 18 ~~XIX~~ 2000 which was amended by Supplemental Agreement

No(s). _____, dated _____ (hereinafter collectively

referred to as "Agreement") whereby the CONTRACTOR agreed to provide the goods and services described in the Agreement, and

B. WHEREAS, the parties now desire to amend the Agreement.

NOW, THEREFORE, the STATE, and the CONTRACTOR mutually agree

to amend the Agreement as follows:

(CHECK APPLICABLE BOX(ES))

- Amend the SCOPE OF SERVICES according to the terms set forth in Attachment S1, which is attached hereto and is incorporated herein.
- Amend the TIME OF PERFORMANCE according to the terms set forth in Attachment S2, which is attached hereto and is incorporated herein.
- Amend the COMPENSATION AND PAYMENT SCHEDULE according to the terms set forth in Attachment S3, which is attached hereto and is incorporated herein.
- Amend the SPECIAL CONDITIONS according to the terms set forth in the Supplemental Special Conditions, which is attached hereto and incorporated herein.
- Recognize the CONTRACTOR's change of name.

FROM:

TO:

As set forth in the documents attached hereto as Exhibit _____, and incorporated herein.

A tax clearance certificate from the State of Hawaii is is not required to be submitted to the STATE prior to commencing any performance under this Supplemental Agreement.

A tax clearance certificate from the Internal Revenue Service is is not required to be submitted to the STATE prior to commencing any performance under this Supplemental Agreement.

Unless amended herein, the Agreement shall remain in full force and effect.

IN VIEW OF THE ABOVE, the STATE and the CONTRACTOR execute this Supplemental Agreement No. 1 by their signatures on the dates below.

STATE:

By _____
Print Name Raymond H. Sato
Title Comptroller
Date _____

FUNDING AGENCY: (to be signed by head of funding agency if other than the Contracting Agency)

By _____
Print Name _____
Title _____
Date _____

(Affix Corporate Seal)

Done 1/17

CONTRACTOR:

By *Michael A. Pietsch*
Print Name Michael A Pietsch
Title President / CEO *
Date 11/16/00

*Evidence of authority of the Contractor's representative to sign this Supplemental Agreement must be attached.

APPROVED AS TO FORM:

Deputy Attorney General

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CONTRACTOR'S ACKNOWLEDGMENT

State of Hawaii)
)
City and County of Honolulu)

SS.

On this 16th day of November, ~~19~~2000, before me personally appeared Michael A. Pietsch, to me personally known, who being by me duly sworn, did say that he/she is the President/CEO of Title Guaranty of Hawaii, Inc., the CONTRACTOR named in the foregoing instrument, and that he/she is authorized to sign said instrument on behalf of the CONTRACTOR, and acknowledges that he/she executed said instrument as the free act and deed of the CONTRACTOR.

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Heralynne Alfiere-Lowndes
Notary Public, Hualynne Alfiere-Lowndes
My Commission Expires: 7-2-2001

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STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

"Agency" means and includes the State, the legislature and its committees, all executive departments, boards, commissions, committees, bureaus, offices, the University of Hawaii, and all independent commissions and other establishments of the state government but excluding the courts.

"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).

"Employee" means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges.

On behalf of Title Guaranty of Hawaii, Inc, CONTRACTOR, the undersigned does declare as follows:

1. CONTRACTOR is is not a legislator or an employee or a business in which a legislator or an employee has a controlling interest.*
2. CONTRACTOR has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Supplemental Agreement and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of the Supplemental Agreement, if the legislator or employee had been involved in the development or award of the Supplemental Agreement.
3. CONTRACTOR has not been assisted or represented for a fee or other compensation in the award of this Supplemental Agreement by an Agency employee or, in the case of the Legislature, by a legislator.
4. CONTRACTOR has not been represented or assisted personally on matters related to the Supplemental Agreement by a person who has been an employee of the Agency within the preceding two (2) years and who participated while in state office or employment on the matter with which the Supplemental Agreement is directly concerned.
5. CONTRACTOR has not been represented or assisted on matters related to this Supplemental Agreement, for a fee or other consideration by an individual who, within the past twelve (12) months, has been an Agency employee, or in the case of the Legislature, a legislator.
6. CONTRACTOR has not been represented or assisted in the award of this Supplemental Agreement for a fee or other consideration by an individual who, a) within

the past twelve (12) months, served as an Agency employee or in the case of the Legislature, a legislator, and b) participated while an employee or legislator on matters related to this Supplemental Agreement.

CONTRACTOR understands that the Supplemental Agreement to which this document is attached is voidable on behalf of the STATE if this Supplemental Agreement was entered into in violation of any provision of chapter 84, HRS, commonly referred to as the Code of Ethics, including the provisions which are the source of the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the STATE.

DATED: 11/16/00, Hawaii, 192000

CONTRACTOR

By Michael D. Peltz

Title President / CEO

*Reminder to Agency: If "Is" is checked, the Agency is required, under section 84-15, HRS, to file with the State Ethics Commission, ten (10) days before the Supplemental Agreement is entered into, a written justification as to why the Supplemental Agreement was not required to be competitively bid.

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CERTIFICATION OF EXEMPTION FROM CIVIL SERVICE

1. By Heads of State Departments or Agencies Pursuant to Delegation of the Director of Human Resources Development¹

Pursuant to the delegation of the authority by the Director of Human Resources Development, I certify that the services provided under this Agreement, and the person(s) providing the services under this Agreement are exempt from the civil service, pursuant to Hawaii Revised Statutes §76-16.

(signature)

(date)

Raymond H. Sato

Print Name

Comptroller

Print Title

2. By the Director of Human Resources Development, State of Hawaii²

I certify that the services provided under this Agreement, and the person(s) providing the services under this Agreement are exempt from the civil service, pursuant to Hawaii Revised Statutes §76-16().

(signature)

(date)

Print Name

Print Title, if designee of Director
of Human Resources Development

¹This part of the form may be used by all department heads and others to whom the Director of Human Resources Development has delegated authority to certify Hawaii Revised Statutes section 76-16 civil service exceptions. The specific paragraph(s) of section 76-16 upon which an exemption is based should be noted in the contract file. NOTE: Authority to certify exceptions under Hawaii Revised Statutes sections 76-16(2) and 76-16(3) has not been delegated; only the Director of Human Resources Development may certify sections 76-16(2) and 76-16(3) exceptions.

²This part of the form may be used only by the Director of Human Resources Development or the Director's designee. See NOTE at footnote 1.

TIME OF PERFORMANCE

Pursuant to the Request For Proposals, Special Provisions, TERM OF CONTRACT, the Agreement is extended to September 21, 2001.

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COMPENSATION AND PAYMENT SCHEDULE

Pursuant to the SCOPE OF SERVICES of the Original Agreement, the State agrees to pay the Contractor an amount not to exceed TWO HUNDRED THOUSAND AND 00/100 DOLLARS (\$200,000.00) for Part 2, for a total compensation of FOUR HUNDRED AND 00/100 DOLLARS (\$400,000.00).

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