

## Core Team Minutes Review for Negotiation References

#	Meeting Date	High Level Negotiation References
1	1/6/2003	<ul style="list-style-type: none"> <li>- Length of conversion</li> <li>- Possibility of parallel run for Consolidation and Servicing</li> <li>- Negotiation of subcontractors w/prime contractor</li> </ul>
2	1/10/2003	<ul style="list-style-type: none"> <li>- Completing the solution (i.e., solution proposed only gets 80% of the way there)</li> <li>- Vendor capabilities</li> <li>- Including Place of Employment (POE), cell phone numbers and email addresses within the new system</li> <li>- Application Maintenance (i.e. COD contract)</li> <li>- Status of share-in-savings for current deliverables (i.e. deliverable 7a and 7b) when CSB is negotiated.</li> <li>- Existing contractual dependencies</li> </ul>
3	1/14/2003	<ul style="list-style-type: none"> <li>- New solution must maintain/enhance eServicing capabilities</li> <li>- Follow Joint Financial Management Information Program standards whenever possible</li> <li>- Adherence to Performance Based Contracting and pre-defined performance standards</li> </ul>
4	1/16/2003	<ul style="list-style-type: none"> <li>- Use of existing DL and/or Consolidations Web Sites</li> <li>- Industry acceptable response times (system)</li> <li>- Industry accepted business performance standards</li> <li>- DLSS can be licensed</li> <li>- CMDM can be utilized</li> </ul>
5	1/17/2003	<ul style="list-style-type: none"> <li>- No guarantee of volumes</li> </ul>
6	1/21/2003	<ul style="list-style-type: none"> <li>- Relationship with Students Portal</li> <li>- Hosting at the VDC</li> <li>- Performance Management industry standards</li> </ul>
7	1/24/2003	<ul style="list-style-type: none"> <li>- Adhere to Routing ID and Common Student Identifier requirements</li> </ul>
8	1/28/2003	<ul style="list-style-type: none"> <li>- Outsourcing of borrowers who are 90 days or more delinquent</li> <li>- Alternatives to the status quo</li> <li>- Ownership of system</li> </ul>
9	1/31/2003	<ul style="list-style-type: none"> <li>- Selling loans outright or securitizing them and maintaining them for servicing</li> </ul>
10	2/4/2003	<ul style="list-style-type: none"> <li>- Acquisition, Technical, Transition, and Other questions important to negotiations</li> </ul>
11	2/7/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
12	2/11/2003	<ul style="list-style-type: none"> <li>- Questions raised for the negotiation phase</li> </ul>
13	2/14/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
14	2/25/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
15	2/26/2003	<ul style="list-style-type: none"> <li>- Business standards performance</li> </ul>
16	2/28/2003	<ul style="list-style-type: none"> <li>- Performance level discussion</li> </ul>
17	3/11/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
18	3/13/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
19	3/18/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
20	3/21/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
21	3/25/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
22	3/26/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
23	4/1/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
24	4/4/2003	<ul style="list-style-type: none"> <li>- Covering development costs</li> </ul>
25	4/8/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>
26	4/11/2003	<ul style="list-style-type: none"> <li>- No Outstanding Negotiation References</li> </ul>

27	4/15/2003	- No Outstanding Negotiation References
28	4/17/2003	- Maintenance vs. enhancements handling and pricing - Liquidated damages - Future number of loans guarantees
29	4/18/2003	- No Outstanding Negotiation References
30	4/22/2003	- No Outstanding Negotiation References
31	4/25/2003	- CSB vendor interaction with business partners (i.e. ECMC) - Adhere to benefiting the borrower mentality
32	4/28/2003	- No Outstanding Negotiation References
33	4/29/2003	- No Outstanding Negotiation References
34	5/1/2003	- No Outstanding Negotiation References
35	5/6/2003	- ECMC handles bankruptcy - CSB solution is hosted at VDC

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Meeting Date	Specific Comments Related to Negotiation References
1/6/2003	<p>pg. 2 - "...At this point it is not exactly clear how long this conversion will take." - Kerry</p> <p>pg. 2 - "We are able to layout a schedule that has Consolidations up and running and the old version phased out by the end of FY04. With this parallel run the plan is to have the existing consolidations in process continue on the old system and all new consolidations from a specific date forward come through the new system. This parallel run will enable us to minimize the need for a conversion of Consolidation data. the current contractor can finish consolidation loans already in their pipeline while all new consolidations will go to the new contractor. Having a parallel run in LC raises the question as to whether we can have a parallel run in LS." - Kerry</p> <p>pg. 5 - "We would not select someone and allow them to select subcontractors without knowing about them beforehand" - Dan</p>
1/10/2003	<p>pg. 1 - "...We also need to figure out how to deal with something that gets us part of the way there but not completely there." - Roy</p> <p>pg. 1 - "We would sit at the table with the vendor to see if they can get us the rest of the way there." - Gary</p> <p>pg. 2 - "We need to be careful of the vendors that will come to the table and tell us that they can and will be able to do anything we ask" - Gary</p> <p>pg. 2 - "We will have to make them (vendor(s)) demonstrate to us that they can before we enter into any agreements" - Martin</p> <p>pg. 5 - "I think it should be on the list. Should we specify the requirement that the system have a place for POE (place of employment)?" - Dan</p> <p>pg. 6 - "...The first is to capture additional information including cell phones and email addresses. The second is to assess the information we currently have to see if there is any we can eliminate on any additional information we may want to add." - Heather</p> <p>pg. 7 - "We need to be sure that prices for changes to modern systems are included within our contract." - Martin</p> <p>pg. 7 - "Application maintenance is something that we need to discuss. COD has a certain number of hours/days for system maintenance/enhancements included within their contract. This is something we can debate as we create the contract." - Roy</p> <p>pg. 14 - "The next thing on my list is that there needs to be Configuration Management (CM) between CRM and CSB. Both partners are going to have to agree and it is going to have to be explicitly stated. Bob and I have discussed the fact that there are shared in savings that are tied to deliverables (i.e., 7a and 7b) and we need to determine how we determine savings as we go forward when the deliverables no longer exist. We would have to require the new vendor to give us the same information we get now in some form." - Dan</p> <p>pg. 14 - "We need to lay out the existing contractual dependencies and see what we have." - Roy</p>
1/14/2003	<p>pg. 3 - "Another thing to stress is that with the solution we will not lose any of our current eServicing capabilities" - Dan</p> <p>"The point to make is that the new solution should only enhance these capabilities." - Gary</p> <p>pg. 3 - "Another thing to include is a requirement to be in compliance with the Joint Financial Management Information Program (JFMIP)." - Dan</p> <p>"Since we are not a financial system we cannot be JFMIP complaint. I will reference that we will follow the JFMIP standards, however." - Martin</p> <p>pg. 3 - "They want us to make clear that this will be managed as a performance-based contract." - Gary</p> <p>"They (DSG) say we need to have a performance plan in place before we talk with the vendors and then we can negotiate. We cannot plan to jointly develop performance metrics with the winning vendor(s)." - Dan</p>

1/16/2003	<p>pg. 2 - "May use existing DL Web Site and Consolidations Web Site (both are FSA owned)"</p> <p>pg. 3 - "Industry acceptable response times (system)"  "Industry acceptable business performance standards that enable us to manage our particular SCM situation need to be established."</p> <p>pg. 3 - "DL and Consolidations Web Sites are FSA owned-assets"  "DLSS can be licensed"  "...CMDM is also an FSA-owned asset that can be utilized..."</p>
1/17/2003	<p>pg. 4 - "Gary indicated that we could include language that we don't have to guarantee volumes and that this would cover us."  "Dan said that he did not believe this language needs to be included in the SOO for market research since it would possibly limit the potential vendors but that at some point thereafter it would be necessary to include such language."</p>
1/21/2003	<p>pg. 2 - "...needs to be a tighter relationship with the Student Portal. Dan Hayward agreed and stated that he does not want the website to be buried in the portal as it currently is."</p> <p>pg. 2 - "The group agreed that the going in position for hosting needs to be that the system will be hosted at the VDC but that a window should be left to allow potential vendors to come back with an alternative solution to the VDC if they can prove that it is a better solution."</p> <p>pg. 3 - "Dan Hayward stated that we want to hear the potential vendors thoughts on industry standards [for Performance Management]."</p>
1/24/2003	<p>pg. 5 - "Dan indicated that there is no reference to Routing ID and Common Student Identifier and that whoever is the successful bidder needs to incorporate these two things."  "Dan stated that a statement should be added that even if these two things come to fruition after the contract is awarded the new contractor would still be responsible to comply with them."</p>
1/28/2003	<p>pg. 2 - "One thing that we talked about before was outsourcing those borrowers who are 90 days or more delinquent to an outside collection or servicing agency." - Dan  "You need to stipulate that in your document and let the potential vendors make the arrangements." - Jennifer</p> <p>pg. 4 - "Significant unit cost reductions are needed/expected with the CSB solution"  "Significant redistribution to interaction channels"  "Growth of the portfolio cannot be the key driver to unit cost"  "Incentive active/good standing loans (not transaction or activity based delinquent incentives)"</p> <p>pg. 6 - "...I think the answer here is that at the end of this we want to own the system."</p>
1/31/2003	<p>pg. 4 - "...This article discusses selling loans outright or securitizing them and maintaining them for servicing. This is something we may have to consider." - Tom</p>

2/4/2003	<p>pg. 7-8 - There are some questions that were outlined as part of the market research that are important for the negotiations and is important to not overlook them, so here they are.</p> <p>Acquisition:</p> <ul style="list-style-type: none"> <li>- Level of detail on requirements</li> <li>- Reasonableness of timeframe</li> <li>- Ownership/perpetual licensing; Must be a transportable solution</li> <li>- What is your strategy for fulfilling the diverse functions of CSB with best-in-business practices?</li> <li>- What is your plan to involve small businesses based upon FSA's requirements?</li> <li>- What, if any, pieces must be kept under the core/prime contract (cannot be split out)?</li> <li>- Performance Metrics</li> <li>- Can this be done under GSA schedule?</li> </ul> <p>Technical</p> <ul style="list-style-type: none"> <li>- Compliance with FSA's Integrated Technical Architecture, other technical architecture standards.</li> </ul> <p>Transition</p> <ul style="list-style-type: none"> <li>- Implementation/transition</li> <li>- Length of transition/conversion/migration...How much time should we allow?</li> <li>- Plans for ensuring data integrity</li> <li>- Plans for data migration</li> <li>- Risk, Contingency Planning</li> </ul> <p>Other</p> <ul style="list-style-type: none"> <li>- How do you bring your past performance to bear on the CSB solution</li> <li>- Management/leadership component</li> <li>- Portfolio Growth: what kind of innovations can limit cost?</li> <li>- How open are you to use of an Independent Verification &amp; Validation How would you interact?</li> </ul>
2/7/2003	No Outstanding Negotiation References
2/11/2003	<p>pg. 3,4,5,6 - This are some of the questions from the 2/4/03 meeting revised that were used for market research but are still valid to use as part of the negotiation phase.</p> <ul style="list-style-type: none"> <li>- What is the appropriate level of detail you would like to see in the SOO in order to provide the best response and most effective solution?</li> <li>- What strategies should FSA adopt for fulfilling the diverse functions of CSB with best-in-business practices/providers? Why?</li> <li>- What performance measures are used by industry and have been effective in measuring success?</li> <li>- What approaches toward incentives and disincentives have been effective?</li> <li>- What impact would a securitization of the portfolio have on this acquisition?</li> <li>- Based on best-in-business practices, what is a reasonable timeframe for implementation and transition to the CSB solution?</li> <li>- What are risks associated with this type of integration project?</li> <li>- What are important considerations for contingency planning?</li> <li>- How could FSA mitigate risks, create smooth transition, minimize the cost of transition?</li> </ul>
2/14/2003	No Outstanding Negotiation References
2/25/2003	No Outstanding Negotiation References
2/26/2003	<p>pg. 1 - LC today has measures/business standards for meeting goals associated with each stage.</p> <ul style="list-style-type: none"> <li>- For each stage, there is a range of performance which results in achieving one (1) a positive incentive, (2) expected level of service, or (3) a negative incentive.</li> <li>- General approach is to give them the vendor a business overview, challenge/expect them to understand our business, and tell us how their solution would fulfill our business needs.</li> </ul>
2/28/2003	pg. 1 - A general, overarching statement for performance expectations is that "The level of performance is expected to exceed current practices".
3/11/2003	No Outstanding Negotiation References
3/13/2003	No Outstanding Negotiation References
3/18/2003	No Outstanding Negotiation References
3/21/2003	No Outstanding Negotiation References
3/25/2003	No Outstanding Negotiation References
3/26/2003	No Outstanding Negotiation References

4/1/2003	No Outstanding Negotiation References
4/4/2003	pg. 3 - Rich Galloway indicated they were looking at two things, total evaluated price, and pricing risk. He indicated that he views it as though we were buying services and if the potential vendor has to do some development to provide these services then it is their issue.
4/8/2003	No Outstanding Negotiation References
4/11/2003	No Outstanding Negotiation References
4/15/2003	No Outstanding Negotiation References
4/17/2003	<p>pg. 2 - Goal is to have vendor propose back as to how they handle maintenance vs. enhancements, specifically the pricing of each.</p> <p>pg. 2 - "It is very difficult to set the parameters for liquidated damages at this early point. Any mention of liquidated damages will go in the RFP instructions, not the SOO. FSA needs to remain flexible to negotiate these damages with the selected vendor."</p> <p>pg. 3 - "Please be advised that the Government makes no representation or guarantee regarding the future number of loans per borrower on this contract."</p>
4/18/2003	No Outstanding Negotiation References
4/22/2003	No Outstanding Negotiation References
4/25/2003	<p>pg. 1 - "Collections Division Business Partners - page 34 =&gt; Gary Hopkins indicated that this is where he will emphasize the need for the CSB vendor to be able to efficiently interact with the listed business partners so as to be able to pass the necessary information back and forth. He also wants to emphasize, the importance of matching activities. He further indicated that he may have to specifically call out the required interaction with ECMC."</p> <p>pg. 2 - "As a general comment Dan Hayward indicated the need for the various presenters to make an effort to emphasize that the Department is different than most private agencies in that we always attempt to benefit the borrower and that as an agent of the Department, the CSB vendor would be expected to do the same"</p>
4/28/2003	No Outstanding Negotiation References
4/29/2003	No Outstanding Negotiation References
5/1/2003	No Outstanding Negotiation References
5/6/2003	<p>pg. 2 - "Dan Hayward stated that he thought the idea of ECMC handling bankruptcies took some people by surprise but that the potential vendor may be very interested in this idea."</p> <p>pg. 3 - "After some more discussion the group agreed that the assumption for Phase I is that the potential vendors should assume they have to use the VDC."</p>