



IOWA TITLE GUARANTY

BOARD MEETING MINUTES

**Iowa Title Guaranty
Des Moines, Iowa
June 4, 2019**

Board Members Present

Chuck Winkleblack, Chair	Judy Hilgenberg
Jason Froehlich (Telephone)	Daniel Seufferlein (Telephone)

Board Members Absent

None.

Staff Members Present

Debi Durham, Executive Director, Iowa Finance Authority	Rosy Eichelberger, Residential Underwriting Attorney
Matthew Rousseau, Interim Director, Iowa Title Guaranty	Kim Praska, Commercial Services Specialist
Heidi Koll, Participant Program Administrator	Steven Crouse, Production & MR Specialist
Randy Ambrozic, Controller	Rachel Pettit, Audit Specialist
Deb Franklin, Business Relationship Manager	Ashley Jared, Communications Director, Iowa Finance Authority
Kevin Blackman, Residential Underwriting Attorney	Elizabeth Krugler, Asst. Communications Director, Iowa Finance Authority
Matt Veldey, Commercial Underwriting Attorney	

Others Present

Randee Slings, Iowa Title Company	Zach Ruroden, President, ILTA (Telephone)
Sandy Guy, The Title Resource Network	Jan Gemar, Executive Director, ILTA (Telephone)
Deb Partee, Midland Title	

Call to Order

Chair Winkleblack called to order the June 4, 2019 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: Chairman Chuck Winkleblack, Jason Froehlich (telephone), Judy Hilgenberg and Daniel Seufferlein (telephone).

Action Items

Pat Schneider, Former Chairwoman, ITG Board, Recognition of Service

Interim Director Rousseau presented Ms. Schneider with a gift and thanked her for her twelve years of service as a Member of the Iowa Title Guaranty Board of Directors.

Review and Approval of March 5, 2019 Board Meeting Minutes

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Seufferlein, the Board unanimously accepted the March 5, 2019 Board Meeting Minutes.

New Business

ITG 19-03 – ITG Transfer of Funds

Mr. Ambrozic presented the proposed transfer of ITG funds outlined in Resolution ITG 19-03. The proposed transfer would be in the amount of \$600,000 to Iowa Finance Authority's (IFA) housing assistance fund. Mr. Ambrozic requested board action on ITG 19-03.

MOTION: On a motion by Mr. Froehlich, and a second by Ms. Hilgenberg, the Board unanimously approved Resolution ITG 19-03.

Discussion and Informational Items

Financial Report

Mr. Ambrozic Summarized the Activity & Volume Report ending April 30, 2019, reporting that Purchase Certificates were down 1.7% compared to April 30, 2018. Refinances were also down about 32% from April 30, 2018. Owner Certificates increased compared to budget and to April 2018 activity. Commercial Premium Fees were down approximately \$311,000.00 compared to April 2018.

Mr. Ambrozic reviewed the ten months ended April 30, 2019 and reported total operating revenue as approximately \$5,866,800. Revenue was unfavorable by \$194,200.00 or 3.2%, during the ten months ended April 30, 2019 compared to revenue budgeted for the period. Total revenue was unfavorable by \$880,600.00, or 13.1%, compared to revenues from the ten months ended April 30, 2018.

Total Operating Expense was approximately \$4,498,400.00 for the ten months ended April 30, 2019, a decrease of \$472,000.00 compared to the budget and a decrease of \$729,800.00 compared to last year. The decrease compared to budget was due largely to lower employee expenses.

Net Operating Income for the ten months ended April 30, 2019 was approximately \$1,368,300.00 and favorable by \$277,700.00 compared to net operating income budgeted for the ten months. Net Operating Income for the ten months ended April 30, 2019 was unfavorable by \$150,900.00 compared to the net operating income from the ten months ended April 30, 2018.

Field Issuer Incentives for the ten months ended April 30, 2019 increased by approximately \$3,100.00 compared to budget and decreased \$299,200.00 compared to prior year. Field Issuers Incentives vary in direct proportion with changes in Residential Premium Fees. Field Issuers Incentives were 45.7% of Residential Premiums during the ten months ended April 30, 2019 compared to 45.6% budgeted. Field Issuer Incentives were 46.1% of Residential Premiums during the ten months ended April 30, 2018.

Total claims expense was \$197,800.00 for the ten months ended April 30, 2019, an increase of \$62,200.00 compared to budgeted expense and a decrease of \$46,500.00 compared to expense during the ten months ended April 30, 2018. Total claim loss reserves are approximately \$919,200.00 at April 30, 2019, an increase of \$336,600.00 compared to reserves at April 30, 2018.

Since its inception, ITG has contributed over \$58.9 million to Iowa's Housing Programs. During the ten months ended April 30, 2019, Iowa Title Guaranty transferred \$250,000 to Iowa's Housing Assistance Program. Iowa Title Guaranty also earned interest of \$130,193.00 on its funds held with the State Treasurer and the earnings were deposited into the Iowa Housing Program accounts as required by statute.

FY 2020 Budget Report

Net income for FY 2020 is budgeted to be \$1,066,002.00 which is \$167,528.00 or 13.6% less than net income forecasted for FY 2019.

Revenues - FY 2019 Residential revenues are budgeted to increase \$642,622.00 or 10.2% compared to revenues projected for FY 2019.

Total Operating Expenses – Total operating expenses are budgeted to increase \$869,331.00 compared forecasted FY2019.

- Employee Expenses are budgeted to increase \$331,427.00 or 16.6% compared to FY 2019, due to vacant positions that are budgeted to be filled during FY 2020; scheduled Step Increases of 3% and a 2.1% across-the-board increase effective 7/1/2019.
- Field issuer incentives are budgeted to increase \$410,640.00, or 14.7%, due to a supplemental \$15.00 incentive on each owner's certificate.

Business Relationship Update

Ms. Franklin explained the overall effects of refinancing on home purchases and mortgage lending as a follow-up to Mr. Ambrozic's update on the ITG Budget and revenues.

During the month of April, Ms. Franklin:

- Represented Iowa Title Guaranty at the Iowa Mortgage Association Spring Conference April 2nd -3rd in Bettendorf, Iowa.
- Conducted a CAP training session for the Nebraska Title Company team with ITG Training Specialist, Carrie Nutt.
- Met with the Iowa Credit Union League team along with Matt Rousseau, ITG Interim Director, Rhonda Kimble, Single Family Director, and Carolann Jensen, Chief Administration Officer.

- Met with Iowa Title Guaranty participants in Ames, Newton, Waterloo, Cedar Falls, Ankeny, Johnston and Urbandale. Meetings focused on ITG's new pricing, abstracting and title requirements, and future ITG technology.

Ms. Franklin provided the dates and locations for the ITG Workshops and the ITG Annual Conference.

Commercial Update

Mr. Veldey reported that Commercial closings have been steady with 16 since the March 5, 2019 Board Meeting, which is average for the time of year.

Mr. Veldey reported that the number of commitments issued over last year appear to be fewer and that staffing issues have prevented the Commercial Department from following-up on final certificates issued, both of which have had a negative impact on Commercial revenue.

Mr. Veldey will be participating, along with other ITG Staff, in a panel discussion on Easements at the Iowa State Bar Association Annual Meeting.

Mr. Veldey mentioned that the Commercial Department will be focusing on marketing and business development efforts by meeting with attorneys and lenders to discuss the value-add and services that ITG Commercial can bring to commercial transactions. ITG Commercial staff will attend the ICREA Community Expo in the fall in order to promote Commercial services.

Mortgage Release Update

Mr. Blackman reported that through April 2019, 309 mortgage release requests had been received. He stated that 229 of the requests were in conjunction with the Rapid Certificate program (74%), 80 requests included the \$200 fee (26%) and 217 releases had been filed. Mr. Blackman reported that since inception, 6,304 mortgages have been released through this program.

Claims Update

Mr. Blackman reviewed the current claims report with the Board, stating that FY19 year to date ITG had paid out \$220,883.23 in claims. He gave a detailed report regarding the trends in claims and the types of claims received.

Interim Director Update

Mr. Rousseau reported that ITG's budget includes 17 FTE's and that the Department is currently operating with 14. There is one vacancy in Commercial which they expect to fill by the next Board Meeting and Mr. Rousseau will continue to serve as Interim Director until IFA Director, Debi Durham decides to proceed in filling the position. Mr. Rousseau then introduced new ITG staff members: Kim Praska, Rosy Eichelberger, Steven Crouse and Rachel Pettit.

Mr. Rousseau informed the Board that the new Streamlined Pricing changes will go into effect July 1, 2019. IT programmers are working on final changes to our system and then ITG Staff will begin testing prior to the pricing changes. The Underwriting Manual will be rolled out to our Participants on July 1, 2019 as well.

Mr. Rousseau provided additional details regarding the Easement Panel Discussion at the Iowa State Bar Association Annual Meeting. Mr. Rousseau, Mr. Veldey and Ms. Guerrero will represent ITG

in the panel discussion.

Mr. Rousseau concluded his update with information about the new title production system which the ITG Staff will investigate in June 2019.

Public Comment

There was no comment from the public.

Adjournment

MOTION: On a motion by Ms. Hilgenberg and a second by Mr. Seufferlein, the June 4, 2019, meeting of the ITG Board of Directors adjourned at 11:52a.m.

Dated this 6th day of August, 2019

Respectfully submitted:

Approved as to form:



Lindsey Guerrero
Deputy Director, Iowa Title Guaranty



Charles Winkleblack
Board Chair, Iowa Title Guaranty

