



May 15, 2008

Sheila Stearns, Commissioner  
Office of the Commissioner of Higher Education  
PO Box 203201  
Helena, MT 59620-3201

Dear Commissioner Stearns:

The purpose of this letter is to respond to your letter to myself dated March 20, 2008. In this letter you provided MHESAC with a report including recommendations of the Board of Regents Task Force on Student Loans dated March 2008 and asked the MHESAC Board to review the report and consideration of a means to allow the Board of Regents to continue its dialogue with the MHESAC Board about the matters contained in the report.

It is MHESAC's understanding that the Task Force was charged with developing recommendations on the following specific topics:

1. MHESAC governance and accountability issues relative to MHESAC bond activity;
2. A process for monitoring and making policy adjustments relative to changes in student loan programs and financing issues at the federal level, in accordance with revised federal laws and the Montana Attorney General's report on student loans; and
3. Improvements in communications between the Regents, the Montana executive and legislative branches, and the SAF and MHESAC boards of directors.

MHESAC applauds the efforts of the Board of Regents to look at these matters. MHESAC certainly supports the general cooperation of all parties involved in this effort and looks forward to an expanded cooperative relationship in the future.

Enclosed you will find the response of MHESAC to the matters contained in the report. As you can see strong mutual concurrence exists on most of the issues and recommendations. In general MHESAC intends to do what it can to implement the recommendations directed to it within the normal conduct of its business and to make necessary adjustments to any current practices so as to enhance the multi-way mutually beneficial relationship involving the Board of Regents, the Governors Office, MHESAC and the citizens of Montana.

As you read the enclosed response you will see that MHESAC does have a few suggested changes to the recommendations that we believe will strengthen them. To that end, the MHESAC Board requests a face-to-face meeting with either the entire Board of Regents or a committee of the Regents (as you believe appropriate) to discuss the recommendations contained within the report and MHESAC's suggested changes.

Pending such meeting it is the intent of MHESAC to immediately implement the recommendations where full concurrence exists and to implement any policies and practice changes as necessary to allow MHESAC to do its part to accomplish such recommendations. For items where we have suggested changes to the recommendations, pending acceptance by all parties, it is the intent of MHESAC to implement any policies and practices changes as necessary to allow MHESAC to do its part to accomplish such revised recommendation. We anticipate the Board of Regents and the Governor's office will do the same for items requiring action or changes in policy or procedure on their part. It is MHESAC's intent to instruct SAF to carry out these recommendations in its role as MHESAC's business manager as appropriate for MHESAC specific items as well.

Thank you again for your leadership on this matter and for your service to Montana citizens. We look forward to on-going discussion of this matter and to cooperative implementation of the final recommendations of the Task Force.

Sincerely,

A handwritten signature in black ink that reads "Fred Flanders". The signature is written in a cursive, slightly slanted style.

Fred Flanders  
Chairman of the Board  
Montana Higher Education Student Assistance Corporation

C: MHESAC Board  
SAF Board  
James Stipcich  
Governor Brian Schweitzer  
Board of Regents Task Force  
Board of Regents  
David Ewer, Budget Director  
Jan Lombardi, Policy Advisor for Education

Enclosure