

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of Authority
Consultant/Vendor Committee Meeting
March 5, 2019

The State of Connecticut Higher Education Supplemental Loan Authority (CHESLA) Consultant/Vendor Committee met at 11:00 a.m. on Tuesday, March 5, 2019.

The meeting was called to order at 11:00 a.m. by Mr. Steven Kitowicz, Chair of the Consultant/Vendor Committee.

Those present were as follows:

Present: Steven Kitowicz (Designee. for OPM Secretary Melissa McCaw),
Committee Chair
Peter Lisi, Board Chair
Julie Savino

Also Present: Denise E. Aguilera, General Counsel, CHEFA
Kevin Barry, Accountant, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Senior Accountant, CHEFA
JoAnne Mackewicz, Controller, CHEFA
Cynthia Peoples, Managing Director, CHEFA
Kelli Petrone, Administrative Assistant, CHEFA
Debra M. Pinney, Manager of Administrative Services, CHEFA
Natalia Rozio, Administrative Intern, CHESLA
Shannon Reynolds, Portfolio Assistant, CHESLA
Jeanette Weldon, Executive Director, CHESLA

MINUTES

Mr. Kitowicz requested a motion to approve the minutes from the November 6, 2018 Special Consultant/Vendor Committee meeting. Ms. Savino moved to approve the minutes and Mr. Lisi seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Steven Kitowicz	None	None
Peter Lisi		
Julie Savino		

REVIEW OF REQUEST FOR PROPOSAL (RFP) SUMMARY AND STAFF RECOMMENDATIONS FOR LOAN ORIGATION & SERVICING

Mr. Hurlock reported that the RFP for Loan Origination and Servicing was issued on January 11, 2019 and was posted on the DAS portal, the CHESLA website, and mailed directly to 15 companies. He stated that there were eight respondents to the RFP. Those eight were then reduced to four using criteria consistent with prior RFPs such as experience, expertise and compliance with regulatory matters, customer service and staff training. The firms selected to be interviewed were Campus Door, Firstmark Services, Kentucky Higher Education Student Loan Corporation and University Accounting Service (UAS). The interviews were conducted during the week of February 18th.

Staff recommends Campus Door as the Loan Originator and University Accounting Services as the servicer for the CHESLA in-school loan program. Campus Door and UAS currently service CHESLA's refinance program with a good performance record. Mr. Hurlock stated that both organizations offered upgraded platforms and a willingness to update the CHESLA refinance program to the upgraded platforms at little or no cost. Mr. Hurlock explained that the decline with Firstmark services has not changed since CHESLA's November Board meeting and CHESLA is receiving the same complaints from borrowers and student aid administrators. Mr. Hurlock reviewed the fee comparisons detailed on the analysis and mentioned that Ms. Rozio prepared an analysis of two of CHESLA's peak months. Campus Door and UAS would come out with an increase per month ranging between \$5,000 and \$13,000. Ms. Weldon added that these costs will be built into the cash flow assumptions for upcoming bond transactions.

Mr. Lisi asked who was on the internal review committee that considered all the proposals submitted. Mr. Hurlock stated that the Committee consisted of Ms. Weldon, Ms. Aguilera, Ms. Reynolds, Ms. Rozio and himself.

Mr. Lisi asked about the transitional period between the two vendors and if there was a chance of overlap. Mr. Hurlock stated that Firstmark's contract runs through the end of October 2019. He anticipates having Campus Door start originating the loans for CHESLA's in-school program at the beginning of May. UAS would need to be ready to service the new loans shortly thereafter. Mr. Hurlock stated that UAS will work with Firstmark to transition the existing portfolio. Mr. Hurlock stated that he intends to have a conversation this week with Firstmark. He has concerns that Firstmark's performance may decline further.

Ms. Savino asked when CHESLA would start originating new loans with Campus Door for the in-house loan program, her concern being that families may be applying for loans for the new academic year already. Ms. Weldon stated that the Firstmark contract has a six-month resignation clause. The timing fits in switching providers at this time. A discussion ensued.

Mr. Hurlock also provided a brief explanation of the fees listed on the handout. Mr. Kitowicz asked if staff anticipates any glitches with the conversion from Firstmark to Campus Door/UAS. Ms. Weldon stated that both companies assured the internal review committee that additional staff would be available to focus on the transition.

Ms. Savino asked what experience Campus Door had with institutional customers and if they have clients similar to CHEFA. Ms. Weldon stated that the approval of Campus Door would be contingent upon the reference check. Mr. Kitowicz asked if a summary could be sent via email to the Consultant/Vendor Committee after a reference check was completed. Mr. Hurlock stated that he would comply with Mr. Kitowicz's request.

A discussion ensued.

Ms. Aguilera informed the Committee that part of the recommendation for the new originator and loan servicer program was to authorize Ms. Weldon to determine the length of the contract whether it is between two or three years and the rationale for that is that if CHESLA ever wants to terminate the contract it should occur during a non-peak period. She stated that Ms. Weldon would then have authorization to renew the contract on a yearly basis.

Mr. Kitowicz moved to appoint for Campus Door as the loan originator and UAS as the loan servicer pending the reference calls made and communication made to Committee members. Ms. Savino seconded his motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Steven Kitowicz	None	None
Peter Lisi		
Julie Savino		

ADJOURNMENT

Mr. Kitowicz requested a motion to adjourn the meeting. Mr. Lisi moved to adjourn. Ms. Savino seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Steven Kitowicz	None	None
Peter Lisi		
Julie Savino		

The meeting adjourned at 11:38 a.m.

Respectfully submitted,

Jeanette W. Weldon
Executive Director