

October 13, 1999

Mr. Lester M. Nakamura, Administrator  
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 Mr. Nakamura:

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. 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 Requested Information**

The information requested by the review committee is provided in the sections 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.

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***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?
- 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

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## 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 beginning 1987 or later. 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.
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.

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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.

9. 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

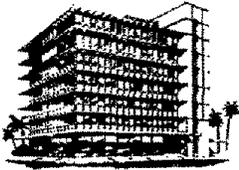
Respectfully Submitted,

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Michael A. Pietsch  
President  
235 Queen Street  
Honolulu, Hawaii 96813

Date

400191



# TITLE GUARANTY OF HAWAII

INCORPORATED

235 QUEEN STREET • P.O. BOX 3084 • HONOLULU, HAWAII 96802 • TELEPHONE 533-6261

July 23, 1998

Mr. W. Mason Young  
Administrator  
Bureau of Conveyances  
1151 Punchbowl Street  
Honolulu, Hawaii 96813

Re: Project for Imaging Recorded Documents

Dear Mr. Young:

The purpose of this letter is to respond to the questions raised in your letter of May 7, 1998 and to confirm our agreement.

1. TG has acquired the necessary high speed paper scanning equipment to be installed at the Bureau. We are currently testing the system in our offices. We hope to install the system at the Bureau in mid-August and to use the rest of August for training. We expect to commence operations on or about September 1.
2. We agree that scanning is to take place with as little interruption to daily activities of indexing and microfilming as is reasonably possible. Scanning will begin at approximately 3:30 in the afternoon for documents to be recorded at 8:01 a.m. the following day. For any other documents which have not been scanned, scanning will be done at such times as are mutually convenient to TG's and the Bureau's employees. It is recognized that it may be necessary to continue scanning after normal business hours in order to complete the work. The schedule may need to be modified as we gain experience with the operations.
3. TG will provide two terminals and two processing computers--one for scanning and one for indexing. The terminals will be used to retrieve and view images which

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Mr. W. Mason Young  
Page 2  
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are stored on the on-site computer. We were contemplating also providing a printer, but we understand that the Bureau may provide its own printer. Please let us know the status on that matter. If the Bureau is to provide the printer, we assume it will be installed with the installation of our equipment. Any equipment supplied by TG will continue to be owned by TG, and TG will operate the system with its employees, at its sole cost. We understand that all necessary cabling and electrical work has already been accomplished.

4. As to printing privileges, we contemplate that TG will be able to print documents for its own use and that the Bureau will charge other title companies and the general public pursuant to its general schedule of charges. We understand those currently are \$ .50 per page. Since the revenue will belong to the Bureau, the Bureau will set those charges as it determines to be appropriate.

5. TG will provide the Bureau with a copy of each completed CD-ROM containing the scanned documents at no charge to the Bureau. Depending on the number of documents and the storage capacity of the CD-ROM, it is anticipated that a CD will be delivered every 2-3 days. The hard drive probably will have capacity for approximately seven days of documents based upon current volume estimates. Although the CD-ROM supplied to the Bureau will become the property of the Bureau, in order to enable TG to recover its costs, including amortization of its equipment, the Bureau will not reproduce, copy or sell or otherwise make available to other parties the CD-ROMs or the images in bulk. Images of the scanned documents may be accessed from the CD-ROMs and reproduced in hard copy for sale to members of the public as above indicated, but these will be on an individual document basis and not a bulk transfer of the images.

Also to help TG to recoup its costs, it is requested that during the period that the system is in operation,

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Mr. W. Mason Young  
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TG be relieved of paying the Bureau its monthly LCATs subscription and the cost of the dailys. TG will continue to pay the postage charges.

TG will do all that it reasonably can to make this project a success. We believe that both the Bureau and the general public will be better served and that valuable experience will be obtained to enable us to continue the project beyond its anticipated trial period and to reach a mutually satisfactory agreement as to a longer relationship.

If the foregoing does not comport with your understanding, please let me know and we will meet to promptly resolve any issues.

Sincerely,



MICHAEL A. PIETSCH  
President

cc: Carl Watanabe  
bc: John Jubinsky  
Lorin Hirano

400194



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
BUREAU OF CONVEYANCES

P. O. BOX 2867  
HONOLULU, HAWAII 96803

May 7, 1998

Mr. Michael Pietsch, President  
Title Guaranty of Hawaii  
235 Queen Street  
Honolulu, Hawaii 96813

Dear Mr. Pietsch:

Thank you for your proposal of scanning recorded documents and providing on line access to the images for the Bureau. Approval to proceed with this pilot program was given by Chairman Michael D. Wilson and we look forward to working with you. We would appreciate hearing from you to clarify certain aspects of your proposal to avoid any problems of understanding.

1. Proposed start up date. We understand equipment needs to be ordered to implement this program. Please provide tentative date to begin this project.
2. Time period for scanning. Scanning to take place with as little interruption to daily activities of indexing and microfilming. Suggested time of scanning to begin at 3:30 in the afternoon for the following day's 8:01s and continue after hours until completed. Scanning the remainder of the day's recordings is subject to volume and minimal disruptions. Do you have some ideas? Does it seem feasible to begin scanning earlier to complete the balance to daily recordings before beginning with the following day's 8:01s.
3. Viewing stations. As we discussed, viewing stations on both sides of our office would be necessary to obtain maximum usage of the information.
4. Printing privileges. The stations would allow for printing of the document images. What recovery charges would be applicable if printing is provided for the title companies and general public?
5. CD-ROM. The Bureau will be provided CD-ROMs, at gratis, of the captured documents. Estimates given indicate the hard drive would be capable of storing probably three days of information and then be down loaded to CD-ROMs. Does this mean the Bureau will be provided a CD-ROM every three days?

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We're excited about the prospects of this high technology experience and are anxious to show our staff how this can assist with facilitating search and receiving activities at the Bureau. May I suggest that we meet to discuss and resolve the above matters. I may be contacted at 587-0148.

Mahalo,

W. Mason Young  
Administrator

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# TITLE GUARANTY OF HAWAII

INCORPORATED

235 QUEEN STREET  
HONOLULU, HAWAII 96813

Phone No. (808) 533-6261

Fax No. (808) 533-5854

April 17, 1998

Mason Young  
Administrator  
Bureau of Conveyances  
1151 Punchbowl  
Honolulu Hawaii 96813

Dear Mr. Young:

As a result of several discussions with both you and Carl Watanabe Title Guaranty of Hawaii ("TG") is pleased to offer this Letter of Intent. This pilot project involves scanning recorded documents and having the images available on line or by CD-ROM. The benefits to the Bureau of Conveyances ("Bureau"), Title Companies and the Public include ready access to the imaged document while the actual document is being processed through indexing and microfilming and implementing another phase in the automation of the Bureau. If accepted, TG will provide certain services and equipment to the Bureau. For this project:

- TG installs and operates a high-speed paper scanning system at the Bureau.
- TG also installs computers and software that allow the scanned images to be retrieved and viewed.
- TG operates this system daily, scanning all recorded documents. The documents are scanned after they have reached a certain point within the Bureau's internal workflow. (*Selection of this point has been informally agreed upon, but its ultimate location remains at the discretion of the Bureau.*)
- The Bureau is allowed to use one or two image viewing stations, to retrieve and view images scanned within the last week or two (how far back it can go is a function of the amount of storage space on the local computers used for image retrieval).
- 4. • TG is allowed to load the scanned images into its main Imaging System where they will be available to TG, the Bureau, and any interested third party customer. TG will assess a fair rate to users of the system in order to recoup its expenses.
- TG will provide a CD-Rom of the recorded documents to the Bureau.

400197

This project will be evaluated within six months from commencement by the management of the Bureau and TG.

Thank you for your time and consideration. We look forward to a successful implementation of this project.

Yours truly,

Michael Pietsch  
President

cc: Carl Watanabe

400198

# TITLE GUARANTY OF HAWAII

INCORPORATED

235 QUEEN STREET  
HONOLULU, HAWAII 96813

Phone No. (808) 533-6261

Fax No. (808) 533-5854

April 7, 1998

Michael Wilson  
State of Hawaii  
Department of Land and Natural Resources  
1151 Punchbowl  
Honolulu Hawaii 96813

Dear Mr. Wilson:

As a result of several detailed discussions with Mason Young and Carl Watanabe, from the Bureau of Conveyances ("Bureau"), Title Guaranty of Hawaii ("TG") is pleased to offer this Letter of Intent. If accepted, TG will provide certain services and equipment to the Bureau. The services are broken down into two "phases." If Phase One is well-received, then TG and the Bureau may agree to implement Phase Two.

Phase One:

- TG installs and operates a high-speed paper scanning system at the Bureau.
- TG also installs computers and software that allow the scanned images to be retrieved and viewed.
- TG operates this system daily, scanning all recorded documents. The documents are scanned after they have reached a certain point within the Bureau's internal workflow.

*Selection of this point has been informally agreed upon, but its ultimate location remains at the discretion of the Bureau.*

- The Bureau is allowed to use one or two image viewing stations, to retrieve and view images scanned within the last week or two (how far back it can go is a function of the amount of storage space on the local computers used for image retrieval).
- TG is allowed to load the scanned images into its main Imaging System where they will be available to TG, the Bureau, and any interested third party customer. TG will assess a fair rate to users of the system in order to recoup its expenses.

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- TG will provide a CD-Rom of the recorded documents

Phase Two:

- TG connects to the Bureau via a high-speed Wide Area Network (WAN) connection. This connection is used for the following functions:
  1. The Bureau may use TG's Grantor/Grantee database to look up selected details about recorded transactions.

*This database contains, at any given time, information from six months previous up until the present.*

2. TG can send the daily scanned images directly into its main Imaging System immediately, where they will be available to TG, the Bureau and any interested third-party customers.

Thank you for your time and consideration. We look forward to a successful implementation of this project.

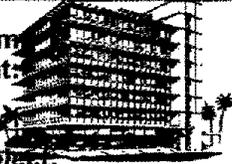
Yours truly,

Michael Pietsch  
President

400200

*Mike: From Carla: for your  
4:00 pm BOC mtg.*

From:  
Sent:  
To:  
Cc:  
Subject:



**TITLE GUARANTY OF HAWAII**  
Wednesday, February 24, 1993, 1:07 PM  
Michael Pietsch  
Cynthia Nakaya; Yvonne Nelson  
BOC Info for the 4:00 meeting

INCORPORATED

225 QUEEN STREET • P.O. BOX 3084 • HONOLULU, HAWAII 96802 • TELEPHONE 533-6261

- Over the past month the BOC has scanned approximately 250,000 pages.
- On February 4th they started to scan doc's from the previous day.
- Beginning February 16th doc's are scanned the same day they come in.  
**Concern: Our people have to wait for the State employees to give them doc's. We are caught with the system!**
- The Microfilm department is approximately 14 days behind.
- As we discussed this morning, we only keep 10 days of doc's for viewing. There is presently one viewer in use. It is located in the "Will Call" area and is accessed by State employees only - not the public.
- Mason continues to ask for CD's. We hashed this over this morning.
- We have completed scanning all missing doc's (on Screen Scan) through December. These missing doc's were a result of a combination of things i.e.. operator training, hardware adjustments and software glitches. We will always have to inspect for missing doc's. When an operator scans 12,000 - 14,000 pages per day one or two pages could be missed. QC is on-going.

**GOOD LUCK ON YOUR 4:00 MEETING!**

400201





# TITLE GUARANTY OF HAWAII

INCORPORATED

235 QUEEN STREET • P.O. BOX 3084 • HONOLULU, HAWAII 96802 • TELEPHONE 533-6261

January 16, 1998

VIA FAX (586-0006)

Ms. Laura Matsuda-Colbert  
Office of the Governor  
State Capitol, 5th Floor  
Honolulu, Hawaii 96813

Dear Ms. Matsuda-Colbert:

This is further to our discussion as to the types of services which Title Guaranty of Hawaii can provide with respect to the operation of the Bureau of Conveyances.

First and of paramount importance is the fact that Title Guaranty has a sophisticated title plant and computer and telecommunications technology and equipment. We also have a staff very experienced in the workings of the Bureau of Conveyances, including the Land Court. We already perform many functions which are duplicated by the Bureau. There is no doubt that many areas of operation can be made more efficient and cost effective. And, we believe, at or above a level of service which the public is currently provided. Among other things, our network has the capability of operating in all the counties and is not constrained to the geography of the Bureau.

The areas where we could provide virtually immediate efficiencies are:

1. Microfilming/imaging all recorded documents.
2. Data entry of the grantor/grantee index (daily entries).
3. Certification of Land Court Certificates of Title.

We maintain a CD-ROM based imaging system with fast computer based access to documents dating to 1986.

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Ms. Laura Matsuda-Colbert  
Page 2  
January 16, 1998

Documents created before that date are also accessible, with but a moderate delay. Our imaging system is both fast and functional.

The Land Court system, as you know, has its own unique operations and challenges. While some of its issues, especially those of liability under the Transfer Certificates of Title, would have to be satisfactorily resolved, the operations can be greatly streamlined and enhanced. Our computerized Land Court title plant can significantly improve the efficiency and timeliness of services.

While we have the capability of handling all of the functions of the Bureau, including the Land Court, the foregoing identified areas could be implemented within a 30-60 day time frame. We are certain there are other areas that also could be identified after a fuller discussion and dialogue with you as to the types of services or operations that you might have in mind.

We stand ready, willing and able to assist you and your people in achieving your desired goals.

Very truly yours,

  
Michael A. Pietsch  
President

400203

October 23, 1997

Mason Young  
Bureau of Conveyances  
1151 Punchbowl  
Honolulu Hawaii 96813

Dear Mr. Young:

As result of several discussions with yourself and Carl Watanabe from the Bureau of Conveyances and technical and computer imaging software engineers from Title Guaranty of Hawaii ("Title Guaranty"), Title Guaranty would like to present a proposal which has the potential to benefit the Bureau, the general public, and Title Guaranty as well.

What we  
can offer  
the  
Bureau

Title Guaranty maintains a CDROM-based imaging system with fast, computer-based access to documents dating back to 1986. Documents created before this date are also accessible, with a moderate delay. The imaging system is fast and functional; Title Guaranty has identified it as a significant competitive advantage, one which will become increasingly important as we move into the age of rapid, automated information exchange.

In addition, Title Guaranty can provide access to an on line data base of the Grantor/Grantee Index for a six month period to current.

Title Guaranty will provide the Bureau with one or two computer terminals, a fast network connection, and three months of "trial" access to this highly useful system, in return for the Bureau's consideration of the following proposal:

*Currently, Title Guaranty receives information from the Bureau in two formats: magnetic tape, and microfilm rolls of images. The microfilm is necessarily delayed a few days, due to the time required to produce the film. This delay could be eliminated if the images could be transmitted electronically to Title Guaranty.*

What  
we  
request  
of the  
Bureau

*The Bureau is considering the acquisition of a piece of equipment which would allow the production of both microfilm and digital images. Title Guaranty would like the non-exclusive privilege of connecting, via computer network, to the output of this machine. Title Guaranty would take care of setting up the network.*

*In consideration of the digital images, Title Guaranty would be able to create the Daily Entry (Grantor/Grantee Index) as the images are received and provide the data electronically or on magnetic tape upon completion to the Bureau.*

400204

Mason Young  
Bureau of Conveyances  
October 23, 1997  
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This proposal is an exploratory one, with the details, cost and fees to be worked out in future meetings. Title Guaranty would like to see if, on the conceptual level, this type of arrangement would be of interest.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Pietsch". The signature is stylized and cursive, with a large, sweeping flourish at the end.

Michael A. Pietsch  
President

400205