

March 12, 2012

Dr. Sylvia Manning
President
Higher Learning Commission
230 South LaSalle Street, Suite 7-500
Chicago, IL 60604-1411

Dear Dr. Manning:

I am responding to your letter dated February 27, 2012 concerning Tiffin University's Altius University programs.

Background

In 2007, Tiffin University (TU) began planning a project that would extend its historical mission of assisting students from rural and modest socio-economic and academic backgrounds to provide gateways for the achievement of a postsecondary education. We conceived a program that would deliver our previously approved Associate of Arts in General Studies degree to a broader geographical pool of students who were not able to pursue a postsecondary education through traditional means. The degree was to be delivered through online modalities with a highly intensive student support system and with the opportunity for the students to continue their studies at the upper division level through pre-established articulation arrangements.

TU recognized that we needed to gain expertise in reaching and serving this population of learners through online systems. We chose to partner with Ivy Bridge, LLC, (now named Altius Education, Inc.) a company that was founded by a seasoned team that had already innovated in the delivery of services to the postsecondary student population and could bring financial capital to this endeavor. At the time the relationship was formed, it was recognized that this venture could grow well beyond the resources, infrastructure and institutional frame of TU. It was contemplated that this endeavor could become a university unto itself and be more appropriately managed by our partners in the future.

Before finalizing arrangements on this project, I sent a letter (Attachment A) to Dr. Steven Crowe describing the joint venture (Ivy Bridge College, LLC, which has been renamed Altius University, LLC) that TU was developing. That letter was dated January 18, 2008 and advised Dr. Crowe of the project noting that the relationship with Ivy Bridge was developed "in careful

consideration of the HLC *Policies Regarding Institutional Dynamics* and the Commission's *Good Practices in Contractual Arrangements Involving Courses and Programs*". My letter also stated that "Although the arrangements do not require a filing with the HLC, we wanted to assure that you are aware of this project and our consideration of its relationship to Tiffin University's accredited status". We have not heard otherwise from anyone representing the HLC since my letter was sent more than four years ago and, to this date, we have received no response.

On June 15, 2009, I sent a follow-up letter (Attachment B) to Dr. John Taylor about this joint venture, including additional details about TU's specific responsibilities. We received no response to this letter.

The self-study report that was submitted by TU in 2009 as part of the process for continuing accreditation described the Ivy Bridge operations in detail and the members of the evaluation team reviewed the legal documents and visited the Ivy Bridge offices in Toledo in March of 2010 to meet with TU staff and faculty members who were involved with the delivery of the academic program. The evaluation team's report included the following comments:

"It is evident that the University is embracing innovation and change with regard to on-line programs and Ivy Bridge entrepreneurship ventures." (page 15)

"TU effectively utilizes strategic alliances/partnerships to develop and grow academic programs and to expand its local, national, and global presence. These alliances have been particularly effective in the success of the online Associates Degree programs." (page 15)

"The concept of the Ivy Bridge partnership is an excellent strategic initiative. It addresses an underserved population through a strong curriculum, efficient and effective academic support, excellent instruction, and a very good online portal for program delivery." (page 28)

"The CEO and center director are effective administrators who are thoroughly involved in advancing the mission of Ivy Bridge and the entire Tiffin University." (page 28)

"Team discussions with faculty indicated that they are dedicated professionals delivering a quality academic program. The faculty are committed to the concept and spirit of assessment of student learning and making ongoing curricular and pedagogical improvements." (page 28)

"Students are generally satisfied with the concept, location, quality of faculty, and academic support given to the Toledo center." (page 28)

"Ivy Bridge College delivers quality education to a relatively underserved population. Its staff support concept is innovative and well received by the students." (page 29)

"Tiffin's Ivy Bridge partnership and its European alliances are clear examples of using external relationships to further the mission of the University and stabilize the financial condition". (page 31)

TU was approved by the Higher Learning Commission for continuing accreditation through 2020 without any concerns or conditions related to our relationship with Ivy Bridge/Altius or any issues with respect to the process that we followed, or any alleged default in process in our relationship with HLC.

TU has always been and continues to be in control of all aspects of the academic programs, academic tutoring and library services, and the financial aid, registrar, and bursar functions. The students have always been and continue to be students of TU. Altius University, LLC (AU), a company of which TU is a co-owner, has been and continues to be simply a service provider and a funding vehicle for the fiscal resources needed to develop and operate the Ivy Bridge/Altius University programs.

Next Step

The success of the Ivy Bridge College project has exceeded our expectations. Not only has it furthered the historical mission of service of Tiffin, but it has demonstrably met a real educational need, having to this date assisted over _____ students along the path of their educational journey. While doing so, we have implemented innovative student services designed to enhance student retention and graduation rates. However, it has also reached the threshold of size and sophistication that will soon take it beyond the capabilities of TU.

Accordingly, in cooperation with Altius Education, Inc., (AE) we have begun the planning process that would eventually lead to Altius University of TU becoming a separately and independently operated and accredited entity. Because the nerve center for AE is in California, it was determined that it would be most logical for the future administrative headquarters of AU to be located in California and for accreditation to be pursued through the Western Association of Schools and College, Accrediting Commission for Senior Colleges and Universities. However, no application for accreditation has been submitted at this time. The **NON-BINDING** Memorandum of Understanding was developed as an informal guide for some of the steps that may be needed. My letter dated December 8, 2011 to Dr. John Taylor (Attachment C) was provided to, once again, keep HLC well-informed in advance of any action and while matters are still in the developmental stage.

One thing is certain, TU will continue to remain strictly in control of the academic and fiscal functions related to its accreditation responsibilities with respect to all of our operations, including AU, until any required approvals of a change of control of AU's operations and assets have been obtained. At this point, it has not been determined how or when that change will occur, but the planning has begun.

Change of Control, Structure, or Organization

You rightfully inquire as to the impact on TU of any transfer of the operations of AU to AE, should that occur. As noted above, we have contemplated that outcome from the beginning.

Since we have built our staffing to meet the incremental load of AU and have contracted to the jointly-owned limited liability company those services that could be contracted out, those services and related expenses that are not assumed by AU, will be retrenched. Since any excess revenues from the AU operations are to be reinvested in that operation, TU has not become reliant on surpluses from those operations.

Most importantly, the transition of the AU operations to another accredited entity will not engage a substantial set of TU assets. In fact, the relationship has returned to TU a rich deposition of intellectual property and technological assets and know-how that will continue with TU without restriction. Further, through TU's ownership in AU, the endowment fund of TU will be enlarged and used to further enhance the mission of TU and support our other academic programs.

The relationship with AE was very carefully formulated so that TU would never be "out-of-pocket" financially; and it hasn't been. While a tremendous level of service to students has been produced, it has been supported solely by investments from AE.

Responses to Specific Requests

The following information is provided in response to the requests on the second page of your letter:

1. The legal documents that you requested are being sent to you by Ms. Rani Croager as email attachments. I would emphasize that the June 2011 Memorandum of Understanding is a NON-BINDING document designed to serve as an informal guide to the steps needed to prepare AU for independent accreditation. TU will implement these provisions only if we deem them to be appropriate.
2. Current Articles of Incorporation and Bylaws for TU are provided as Attachment D, along with the Certificate of Formation for Ivy Bridge College, LLC and the Certificate of Amendment for Altius University, LLC. There are no Articles of Incorporation or By-Laws for AU since it is a limited liability company. These provisions are captured in the Operating Agreement, which is being sent to you as an email attachment by Ms. Rani Croager.
3. The Board members of TU, AE, and AU are listed as Attachment E. None of the TU trustees have any relationship with, or ownership in, the other entities except that Larry Adelsperger and I serve as TU's representatives on the AU Board of Managers (no compensation). No AE or AU Board member has an ownership interest in AU and a majority of the AE Board members do not have direct ownership interest in AE.
4. None of the senior administrators of TU have any contracts, letters of agreement, memoranda of understanding, etc. with AE or AU. I am not sure whether Seyed Amiry is considered a senior administrator of TU since his position involves dual appointment with the joint venture, but he has a small equity position in AE.
5. No TU students or TU assets have been transferred to AU, nor will they be until AU becomes independently accredited. All tuition revenues currently support the AU budget, so there will be no financial impact on TU when the students become AU students after accreditation is achieved. The TU employees who handle the AU academic, registrar, bursar, and tutoring functions will become AU employees once accreditation is achieved.

The TU staff members who handle AU financial aid responsibilities will become AU employees once AU receives approval for Title IV federal funding. The salaries and benefits for all of these employees are now paid by TU and then reimbursed to TU from the AU budget, so this transfer of employees will not have any financial impact on TU. No other TU assets will be transferred to AU.

6. The number of student starts (new students) at TU and at AU for the past six terms are provided as Attachment F.
7. IRS 990's filed by TU for the past three tax years are being sent to you by TU's Controller, Mr. Robert Watson, as email attachments.
8. TU's external financial audit reports for FY09, FY10, and FY11 are being sent to you by Mr. Watson as email attachments.
9. After AU becomes independently accredited, TU will discontinue offering the AA in General Studies degree in the online format for at least two years and may then begin offering it again once the two-year non-compete time has elapsed. There is not a non-compete requirement regarding the ABA and ACJ degrees, so we may continue offering those. Of course, we will continue offering our current master's (Master of Business Administration, Master of Science in Criminal Justice, Master of Education, and Master of Humanities) and bachelor's (Bachelor of Arts, Bachelor of Business, Bachelor of Criminal Justice) degree programs in the online format as authorized by HLC.

eCollege is the distance education platform used for TU's online master's and bachelor's degree programs and Moodle is the platform used for our online associate's degree programs. When the associate's degree programs are offered by AU after it becomes accredited, therefore, there will be no impact on the delivery of TU's other online degree programs.

There will be almost no financial impact on TU's operating budget when AU becomes accredited because (1) all of the tuition revenue collected by TU for the online associate's degree students is used to support the AU operating budget, and (2) all expenditures by TU for employee salaries and benefits and other direct costs associated with the joint venture are reimbursed to TU from the AU budget. TU does receive a modest administrative overhead fee for the services provided to the joint venture, but the loss of this modest amount will have a minimal impact and TU will benefit because certain administrators at our main campus in Tiffin will no longer have to spend any of our time on work related to the joint venture.

AU paid for all of the start-up costs and continues to pay for any operating losses. TU did not invest any money in the joint venture, nor does TU have any financial responsibilities at the present time or in the future. TU received equity in the joint venture because we are accredited to offer the online programs and because TU handles all of the responsibilities related to the academic programs, library and tutoring services, and the registrar, financial aid, and bursar functions (for which we receive reimbursement of all costs).

Since TU has not put any money into the venture and since none of the tuition revenue is available for TU (because tuition is used for the AU operating budget), there will be no

financial disadvantage to TU when AU becomes accredited. Overall, TU has realized a very healthy financial surplus in each of the past few years, and it appears that the current fiscal year will end with another significant surplus. As shown in Attachment F, the value of TU's net assets has increased by 205% during the past six years and has doubled in the past two years. This has been achieved without any financial contribution from the joint venture.

Conclusion

TU has kept HLC informed of our joint venture from the beginning more than four years ago and has never received any communication from HLC expressing concern. The report of the HLC evaluation team recommended a ten-year continuation of TU's accreditation and included a number of very positive comments about our joint venture. TU has used the financial resources of our partner to deliver high-quality and affordable academic programs to an underserved group of students throughout the U.S. This has been accomplished without any financial investment or risk by TU, and we expect to realize a substantial financial benefit when our equity in this joint venture is acquired in the future. The future financial gain that TU receives will be used to enhance the financial and educational strength of our institution and its academic programs. Please let me know if additional information would be helpful. Thank you.

Sincerely,

Paul Marion

cc: Dr. Gary Heminger, Chair, Tiffin University Board of Trustees