
**MINUTES OF A MEETING OF THE MEMBERS OF
THE HIGHER EDUCATION LOAN AUTHORITY
OF THE STATE OF MISSOURI
ON APRIL 2, 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 Monday, April 2, 2007 at 10:00 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
Mr. W. Thomas Reeves (by telephone)
Mr. Randy L. Etter
Dr. Robert Stein (by telephone)
Mr. Gregory Upchurch (by telephone)
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; Mr. Paul Atkinson, Senior Manager of E-Commerce; Ms. Jennifer DiGiacomo, Policy & Compliance Officer; Ms. Janet Saulich, Internal Auditor; Ms. Angela Davis, Account Executive; Ms. Sonya J. Vann, Executive Assistant; Mr. Matthew McIntyre, Associate General Counsel; and Ms. Alison Carter, Paralegal. Also present in person was Mr. Dustin Allison of the Missouri Attorney General's Office. Also present by telephone were Mr. Michael F. Lause of Thompson Coburn LLP, Special Counsel to the Authority; Dr. James Matchefts, Assistant Commissioner and General Counsel for the Missouri Department of Higher Education ("MDHE") and Ms. Zora AuBuchon, Legislative Liaison for MDHE. 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 General Announcements

The Chair called the meeting to order at approximately 10:00 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 Mr. Bayer had an announcement regarding the proposed meeting with the Coordinating Board for Higher Education ("CBHE"). Mr. Bayer stated that CBHE has proposed either December 5 or December 6 for the meeting. The Members briefly discussed the proposed dates and decided that December 6, 2007 would best suit their schedules.

Legislative Update

The Chair asked Mr. Reeves to update the Members regarding Missouri Senate Bill 389 ("S.B. 389"). Mr. Reeves stated that after the meetings of March 20 and 21, 2007 it was decided that the best course of action would be to meet with legislators to voice concerns regarding the direction that S.B. 389 was taking. He noted that there had been discussion regarding increasing the amount of the upfront transfer of funds from the Authority and that subsequent payments would not be contingent upon the Authority's ability to make such payments. Mr. Reeves stated that the purpose of today's meeting was to get everyone's thoughts regarding the latest proposed language which was distributed to the Members prior to today's meeting.

Mr. Lause stated that the proposed language of S.B. 389 would maintain the Authority's commitment of \$350 million for the Lewis & Clark Discovery Initiative ("LCDI") as outlined in the Cooperation Agreement. He noted that the initial payment would be increased to \$230 million with the remainder paid in \$5 million quarterly installments. Mr. Lause stated that in return, the Authority would receive approximately 30 percent of the state's private activity bond allocation for the next 15 years. Mr. Giles noted that the interest earned on the transferred funds would be credited against the future payments of the Authority. The Members discussed the process of project approval and distribution of the LCDI funds. The Members directed the staff to work with the Office of Administration to learn of the process for administration of the LCDI funds.

Mr. Greer expressed reservations regarding the Authority's ability to commit to future payments in light of proposed federal legislation and the cautionary statement received from Liscarnan Solutions, LLC. Mr. Reeves noted that the proposed language included the contingency that the Authority could opt-out of future payments if the Authority determined the payments were not financially feasible. He also noted that the \$230 million initial payment was scaled back from amounts previously discussed by certain legislators.

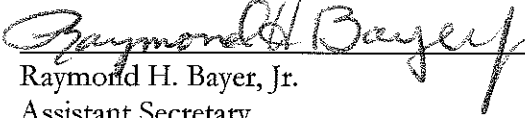
Dr. Stein asked for the staff's recommendation. Mr. Giles stated that he supported the proposed language due to the current availability of funds for the initial \$230 million payment; the extension of private activity bond allocation to fifteen years; the interest income offset to future installments; and the possibility that the Authority may need to restructure its business model which the private activity bond allocation commitment would aid. Mr. Reeves stated that he was comfortable with the proposed language.

The Members further discussed the proposed language to S.B. 389 and their desire to be included in any discussions among legislators, the Governor's staff and the Authority.

Informational Items and Adjournment

Mr. Bayer informed the Members that the Authority had recently received a subpoena from the State Auditor requesting closed minutes of Authority meetings and had not yet discussed the matter with counsel. He stated that he would keep the Members apprised of the situation as it developed. The Chair asked if there were any additional items and, hearing none, he called for a motion to adjourn. Dr. Stein moved and Mr. Upchurch seconded a motion to adjourn the meeting which was unanimously approved by voice-vote. The meeting adjourned at approximately 11:05 a.m.

Approved:


Raymond H. Bayer, Jr.
Assistant Secretary