

**MONTANA HIGHER EDUCATION STUDENT ASSISTANCE CORPORATION (MHESAC)
BOARD OF DIRECTOR'S MEETING**

Student Assistance Foundation Offices

2500 Broadway

November 8, 2007

10:00 a.m. – 3:00 p.m.

AGENDA

- 1. Call to Order**
- 2. Roll Call**
- 3. Audit Committee Report**
FY 07 MHESAC Financial and Compliance Audits and Letters (Item 1)
- **Board Action on Audit Committee Report**
- 4. Approval of Minutes of July 30, 2007 Board Conference Call (Item 2)**
Approval of Summary of August 9, 2007 Joint Worksession w/SAF (Item 3)
Approval of Minutes of September 27, 2007 Board Conference Call (Item 4)
- 5. BOARD DISCUSSION OF ITEMS IMPACTING STRATEGY**
 - A. Overview of College Cost Act (as signed) (Item 5)
 - B. Industry and Business Conditions and Implications for MHESAC (Item 6)
 - Response of Lenders to College Cost Act and Reduced Yields
 - Liquidity Crunch
 - DoF Proposed Rules – still pending
 - Sunshine Act & Reauthorization of the Higher Education Act- still pending
 - Relationship with the State of Montana & Regent's Task Force
 - C. Montana AG Report (Item 7)
- 6. BOARD EDUCATION ITEMS**
 - A. Overview of Process for Developing a Loan Purchase Bid and Cashflows for Rating Agencies (Item 8)
- 7. MHESAC Strategic Issues**
 - A. MHESAC FY 08 YTD Performance Reports
 - FYTD Loan Acquisition Activity – (Item 9)
 - FYTD 2008 MHESAC OMTI Scorecard - (Item 10)
 - FYTD 08 Strategy Check-up – (Item 11)
 - FYTD Financial Statements and Narrative – (Item 12)
 - FYTD Management Reports – (Item 13)
 - B. Revised FY08 MHESAC Volume Projections (Item 14)
Board Discussion of Revised FY08 Volume Projections
 - C. Proposed Revised Montana and Non-Montana Borrower Benefits (Item 15)
 - D. Discussion of Opportunities for Acquisition of Pre-October 1 Non-Montana Loans (Item 17)
 - E. Potential 2007 Tax-exempt Financing and Request for 2007 Montana Volume Cap
 - F. Discussion of Potential Major Strategic Changes to Approved FY 08 Strategy
 - G. Timing of Proposed Revised FY 08 MHESAC OMTI
 - H. Timing of Proposed Revised FY 08 MHESAC Budget
 - ***Call for Public Comment on Strategic Issues***

Board Discussion and Action on Strategic Issues

 - ***Board Action on Major Strategic Changes to FY 08 Strategy***

BREAK

8. Operation Items

- A. Final Report on IRS Examination of MHESAC 2000 Tax-exempt Bonds
- B. Report on 9.5% Floor Loan Audit (Item 18)
- C. Recent Bond Interest Rate Performance (Item 19)
- D. Changes to Strategy as a Result of College Cost Reduction Act (Item 20)

- Call for Public Comment on Operation Items

Board Action on Operation Items

- Board Action on Potential Reimbursement of MSLF Loan Acquisition Costs for MSLF Loans to be Sold to MHESAC that would be Credited Towards Purchase Price

9. Board Governance Items- 11:00 a.m.

- A. Update on 509(a)(2) Reclassification Request
- B. Proposed Charge of the Risk Management Committee (Item 21)
- C. Update on on-going efforts to address Board concerns from fall 06 (Item 22)

- Board Discussion of Governance Items

- Call for Public Comment on Governance Items

Board Action on Governance Items

- Board Action on Proposed Charge of the Risk Management Committee

LUNCH – Noon (Working)

10. Call for General Comments from the Public (1:00 p.m.)

11. Information Sharing on SAF Activities

- A. SAF's Loan Servicing Transaction Activity Report - Lowell (Item 23)
- B. Update on SAF's Facility Strategy
- C. SAF Loan Servicing Volume (Item 24)
- D. Marketing and Communications Update (Item 25)

12. Other Items from Board Members

13. Upcoming Meeting Schedule

- Conference Call for December Montana Tax-exempt Financing**
- Joint Worksession with SAF – January 08**

14. Board Meeting Adjournment