



# STATE OF CONNECTICUT

BOARD OF TRUSTEES

FOR THE STATE COLLEGES

P. O. Box 2008

NEW BRITAIN, CONNECTICUT 06050

TEL. NEW BRITAIN: 203-229-1607

TEL. HARTFORD: 203-566-7373

## RESOLUTION

Concerning

RENEWAL OF A CONTRACT TO PROVIDE BILLING SERVICES

for the

CENTER FOR THE COLLECTION OF STUDENT LOANS

April 3, 1981

WHEREAS, The contract with the American National Educational Corporation for providing billing and accounting services applicable to National Defense/Direct Student Loans and Nursing Student Loans, for which the Center for the Collection of Student Loans is responsible, expired as of March 31, 1981, and

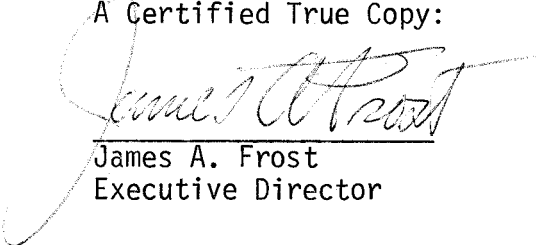
WHEREAS, The American National Educational Corporation has made a proposal for a new contract for the period from April 1, 1981 through March 31, 1984 incorporating rate increases averaging twenty-five percent more for the various billing categories, about eight percent per year for the three-year period of the initial contract, and

WHEREAS, Preliminary investigation into alternative methods of providing the necessary services has not progressed far enough to draw any conclusions except that any alternates to the present program or modifications to same probably would take several years to put into operation, be it

RESOLVED, That a contract negotiated with the American National Educational Corporation for the period from April 1, 1981 through March 31, 1984, a copy of which shall be an addendum to this resolution, subject to review and approval by the Secretary of the Office of Policy and Management and the Attorney General, is approved by the Board of Trustees for State Colleges, and be it

RESOLVED, That the Executive Director of the Connecticut State Colleges is authorized to sign said contract in behalf of the Board of Trustees.

A Certified True Copy:

  
James A. Frost  
Executive Director

**PERSONAL SERVICE AGREEMENT**

STATE OF CONNECTICUT

CO-802A REV. 7/78  
(Stock No. 6938-170-01)

Prepare in quintuplicate.

The named parties hereby enter into agreement subject to the terms and conditions stated herein and subject to the availability of appropriated funds.

Original  Amendment

XX

<b>CONTRACTOR</b>	NAME AND ADDRESS OF CONTRACTOR (Enter Social Security No., if applicable)			
<b>STATE AGENCY</b>	American National Educational Corporation, 33 N. LaSalle St., Chicago, Ill. 60690		AGENCY NO.	IDENTIFICATION NO.
<b>CONTRACT PERIOD</b>	FROM (Date)	THROUGH (Date)	INDICATE	
	April 1, 1981	March 31, 1984	<input type="checkbox"/> Master Agreement	<input type="checkbox"/> Contract Award
<b>CANCELLATION CLAUSE</b>	This contract shall remain in full force and effect until cancelled by either party giving the other party written notice of such intention (Required days notice specified at right)			Required No. of days written notice: 6 Months

CONTRACTOR AGREES TO:

The American National Educational Corporation is prepared to perform a computerized billing and accounting service in connection with the National Defense/Direct Student Loan Program and Nursing Loan Program.

(See attached for details)

**COST AND SCHEDULE OF PAYMENTS**

PAYMENT TO BE MADE UNDER THE FOLLOWING SCHEDULE UPON RECEIPT OF PROPERLY EXECUTED AND APPROVED INVOICES:

(See attached agreement for fee schedule).

STATE USE ONLY	STATUTORY AUTHORITY	ACCTG. CLASS TO WHICH CHARGED	YEAR	FUND	AGENCY	SP. ID.	FUNC.	ACTIVITY	CHAR. & OBJ.	
									Major	Minor
	10-109b		80-81 81-82 82-83 83-84	0	7801	002	5	4	2	27

**EXECUTIVE ORDERS**

This contract is subject to the provisions of Executive Order No. 3 of Governor Thomas J. Meskill promulgated June 16, 1971 and, as such this contract may be cancelled, terminated or suspended by the State Labor Commissioner for violation of or noncompliance with said Executive Order No. 3, or any state or federal law concerning nondiscrimination, notwithstanding that the Labor Commissioner is not a party to this contract. The parties to this contract, as part of the consideration hereof, agree that said Executive Order No. 3 is incorporated herein by reference and made a part hereof. The parties agree to abide by said Executive Order and agree that the State Labor Commissioner shall have continuing jurisdiction in respect to contract performance in regard to nondiscrimination, until the contract is completed or terminated prior to completion. The contractor, agrees, as part consideration hereof, that this contract is subject to the Guidelines and Rules issued by the State Labor Commissioner to implement Executive Order No. 3, and that he will not discriminate in his employment practices or policies, will file all reports as required, and will fully cooperate with the State of Connecticut and the State Labor Commissioner. This contract is also subject to provisions of Executive Order No. 17 of Governor Thomas J. Meskill promulgated February 15, 1973, and, as such, this contract may be cancelled, terminated or suspended by the contracting agency or the State Labor Commissioner for violation of or noncompliance with said Executive Order No. 17, notwithstanding that the Labor Commissioner may not be a party to this contract. The parties to this contract, as part of the consideration hereof, agree that Executive Order No. 17 is incorporated herein by reference and made a part hereof. The parties agree to abide by said Executive Order and agree that the contracting agency and the State Labor Commissioner shall have joint and several continuing jurisdiction in respect to contract performance regard to listing all employment openings with the Connecticut State Employment Service.

**NON-DISCRIMINATION CLAUSE**

The contractor agrees and warrants that in the performance of this contract he will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, sex, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved in any manner prohibited by the laws of the United States or of the State of Connecticut, and further agrees to provide the Commission on Human Rights and Opportunities with such information requested by the Commission concerning the employment practices and procedures of the contractor as relate to the provisions of Sec. 4-114a of the Connecticut General Statutes, as amended.

**INSURANCE**

The contractor agrees that while performing duties specified in this contract that he shall carry sufficient insurance (liability and/or other) according to the nature of the work to be performed to "save harmless" the State of Connecticut from any insurable cause what-so-ever. Certificates of same are to be filed with the agency prior to the performance of services if requested.

**STATE LIABILITY**

The State of Connecticut assumes no liability for payment under the terms of this agreement until said contractor is notified that said agreement has been approved by the office of Policy and Management (OPM) or Department of Administrative Services (DAS) and by the Attorney General of the State of Connecticut.

<b>ACCEPTED</b>	CONTRACTOR (Typed or authorized)	TITLE	DATE		
	<i>James A. Frost</i>	President	3/19/81		
<b>APPROVALS</b>	AGENCY (Authorized official)	TITLE	DATE		
	<i>James A. Frost</i>	James A. Frost Executive Director	4/6/81		
<b>APPROVALS</b>	SIGNED (Office of Policy & Mgmt. Dept. Adm. Services)	TITLE	DATE		
	<i>J. William Frost</i>	DEP. SECRETARY	APR 10 1981		
<b>APPROVALS</b>	ATTORNEY GENERAL (Typed or authorized)	TITLE	DATE		
	<i>[Signature]</i>		MAY 9 1981		
<b>DISTRIBUTION</b>	ORIGINAL: Contractor	PART 2: Agency	PART 3: OPM/DAS	PART 4: Atty. Gen'l	PART 5: Comptroller

# American National Educational Corporation

AND

THE BOARD OF TRUSTEES FOR THE CONNECTICUT  
STATE COLLEGES

## STUDENT LOAN SERVICE AGREEMENT

MODIFIED

A WHOLLY-OWNED SUBSIDIARY OF



**American National Bank**  
and Trust Company of Chicago

# THE American National Educational Corporation

33 NORTH LA SALLE STREET, CHICAGO 60690, PHONE: 312/661-5700

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## STUDENT LOAN SERVICING AGREEMENT

This is an Agreement between the American National Educational Corporation, (A.N.E.C.) and THE BOARD OF TRUSTEES FOR THE CONNECTICUT STATE COLLEGES

### INTRODUCTION

The American National Educational Corporation is prepared to perform a computerized billing and accounting service (the Service) in connection with the National Defense/National Direct Student Loan Program, the Health Profession and Nursing Loan Programs, and certain privately sponsored student loan programs (such Loan Programs herein collectively called the "Program").

American National Educational Corporation and the Customer desire to enter into an agreement whereby A.N.E.C. will furnish the Service to the Customer.

The purpose of this Agreement is to set forth the terms and conditions under which American National Educational Corporation will perform the Service for the Customer, as well as to outline the responsibilities of the Client.

## SECTION I

### DUTIES OF AMERICAN NATIONAL EDUCATIONAL CORPORATION

#### A.N.E.C. AGREES TO:

1. Accept from Customer all of Customer's loan accounts (The Accounts) for the Service.
2. At the time of the Account conversion (defined as the transferring of the Account information to A.N.E.C. and entry into the A.N.E.C. computer system by A.N.E.C.), send each borrower in repayment status a statement of his account and notice of the Service.
3. Prepare and mail payment notices to each borrower at monthly, bi-monthly, quarterly, semi-annual, or annual intervals as instructed by the Customer.
4. Prepare and mail delinquency notices in compliance with the due diligence requirements of the U.S. Office of Education.
5. Post and report to Customer all payments from borrowers. All borrowers' remittances shall be deposited to a demand deposit account in the American National Bank and Trust Company of Chicago in the name of, or as designated by, the Customer. A.N.E.C. shall provide Customer with a regular monthly bank statement and reconciliation of same.
6. Process borrower change of address notices as received.
7. A.N.E.C. will provide the following reports to the client:
  - a. Provide weekly, monthly, semi-annual and annual reports for the Customer consistent with the Program.
  - b. Submit a fiscal year report based on data generated by Service to assist the Customer in preparing information required by the Federal Government concerning the Program.

7. c. Listing of A.N.E.C.'S Modified Reports:

- Report 4700 . . . . . In-School Loan Ledger
- Report 4701 . . . . . Active Student Loan Ledger
- Report 4702 . . . . . Transaction Journal
- Report 4708 . . . . . File Maintenance Report
- Report 4710 . . . . . Address Change Report
- Report 4712 . . . . . Posting Exception Report
- Report 4716 . . . . . Prospective Separation Report
- Report 4718 . . . . . Small/Credit Balance and Paid Loans Report
- Report 4722 . . . . . College Alpha Report/Numerical Loan List
- Report 4726 . . . . . Repayment Schedule
- Report 4745 . . . . . Remedial Action Report
- Report 4749 . . . . . Delinquency Status Report
- Report 4750 . . . . . Recommend for Collection Report
- Report 4751 . . . . . Address Unknown Report
- Report 4753 . . . . . College Collection Agency Report
- Report 4754 . . . . . Uncollectible Loans Report
- Report 4760 . . . . . Write-Off Report
- Report 4790 . . . . . Fiscal Operations Summary

8. Maintain the Service in a manner acceptable to the United States Office of Education, continue to review changes in the Program as related to the Service, and endeavor to adapt the Service to such changes as may be necessary.

## SECTION II

### DUTIES OF CUSTOMER

#### CUSTOMER AGREES TO:

1. Transfer each Account to A.N.E.C. and be responsible for the accuracy of the information submitted to A.N.E.C.
2. Use forms provided by A.N.E.C. to advise A.N.E.C. of each loan awarded and borrower enrolled under the Program at the time of such award and enrollment, and keep A.N.E.C. advised on a timely basis of the progress of such loan and borrower.
3. Take all actions required by government regulation to insure that each student upon ceasing to be at least a half-time student, is informed as to the amount of his loan and the repayment agreement.
4. Conduct an exit interview and inform borrower of student loan obligation.
5. Verify all borrower deferments, postponements and cancellations under the Program and advise A.N.E.C. promptly of each such activity. The A.N.E.C. system will perform the actual dollar calculations resulting from such activity and make application to borrower accounts.
6. Respond to all borrower inquiries and advise A.N.E.C. promptly of each such inquiry and response thereto.
7. Advise A.N.E.C. within 10 days of each borrower change of name and/or address.
8. Examine all reports submitted by A.N.E.C. upon receipt and promptly notify A.N.E.C. of any errors.

SECTION III GENERAL PROVISIONS

SCHEDULE OF FEES

Fees for the Service will be billed and payable monthly and will be computed as follows:

- A. Conversion/Initial Transfer of Accounts to A.N.E.C. System:  
(As quoted in Proposal)
- B. Subsequent Fees:

<u>Loans Installment Frequency</u>	<u>Monthly Service Fee</u>
Monthly. . . . .	\$.53
Bi-Monthly . . . . .	\$.49
Quarterly . . . . .	\$.47
Quad-Monthly . . . . .	\$.46
Semi-Annual. . . . .	\$.44
Annual. . . . .	\$.42

Note: The minimum monthly service fee is \$100.00

Those accounts which have been billed on other than a monthly basis and for which the Customer has authorized monthly alternate payment arrangements (partial payments) shall be billed to the Customer by A.N.E.C., for as long as they remain in the partial payment status, at the same service fee rate as accounts normally billed in a monthly frequency.

- C. Deconversion Provisions:

Upon termination of this agreement, whether by expiration or cancellation, A.N.E.C. shall provide to the Customer for actual cost of the media, plus a processing fee of \$1,000, the following:

- a. A tape containing current information and status of each account currently on file with A.N.E.C. for processing.
- b. Tapes on which are recorded all transactions processed by A.N.E.C. since April 1, 1978.
- c. A full description of layout and coding of all information recorded on the tapes.



This Agreement will continue for a period of three (3) years commencing on April 1, 1981. Either party may, upon six (6) months' written notice, terminate this Agreement.

Any notice required under this Agreement shall be in writing and transmitted by registered or certified mail, return receipt requested, postage prepaid, addressed as follows: if to A.N.E.C., at 33 North La Salle Street, Chicago, Illinois 60690; or if to Customer, at P.O. Box 2008, New Britain, Connecticut 06050. Each party may specify a different address by sending to the other written notice of such different address.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successor and assigns.

AMERICAN NATIONAL  
EDUCATIONAL CORPORATION

By: James Phanton  
Title: President  
Date: 3/19/81

The Board of Trustees for the  
Connecticut State Colleges

(CUSTOMER)  
By: James A. Frost  
Title: Executive Director  
Date: 4/6/81



3/30/81

Dr. Frost:

Re: Costs of A.N.E.C. contract.

Following are the costs, by college, of the three years of the first contract with A.N.E.C. The first year was partial because of delays in conversion with the initial billing for October 1978.

	<u>Total</u>	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>
	\$	\$	\$	\$	\$
4/1/78 - 3/31/79	13,620.25	4,101.39	2,459.02	5,027.50	2,032.34
4/1/79 - 3/31/80	28,279.19	9,596.-	5,170.84	9,229.70	4,282.65
4/1/80 - 3/31/81	<u>35,854.61</u>	<u>13,073.29</u>	<u>5,713.31</u>	<u>11,864.83</u>	<u>5,203.18</u>
<u>Total</u>	<u>77,754.05</u>	<u>26,770.68</u>	<u>13,343.17</u>	<u>26,122.03</u>	<u>11,518.17</u>

The costs increase each year as the numbers of accounts increases. I don't know how many new accounts there'll be or in what amounts over the next three years. The rate increase is slightly over 25%. Based on the \$ 1980-81 figures, the annual costs and three-year costs would be as follows:

over 8,200 students

	<u>Total</u>	<u>Central</u>	<u>Eastern</u>	<u>Southern</u>	<u>Western</u>
	\$	\$	\$	\$	\$
Annual					
4/1/81 - 3/31/82	44,818.26	16,341.61	7,141.64	14,831.04	6,503.98
Three-year					
4/1/81 - 3/31/84	134,454.79	49,024.84	21,424.91	44,493.11	19,511.93

Attached is a copy of a proposal for a resolution giving approval of

the contract and authorization for you to sign it. Hope it's about what you want.

It's my understanding that the Community Colleges' Board has agreed to a three-year renewal at the same rates as in our proposed contract but without the <sup>other</sup> changes which we've put into our's. Uconn's contract has been renewed annually ~~for~~ <sup>for</sup> a January 1 - December 31 period. Their current billing rates range about 10% lower than the new State College and Community College rates.

Arnold

P.S.: I'm returning my earlier memo with its additional information.

3/30/81

Mr. Frost:

Re: A.N.E.C. contract

Herewith are two copies of a contract agreed to by A.N.E.C. together with five copies of the State's Personal Service Agreement form, all for signature.

The contract contains three significant changes, as follows:

1. Rates for servicing of accounts have increased by 25% over the expiring three-year contract, which might be looked upon as an average annual increase of about 8%.
2. A provision has been added on page 5, Sec. IV B., covering the application of the monthly billing rate to those accounts for which the ~~month~~ original payment schedule cannot be maintained, thereby requiring monthly billing. The higher rate seems to be justified but there was no provision in the old contract authorizing A.N.E.C. to bill at this rate.
3. Section III C has been added to spell out deconversion (termination) provisions should the contract be terminated. The contract cost, probably under \$1,500 compares with A.N.E.C.'s original quotation which would have approximated \$6,000. Jim Malone called a lack of such provisions to our attention. He approves of the provisions as set forth in the contract.

Toni has seen the revised contract but I'm not sure if she had

an opportunity to review it fully before leaving on vacation. However, inasmuch as processing through O.P.M. and the Attorney General's Office probably won't be completed before her return, I feel that we should forward these papers immediately (the effective date of the contract is 4/1/81), still giving her the opportunity to review prior to transmittal of a copy to A.N.E.C. As she is aware of the contemplated changes, I feel quite sure that she'll find the contract acceptable as it stands.

Arnold



**THE  
CONNECTICUT  
STATE  
COLLEGES**

FOUNDED 1849

Office of the  
Executive Director

P.O. BOX 2008 NEW BRITAIN, CONNECTICUT 06050

Telephone : (203) 827-7700

June 29, 1981

American National Educational Corporation  
33 North LaSalle Street  
Chicago, Illinois 60690

Attention: Mr. Russ Mulnix

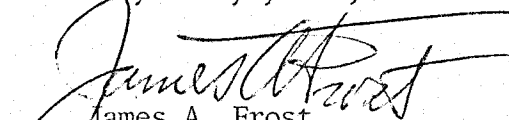
Dear Mr. Mulnix:

The accounting firm of Peat, Marwick, Mitchell & Co. (PMM&Co.), One Financial Plaza, Hartford, Connecticut 06103 has been retained to examine the financial statements of The State Colleges of Connecticut federally supported student financial aid programs as of June 30, 1981.

In connection with these examinations, please consider this letter as authorization to release to PMM&Co. magnetic tapes containing the detail records of our National Direct Student Loan program as of June 30, 1981, for the following Connecticut State Colleges:

- . Southern
- . Western

Very truly yours,

  
James A. Frost  
Executive Director

JAF/j

cc: Mr. G. E. Murray, PMM&Co.