

MEETING SUMMARY

MONTANA HIGHER EDUCATION STUDENT ASSISTANCE CORPORATION (MHESAC) BOARD OF DIRECTORS MEETING January 17, 2008

The Board of Directors of the Montana Higher Education Student Assistance Corporation convened via conference call on January 17, 2008 at 8:00 a.m.

CALL TO ORDER: The meeting was called to order at 8:00 a.m. by Chair Fred Flanders.

ROLL CALL: Upon roll call, Stephen Barrett, Fred Flanders, Royal Johnson, Kerra Melvin, Lila Taylor and Bill Thomas were present. Mark Semmens was absent.

Officers Present:

Sheila Stearns, President
Mick Robinson, Vice President
Bruce Marks, Treasurer

Others Present:

Jim Stipcich, SAF President
Jolene Selby, SAF EVP/Chief Financial Officer
Don Oliver, SAF EVP of Sales and Marketing
Lowell Wollitz, SAF EVP of Borrower Services
Simon Poole, SAF EVP/Chief Operating Officer
Kelly Chapman, SAF EVP of Foundation Activities
Sharon Eslick, Administrative Affairs Manager (Recorder)

Guests:

Suzan Scott (joined the meeting at 8:10 a.m.)

FILLING BOARD POSITIONS AND CURRENT MEMBER TERM EXPIRATIONS

Fred Flanders' term has expired as of December 31, 2007 and he does not desire reappointment. Chair Flanders has appointed a Nominating Committee consisting of Bill Thomas, Royal Johnson and Lila Taylor (chair). This group will meet and provide a slate of candidates to present to Lynn Hamilton, Chair of the Board of Regents, who will officially make the appointments.

Motion: Member Taylor moved and Member Johnson seconded to ratify the Nominating Committee appointments. Motion carried.

The Board further discussed whether this process would become formalized and be followed for all future replacements. The Board agreed that they would move toward a more formalized process keeping in mind the potential for recommendations of the Regent's Work Group.

STRATEGIC ISSUES

- a. Industry and Business Conditions – Jim Stipcich updated the group on industry issues and the condition of financial markets.
- b. MHESAC Request to Change to 509 (a)(2) Status - MHESAC received official notification from the IRS approving its request to change its tax status to a 509(a)(2).
- c. Discussion of National Loan Activity – There has been minimal post October volume and we are currently receiving no applications. A decision will need to be made soon about whether it makes sense to continue putting SAF on lender lists.
- d. Regents Work Group on Student Loans – Steve Barrett indicated that work is being done to get the next meeting of this group scheduled.

BOARD ACTION ITEMS

- a. Revised FY 08 Volume Projections – Provided for review were the revised volume projections for the remainder of fiscal year 2008. These are the numbers that were used in the revised budget. These revisions were necessary due to the College Cost Reduction and Access Act which took effect in October as well the reduction to the floor loan billing capacity and slowing consolidation activity.

- b. Revised FY 08 MHESAC Budget – Provided for review was the revised MHESAC Budget.

MOTION: Member Thomas moved and Member Melvin seconded to adopt the revised budget as presented. Motion carried.

- c. Revised FY 08 MHESAC OMTI – Provided for review were the revised OMTI targets for FY 08.

Motion: Member Melvin moved and Member Thomas seconded to adopt the revised targets as presented. Motion carried.

- d. MHESAC Potential Financings in Second Half of FY 2008 – Jim Stipcich reported that MHESAC should plan to accomplish two financings. The first would be a refunding of a major portion of MHESAC's current tax-exempt auction bonds since the auction markets are performing poorly. The second would be a permanent taxable financing of the non-Montana loans currently held by MSLF.

Action: Staff will provide a written justification of the need for the refunding as well as a financial pros/cons analysis.

BOARD MEMBER QUESTIONS ON MHESAC ACTIVITY REPORTS – No additional questions/comments.

INFORMATION SHARING ON SAF ACTIVITIES - Jim reported that SAF is also dealing with similar issues of volume. Information relative to SAF was provided for review. No

additional questions were raised.

ITEMS FROM BOARD MEMBERS - None

SCHEDULE NEXT BOARD MEETINGS

- a. February 2008 Joint Strategy Session with SAF – A joint session with SAF was proposed for late in February. It was agreed to try for a MHESAC business session the morning of February 25th. The afternoon session would be a joint work session with SAF.
- b. April 2008 MHESAC Board Meeting – It was agreed to try for an April 8th meeting in Helena.
- c. June 2008 MHESAC Annual Meeting – The Annual Meeting will be scheduled on June 19th.

ADJOURNMENT

Being no further business, the meeting was adjourned at 9:35 a.m.