
**MINUTES OF A MEETING OF THE MEMBERS OF
THE HIGHER EDUCATION LOAN AUTHORITY
OF THE STATE OF MISSOURI
ON FEBRUARY 27, 2007**

The Members of the Higher Education Loan Authority of the State of Missouri, a public instrumentality and body politic and corporate under the laws of the State of Missouri (the "Authority"), held a meeting of the Authority on Tuesday, February 27, 2007 at 11:30 a.m. at the offices of the Authority, located at 633 Spirit Drive in Chesterfield, Missouri. Proper notice of the meeting was forwarded to the State for publication, mailed and otherwise provided to the Members, posted at the office of the Authority and on the Authority's website in advance of and during the meeting and provided to certain other individuals. On a roll call of the meeting, the following Members of the Authority were found to be present in person unless otherwise stated:

Present

Dr. Robert H. Spence (by telephone)
Mr. John W. Greer (by telephone)
Mr. W. Thomas Reeves (by telephone)
Mr. Randy L. Etter
Dr. Robert Stein (by telephone)
Mr. Gregory Upchurch
Dr. John F. Smith

Absent

None

A quorum of the Members was present for the purposes of conducting business and exercising the powers of the Authority. Present in person and representing the staff of the Authority were Mr. Raymond H. Bayer, Jr., Executive Director, Chief Executive Officer and Assistant Secretary; Mr. Scott D. Giles, Director of Finance/Chief Financial Officer; Mr. William C. Shaffner, Director of Business Development; Ms. Mary J. Stewart, Director of Loan Origination and Servicing; Mr. Quentin C. Wilson, Associate Director of Access and Success; Ms. Susan Crump, Assistant Director of Administration; Ms. Jennifer Farmer, Assistant Director, Loan Servicing; Ms. Penny J. Hagan, Assistant Director & Controller; Mr. Bruce Ives, Assistant Director of Telemarketing Sales; Mr. Harry W. Lohse, Assistant Director of Information Systems and Information Security Officer; Ms. Lisa Adams, Senior Manager, System Design & Support; Mr. Paul Atkinson, Senior Manager of E-Commerce; Ms. Jennifer DiGiacomo, Policy & Compliance Officer; Ms. Janet Saulich, Internal Auditor; Ms. Joan Lake Conway, Paralegal; Ms. Sonya J. Vann, Executive Assistant; Mr. Matthew McIntyre, Associate General Counsel; and Ms. Alison Carter, Paralegal. Also present in person were Mr. Michael F. Lause of Thompson Coburn LLP, Special Counsel to the Authority; Mr. Dustin Allison of the Missouri Attorney General's Office; and Mr. Christopher Tritto of the *St. Louis Business Journal*. Also present by telephone was Dr. James Matchefts, Assistant Commissioner and General Counsel for the Missouri Department of Higher Education and Mr. Todd Smith, Director of Legislative Affairs for the Governor's Office. Mr. McIntyre and Ms. Carter of the Authority staff assisted Mr. Bayer in taking minutes of the meeting. Dr. Smith acted as Chair of the meeting and Mr. Bayer acted as

Assistant Secretary.

Call to Order, Public Comments and Report of Executive Director

The Chair called the meeting to order at approximately 11:30 a.m. and welcomed the guests to the meeting. He said the first item on the agenda was the public comment period. The Chair asked if there were any public comments. There being none, he stated that the next item on the agenda was the discussion, consideration and possible vote on the report of the Executive Director regarding the status of S.B. 362 and S.B. 389. He asked Mr. Bayer to deliver his report.

Mr. Bayer stated that he was asked to provide informational testimony on S.B. 362 and was seeking guidance from the Members regarding their position. He summarized the provisions of S.B. 362, including its proposed annual transfer of 1.5% of the Authority's assets to the State Treasury. He noted, among other things, (i) a number of approvals from bond holders, ratings agencies, underwriters and others would be necessary prior to any transfer of funds; (ii) the lack of fail-safe measures in the bill to help ensure the financial viability of the Authority; and (iii) the draft memorandum of Liscarnan Solutions, LLC, an independent financial advisory firm, concluding S.B. 362 was not a financially feasible option and if passed would likely have a material adverse effect upon the finances of the Authority. The Chair excused himself from the meeting at this point for approximately two (2) minutes.

Mr. Bayer read to the Members a portion of the draft Liscarnan memorandum. The Members discussed: (i) the report of Mr. Bayer; (ii) the pertinent provisions of S.B. 362, its potential impact on the Authority and the need for clarity with respect to the Authority's position on the bill; and (iii) the possibility that testimony before the Education Committee may be requested and the person(s) who should be prepared to provide testimony. Following discussion of these matters, Mr. Etter agreed to attend a hearing and provide informational testimony on this matter and possibly other legislative matters if necessary.

After further discussion, Mr. Reeves moved and Mr. Upchurch seconded a motion to adopt the following resolution: "Now therefore, be it resolved that the position of the Members of the Higher Education Loan Authority of the State of Missouri relative to Senate Bill 362 is that that bill is not financially feasible for the Authority." The Chair asked if there was any further discussion on the motion. There being none, he called for a vote on said motion. Upon said motion being put to a vote, the following vote was recorded in favor of adoption of such motion:

Yeas

Dr. Robert H. Spence
Mr. W. Thomas Reeves
Mr. Randy L. Etter
Dr. Robert Stein
Mr. Gregory Upchurch
Dr. John F. Smith

Nays

Mr. John W. Greer

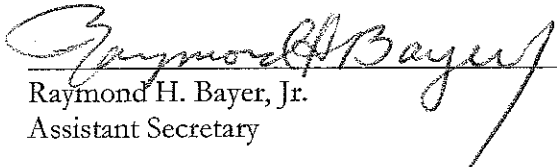
The Chair announced that the motion to approve the resolution of the Members relative to S.B. 362 had been approved.

The Chair asked Mr. Bayer to lead the discussion regarding S.B. 389. Mr. Bayer noted, among other things, the provisions contained in a "marked-up" redraft of S.B. 389 not yet introduced in the Senate relative to: (i) revising the Authority's enabling legislation to include the provision of financial support for capital projects at public colleges and universities located in Missouri and the Missouri technology corporation and (ii) establishing a process for transferring funds to the State Treasury for those purposes. He also noted additions requested by Authority staff as to volume cap and scholarships. The Members then discussed certain of the provisions of S.B. 389 and the majority of the Members expressed general agreement with the tone of the legislation as being consistent with the actions of the Authority in 2006 in support of a cooperation agreement which would result in the funding of projects of state educational institutions. No vote was taken on this matter.

Informational Items and Adjournment

The Chair said that the Authority would honor three past presidents at the reception held on March 20, 2007 prior to the next meeting. Dr. Stein stated that the Coordinating Board for Higher Education had expressed interest in having a joint meeting with the Authority. The Chair asked if there were any such additional items, hearing none, he called for a motion to adjourn. Mr. Upchurch moved and Mr. Etter seconded a motion to adjourn the meeting which was unanimously approved by voice-vote. The meeting adjourned at approximately 12:20 p.m.

Approved:


Raymond H. Bayer, Jr.
Assistant Secretary