
**MINUTES OF A MEETING OF THE MEMBERS OF
THE HIGHER EDUCATION LOAN AUTHORITY
OF THE STATE OF MISSOURI
ON FEBRUARY 12, 2008**

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 12, 2008 at 4:00 p.m. at the office of the Authority, located at 633 Spirit Drive in Chesterfield, Missouri. At approximately 3:15 p.m. on February 12 2008, notice of the meeting was forwarded to the State for publication, electronically mailed 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

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

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; Dr. James L. Matchefts, General Counsel; 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 B. Crump, Assistant Director of Administration; Ms. Jennifer Farmer, Assistant Director of Loan Servicing; Ms. Penny J. Hagan, Assistant Director of Finance & Controller; Mr. Harry W. Lohse, Assistant Director of Information Systems and Information Security Officer; Ms. Lisa Adams, Senior Manager of Systems Management & Support; Mr. Barry Usry, Senior Manager of Product Development; Ms. Janet Saulich, Internal Auditor; Ms. Claire Lee, Internal Audit Analyst; Ms. Joan L. Conway, Paralegal; and Ms. Alison Carter, Paralegal. Also present by telephone were Mr. Scott D. Giles, Director of Finance and Chief Financial Officer and Mr. Michael F. Lause and Ms. Lisa K. Thorp of Thompson Coburn LLP, Special Counsel to the Authority. 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 Market Conditions

The Chair called the meeting to order at approximately 4:00 p.m. It was noted that the meeting was called on less than twenty-four hours notice, as is normally required under the Missouri Sunshine Law, but Dr. Matchefts stated that Section 610.020.4 of the Missouri

Sunshine Law allows for a meeting called with less than twenty-four hours notice for good cause and that such good cause shall be stated in the minutes. Dr. Matchefts stated that this meeting was called with less than twenty-four hours notice due to the deterioration of the auction rate market which has affected the interest rates paid on the Authority's bonds. He further stated that one of the Authority's bond auctions, on which the Authority's principal underwriter was the lead broker-dealer, had failed earlier in the afternoon. Dr. Matchefts explained that student loan auctions were failing on a massive scale throughout the industry and that, according to the Authority's financial advisors, the Authority was likely to experience more failed auctions beginning the next day. He stated that at the time the Authority's management received this information, which was approximately two-and-one-half hours prior to the start of the meeting, it appeared that immediate action by the Members would likely be required to ameliorate the rapidly deteriorating financial situation. Dr. Matchefts stated that the severity of the situation warranted immediate notification of the Members and good cause to hold a meeting on less than twenty-four hours notice. He added that, based on information received since the meeting was called by the Chair, there would be no action item at today's meeting but that informing the Members of the situation would be prudent.

Mr. Bayer stated that the Authority's Subordinate Series 2002M failed at auction. He further stated that the entire student loan industry is experiencing widespread auction failures. Mr. Bayer stated that approximately \$3 billion of the Authority's bonds are in auction rate mode. He further stated that some of these issuances require an interest rate of up to seventeen percent with an auction failure. Mr. Bayer said that the Authority is researching all available options to decrease the maximum rate.

Mr. Lause stated that the auction rate bonds were developed and recommended by Wall Street some years ago due to the interest rates offered and that these vehicles worked well for many years. He further stated that the sub-prime mortgage crisis has tainted the student loan auctions. Mr. Lause stated that the resolutions passed by the Members on December 14, 2007 was hoped to be a preventative measure to forestall auctions from failing. Mr. Lause stated that due to consent requirements of the General Bond Resolutions, a new Board resolution to reset the maximum rate was not feasible at this time. He noted that there was some possibility of a credit rating agency deciding to withdraw its confirmation which would negate the higher interest rate.

Mr. Bayer stated that the Members would be presented with recommendations at the February 14, 2008 meeting. The Chair asked if there were any questions. Dr. Stein asked that the minutes of today's meeting be available for discussion and consideration at the February 14, 2008 meeting. There being no further questions, the Chair called for a motion to adjourn. Mr. Reeves moved and Mr. Etter seconded a motion to adjourn the meeting. Upon said motion being put to a vote, the following vote was recorded in favor of adoption of such motion:

Yeas

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

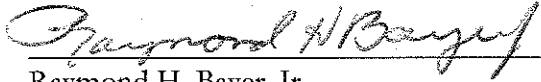
Nays

None

Dr. Robert Stein
Mr. Gregory Upchurch

The meeting adjourned at approximately 4:20 p.m.

Approved:



Raymond H. Bayer, Jr.
Assistant Secretary