

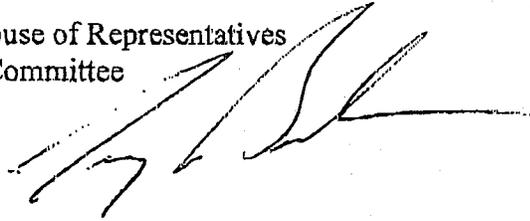
EXHIBIT 12
DATE 02/14/17
#B 578

BUCHANAN CAPITAL LLC

February 14, 2007

To: Members Montana House of Representatives
State Administration Committee

From: Gary Buchanan



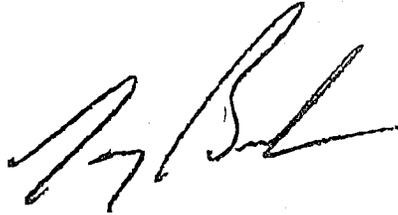
Subject: House Bill 578

I support House Bill 578. My respected colleagues on the Montana Higher Education Student Assistance Corporation board have struggled and honorably come to a different conclusion. I speak only for myself for my support of House Bill 578. I have attached a letter which I sent to the MHESAC and SAF boards a few weeks ago which remains my personal position.

Buchanan Capital LLC

201 North Broadway, Billings, MT 59101

To: MHESAC and SAF Board of Directors
MHESAC and SAF Staff
Fr: Gary Buchanan- Vice Chairman MHESAC
Date: January 31, 2007
Re: Public Accountability



* I have asked Commissioner Stearn's office to distribute this letter for me as I do not have all of the addresses and emails.

I want to share my thoughts as they relate to the relative progress towards MHSEAC's and SAF's becoming more transparent and open organizations. I'm sure some of you regard me as a "burr in the saddle" on this issue since obviously I've been the most vocal on either Board about concerns for governance.

My concerns started several months ago when I raised concerns to MHESAC concerning inadequate information on SAF and it's contractual capacity, particularly as it relates to bonding. Some of us considered MHSEAC, as the "mushroom board", to be effectively in the dark about the new building, growth targets for servicing, salaries and salary incentives. The answers to my questions and others led to my 'no' vote on the budget; which subsequently passed.

Some weeks later, because of a number of issues, I voted 'no' on the tax free bonding; which also subsequently passed. I did propose a motion to suspend all taxable bonding until our two boards met and worked out a number of issues; it passed unanimously. I also made a motion that was seconded to request a legislative audit. After further discussion and the appointment of a sub committee I withdrew the motion.

Where are we? Because of a lot of hard work from Board members and staff we have made some progress towards more proper governance. I know I annoyed some of you when I stated that our Boards were the least transparent of the dozens of public service boards I have served in a 30 plus year career of civic service. I sincerely meant it.

The primary response from management, and our bond counsel, was that we are a "private organization", which was followed by a very arrogant and, I believe, legally flawed opinion. The opinion has an inherent conflict of interest on the very matter addressed.

We are a nonprofit organization with considerable public responsibilities. My appointment was made by a Republican Chairman of the Board of Regents. David Ewer is taking leadership on behalf of a Democrat Governor. Members of our Boards are all publicly appointed by both Democrats and Republicans. As we have found out recently we live and die on Montana's public bonding authority. Even more important is the new Federal Congressional legislation. A "private organization" does not live, breathe and die with its total dependence on public policy. With our unique structure we have an obligation and loyalty to the public as well as our non profit corporations.

Yes, we have made some progress, but I fear we are not adequately communicating with the Governor's office and the Legislature. This has been an absolutely non-partisan effort so far and any effort to make it a partisan issue would be a

grievous error. I fear we may have already started a partisan squabble and helped to contribute to false rumors.

The issue is openness and governance and our responsibility is to the State of Montana.

I have read the bill (Draft # LC2426) that was sent to me by Jim Stipich regarding MHESAC and SAF and I agree with the legislation. It would be hypocritical for me not to support it as it addresses the very issues I have expressed serious concerns about during our recent meetings. I hope both of our Boards support it. I intend to support it as an individual because it is the right approach to open governance and our responsibilities to the State of Montana.

There is nothing in the process of bringing our Board under the same open meeting legislation as other state boards that would hamper our effectiveness. I'm sure that we will even better serve Montana's students by doing our business in public and being subject to more legislative accountability. We control an immense amount of resources and should act accordingly.

CC: Since Senator John Cobb and Budget Director Ewer have obviously been contacted by MHESAC staff I am including them in this correspondence.

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