
**MINUTES OF A MEETING OF THE MEMBERS OF
THE HIGHER EDUCATION LOAN AUTHORITY
OF THE STATE OF MISSOURI
ON MARCH 20, 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, March 20, 2007 at 7:00 p.m. in the Parliamentary Room of Plaster Student Union on the campus of Missouri State University located at 901 National Avenue, Springfield, Missouri 65897. Proper notice of the meeting was forwarded to the State for publication, mailed and otherwise provided to the Members, posted at Plaster Student Union and 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

Mr. John W. Greer
Mr. W. Thomas Reeves
Mr. Randy L. Etter
Dr. Robert Stein
Dr. John F. Smith

Absent

Dr. Robert H. Spence
Mr. Gregory Upchurch

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. Penny J. Hagan, Assistant Director & Controller; Mr. Andy Helton, Assistant Controller; Ms. Janet Saulich, Internal Auditor; Ms. Vanita McKinney, LO Call Center Specialist; Ms. Theresa Poole, LO Call Center Specialist; Ms. Jody Schwartz-Butrick, Account Executive; Ms. Sonya J. Vann, Executive Assistant; Mr. Matthew McIntyre, Associate General Counsel; and Ms. Alison Carter, Paralegal. Also present in person were Dr. James Matchefts, Assistant Commissioner and General Counsel for the Missouri Department of Higher Education; Ms. Teresa Steele of Missouri State University; Mr. Glen Gahan of Silverstone Group; Dr. Lynn Walker of Boundary Management Consulting; and members of the public, Mr. Mark Steck and Mr. Andrew Saucier. 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 and Financial Overview

The Chair called the meeting to order at approximately 7:00 p.m. and welcomed the guests to the meeting. He stated that the first item would be the financial overview of the

Authority. Mr. Bayer stated that the financial presentation would be led by Mr. Scott Giles, Director of Finance and Chief Financial Officer, with the assistance of Ms. Penny Hagan, Controller, and Mr. Andy Helton, Assistant Controller. Mr. Giles distributed the following items: (i) an income statement/balance sheet; (ii) reports on financing structures for the student loan industry; (iii) samples from the 11th General Consent; and (iv) pension reports.

Ms. Hagan reviewed the income statement, highlighting the Authority's receivables, assets, drivers of volume mix and portfolio mix, special allowance payments, operating expenses, and extraordinary expenses. Mr. Helton reviewed the balance sheet, highlighting the Authority's restricted and unrestricted assets. Mr. Giles stated that the unrestricted asset classification is a misnomer in that the cash in this classification is still restricted for purchasing loans, paying expenses, etc. He further stated that he is in discussion with the Deloitte & Touche auditors to devise a more accurate classification system for the balance sheet. Dr. Stein suggested the use of footnotes to clarify the classification system. Mr. Helton discussed the effects on the balance sheet of investments, receivables, and the timing of certain payments. The Chair briefly left the meeting at 7:41 p.m. and returned at 7:44 p.m. The Members discussed arbitrage rebate liability.

Mr. Giles reviewed the various trust estates held by the Authority. Dr. Stein briefly left the meeting at 8:00 p.m. and returned at 8:03 p.m. The Members discussed the various interest rates, structure and particulars of the trust estates. The Chair called a short recess at 8:04 p.m. The meeting promptly resumed at approximately 8:10 p.m. The Members continued their discussion of the trust estates and bond resolutions. Mr. Reeves briefly left the meeting at 8:15 p.m. and returned at 8:16 p.m. The Members discussed the alternative loan program.

Legislative Overview and Adjournment

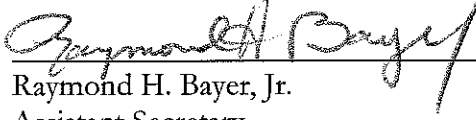
The Chair stated that the last item would be the legislative update. He asked the staff if they were comfortable with the proposed transfer of funds for the Lewis & Clark Discovery Initiative. Mr. Giles replied that he is comfortable with the terms of the Cooperation Agreement. Mr. Helton stated that he had some reservations given the proposed federal legislation. Ms. Hagan stated that she was confident that the Authority could make the initial transfer of \$210 million but that her confidence decreased as the initial transfer amount increased. Mr. Greer expressed reservations about the commitment of funds in the future.

Mr. Bayer provided a brief update on Missouri Senate Bill 389 ("S.B. 389"). He stated that there was discussion to amend the initial transfer of funds to \$300 million, \$275 million immediately and another \$25 million within 150 days of the bill's passage. Mr. Bayer stated that in exchange the Authority would receive 30 percent of the state's private activity bond allocation for the next 15 years. The Members discussed S.B. 389 and expressed confidence in the analysis conducted to arrive at the original transfer amounts.

The Members discussed their representation in the ongoing negotiations for S.B. 389 and asked to be kept apprised of the situation. The Chair asked if there were any additional items and, hearing none, he called for a motion to adjourn. Mr. Etter moved and Dr. Stein

seconded a motion to adjourn the meeting which was unanimously approved by voice-vote.
The meeting adjourned at approximately 9:15 p.m.

Approved:



Raymond H. Bayer, Jr.
Assistant Secretary