
**MINUTES OF A MEETING OF
THE COMPENSATION COMMITTEE OF
THE MEMBERS OF THE HIGHER EDUCATION LOAN AUTHORITY
OF THE STATE OF MISSOURI
ON OCTOBER 5, 2007**

The Compensation Committee 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 on Friday, October 5, 2007 at 9:00 a.m. at the office 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 Compensation Committee, 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 Compensation Committee were found to be present in person unless otherwise stated:

Present

Dr. Robert H. Spence (by telephone)
Mr. Randy L. Etter

Absent

Mr. Gregory Upchurch

A quorum of the members of the Compensation Committee was present for the purposes of conducting business. 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; Ms. Mary J. Stewart, Director of Loan Servicing; Mr. Quentin C. Wilson, Associate Director of Access and Success; Ms. Susan B. Crump, Assistant Director of Administration; Mr. Harry W. Lohse, Assistant Director of Information Systems and Information Security Officer; Ms. Lisa Adams, Senior Manager of System Design and Support; Dr. James L. Matchefts, General Counsel; Mr. Daniel DeBoer, Human Resources Coordinator; Ms. Sonya J. Vann, Executive Assistant; and Ms. Alison Carter, Paralegal. Also present were Messrs. Michael F. Lause and Paul G. Griesemer of Thompson Coburn LLP, Special Counsel to the Authority and Dr. Lynn Walker of Boundary Management Consulting. Ms. Carter of the Authority staff assisted Mr. Bayer in taking minutes of the meeting. Mr. Etter acted as Chair of the meeting and Mr. Bayer acted as Assistant Secretary.

Call to Order and Approval of Minutes

The Chair called the meeting to order at approximately 9:00 a.m. and asked if there were any public comments. There being none, he stated that the next item was the discussion, consideration and vote on approval of the minutes of the Compensation Committee meeting of August 20, 2007. Dr. Spence moved, and Mr. Etter seconded, a motion to approve the minutes of the Compensation Committee meeting of August 20, 2007 as drafted and presented and was unanimously approved by voice-vote.

Funding Authorization of Pension Plan

The Chair stated that the next item on the agenda was the discussion, consideration and possible vote on recommendation to Authority Members regarding a resolution to approve fiscal year 2008 funding authorization of the qualified pension plan. Mr. Bayer stated that the draft resolution was distributed with the Committee meeting materials. He noted that the funding amounts were not finalized by the actuarial firm at the time of the materials' distribution. Mr. Bayer stated that the fiscal year 2008 recommended contribution for the qualified pension plan was \$2,038,462 and that the recommended contribution for the retiree medical plan was estimated to be \$122,772 but that amount had yet to be finalized. He further stated that the pension plan and retiree medical plan funding was approved by the Members in the fiscal year 2008 budget but that this proposed resolution would formalize that authorization. The Committee generally discussed the proposed resolution and voted to recommend the adoption of the proposed resolution to the Authority Members.

New Employee Handbook

The Chair stated that the next item on the agenda was the discussion, review and possible vote on a recommendation to Authority Members regarding a new employee handbook. Mr. Bayer stated that the employee handbook has not been revised in its entirety since 1998 although individual policies have been updated from time to time. He further stated that the employee handbook contains some policies that affect compensation such as vacation, paid time off, adoption benefits, and tuition reimbursement.

The Committee discussed the policies affecting compensation in the employee handbook and voted to recommend the approval of the policies to the Authority Members.

Compensation Grids

The Chair stated that the next item on the agenda was the discussion, review and possible vote on recommendation to Authority Members regarding inflation adjustment to the compensation grid. Ms. Crump stated that the compensation grid implemented in January 2007 was developed utilizing January 2005 data. She further stated that ten employees were above the maximum compensation in their grid and twenty-five employees were within six percent of the maximum compensation.

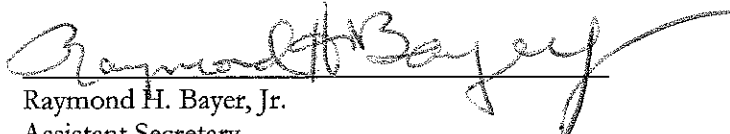
The Committee discussed (i) the current compensation grid; (ii) the budgetary implications of adjusting the compensation grid for solely those nearing their maximum compensation or for all employees; (iii) the possibility of pay compression; (iv) the timing of the next compensation benchmarking study; and (v) the balance of retaining tenured staff and the need to lower operating costs. The Committee directed staff to present information regarding a five and seven percent increase to the compensation grids and the number of employees affected at the next meeting of the Authority for consideration of the Members.

Human Resources Presentation and Adjournment

The Chair stated that the next item on the agenda was the discussion, review and possible vote on a recommendation to Authority Members regarding Human Resources update including information regarding turnover, retention and performance evaluation

process and implementation. Ms. Crump stated that the presentation was distributed with the Committee materials. There being no recommendations for the Authority Members and no need to close the meeting, the Chair asked if there were any additional items and, hearing none, he called for a motion to adjourn. Dr. Spence moved and Mr. Etter seconded a motion to adjourn the meeting which was unanimously approved by voice-vote. The meeting adjourned at approximately 9:30 a.m.

Approved:


Raymond H. Bayer, Jr.
Assistant Secretary