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**MINUTES OF A MEETING OF THE MEMBERS OF  
THE HIGHER EDUCATION LOAN AUTHORITY  
OF THE STATE OF MISSOURI AND  
THE COORDINATING BOARD FOR HIGHER EDUCATION  
ON DECEMBER 6, 2007**

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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 joint meeting of the Authority with the Coordinating Board for Higher Education (the "Coordinating Board") on Thursday, December 6, 2007 at 11:45 a.m. at the Rickman Center, located at 3519 Bennett Lane in Jefferson City, Missouri. Proper notice of the meeting was forwarded to the State for publication, mailed and otherwise provided to the Members and the Coordinating Board, 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. The following Members of the Authority were present in person unless otherwise stated:

**Present**

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

**Absent**

Mr. W. Thomas Reeves

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; 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 Crump, Assistant Director of Administration; Ms. Penny J. Hagan, Assistant Director of Finance & Controller; Mr. Harry W. Lohse, Assistant Director of Information Systems and Information Security Officer; Ms. Janet Saulich, Internal Auditor; Ms. Sonya J. Vann, Executive Assistant; and Ms. Alison Carter, Paralegal.

The following members of the Coordinating Board for Higher Education were present in person unless otherwise stated:

**Present**

Ms. Doris Carter  
Mr. David Cole  
Mr. Lowell Kruse  
Mr. Duane Schreimann  
Ms. Kathryn Swan  
Mr. Gregory Upchurch

**Absent**

Ms. Martha Boswell  
Ms. Jeanne Patterson

A quorum of the Coordinating Board was present for the purposes of conducting business and exercising the powers of the Coordinating Board. Present in person and representing the staff of the Missouri Department of Higher Education ("MDHE") were Dr. Robert Stein, Commissioner of Higher Education; Mr. Paul Wagner, Deputy Commissioner of Higher Education; Ms. Zora AuBuchon, Assistant Commissioner and General Counsel; Ms. Leanne Cardwell, Assistant Commissioner; Mr. Leroy Wade, Assistant Commissioner; Ms. Julie Meyer, Director of Marketing and Customer Assistance; Ms. Heather Fabian, Program Specialist; Ms. Laura Vedenhaupt, Executive Assistant; and Ms. Angela Hake, Office Support Assistant; and Mr. Scott Northway, Office Services Assistant.

Ms. Swan called the meeting to order at approximately 11:45 a.m. and thanked the Members for their patience in the delay of today's meeting. She stated that the first item was the discussion of the roles and responsibilities of the Coordinating Board, MDHE and the Authority. Mr. Wagner provided an overview of the responsibilities of the Coordinating Board which include the following:

- a. review and approve academic programs
- b. establish guidelines for admission and credit transfer
- c. review of institutional missions
- d. development of a coordinated plan for higher education

Mr. Wagner stated that MDHE is the administrative arm of the Coordinating Board. He provided an overview of MDHE's responsibilities which include the following:

- a. identification of statewide needs for postsecondary education
- b. statewide planning for postsecondary education (including independent institutions)
- c. submission of a unified annual budget request for public higher education
- d. operation of the Missouri Student Loan Program as a state-designated guaranty agency
- e. working collaboratively with K-12 and the Department of Economic Development on P-20 initiatives
- f. policy-setting for and administration of state and federal financial assistance programs
- g. establishment of guidelines to promote student transfer among postsecondary institutions
- h. approval of new degree programs offered by public colleges and universities
- i. evaluation of student and institutional performance
- j. review of institutional missions
- k. establishment of a coordinated plan for higher education
- l. review of institutional tuition decisions
- m. potentially setting fines
- n. designing new policies and/or regulations due to changes in law
- o. administration of the Proprietary School Certification Program

Dr. Matchefts provided a brief overview of the creation of the Authority, explained the role of the Authority as a secondary market and as a servicer of student loans, and the process by which the Authority raises capital. The Members and the Coordinating Board

discussed the operations of the Authority, the utilization of the Authority's services by higher education institutions in the state, and the Authority's competition in the marketplace.

Dr. Matchefts described the statutory relationship between the Coordinating Board, MDHE and the Authority. The Members and the Coordinating Board discussed the Authority's role in funding some initiatives on behalf of MDHE. The Members and the Coordinating Board agreed that an annual meeting of the two boards would be mutually beneficial and directed their staff to develop an agenda, time and location for such meeting.

Ms. Cardwell provided a description of the Family Federal Education Loan Program (the "FFEL Program") process from a student's perspective. The Members and the Coordinating Board discussed MDHE's role in default prevention grant programs, the factors colleges and universities consider when selecting either the FFEL Program or the Direct Lending Program, and the reasons behind the fierce competition for student loan volume in Missouri.

Ms. Cardwell identified the key groups involved in choosing a loan servicer and/or guaranty agency. The Members and the Coordinating Board discussed developing relationships with high school guidance counselors, the role of the financial aid office in selecting either the FFEL Program or the Direct Lending Program, and the need to broaden awareness of utilization of the services and benefits of the Authority and MDHE to include the leadership and boards of higher education institutions in the state.

Mr. Shaffner presented the market share report for the Authority and highlighted the fact that the Authority's market share closely aligns with MDHE's market share. Ms. Meyer pointed out that the total FFEL Program market share is defined differently by the Authority and MDHE, resulting in slightly different statewide totals for each entity. The Members and the Coordinating Board discussed the school as lender program and the conversion of the University of Missouri – Rolla from the Direct Lending Program to the FFEL Program.

Mr. Shaffner presented the financial benefits to students who obtain FFEL Program loans with MDHE as guarantor and the Authority as the servicer. The Members and the Coordinating Board discussed the need to publicize these benefits to prospective students and their parents as well as to the leadership of higher education institutions in the state.

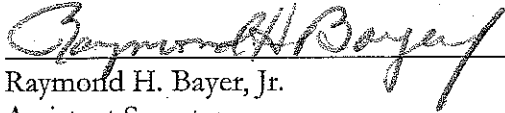
Mr. Wilson provided a brief overview of the Authority's borrower benefit programs and early access and awareness programs. He discussed the Authority's efforts in the development of a "Kindergarten to College" program and the program's goals.

Ms. Swan stated that this was a highly productive meeting of the two boards. She further stated that the meeting has resulted in the following courses of action:

- a. Coordinate an annual meeting of the Coordinating Board and the Members
- b. Commitment to partner on higher education issues
- c. Coordinate a public relations campaign
- d. Educate higher education institutions' board members about the benefits of FFEL Program loans utilizing MDHE as guarantor and MOHELA as servicer
- e. Develop levers to encourage and increase borrower choice

Ms. Swan thanked everyone for their attendance and participation in today's meeting and asked if there were any additional items and, hearing none, Mr. Upchurch moved and Ms. Doris Carter seconded a motion to adjourn the meeting which was unanimously approved by voice-vote. The meeting adjourned at approximately 2:00 p.m.

Approved:

A handwritten signature in cursive script, reading "Raymond H. Bayer, Jr.", written over a horizontal line.

Raymond H. Bayer, Jr.  
Assistant Secretary