



Dear Vandal Alumni:

As I have been traveling the state and talking to you, our alumni, I am hearing excitement about the prospect of the University of Idaho affiliation with the University of Phoenix and eagerness to learn more so that you can advocate for the transaction. I am writing to update you on the status of the transaction, answer some questions that I am hearing from you and respond to a narrative recently published in the Idaho Education News that questioned the timing of when we entered negotiations to affiliate with the University of Phoenix.

The University of Idaho and our Board of Regents remain committed to closing this transaction as the benefits for our university and the state of Idaho are more compelling than ever. These include:

1. The revenues generated by this growing market will help offset the projected declines in traditional college-going students. There was a baby bust in the recession that began in 2008, and some estimates indicate that a smaller cohort of traditional college-going students will result in an enrollment decline of at least 15%. Many predict a number of colleges in the nation will go out of business as a result. The adult learner category, however, is expected to increase 5% over this period. This is the market the University of Phoenix serves.
2. This is a good deal financially for the University of Phoenix and the U of I. By affiliating with the U of I and becoming a not-for-profit, the previous profits and taxes paid out to investors and governmental entities — totaling tens of millions of dollars — can be retained for the benefit of the University of Phoenix, the U of I and their students through an envisioned affiliation arrangement. The purchase price, less cash left on the balance sheet, is approximately 2.5 times EBITDA (earnings before interest taxes,

depreciation and amortization), which any accountant or businessperson will tell you is a very attractive valuation.

3. The state of Idaho will gain access to world class online education delivery and student support systems. These systems have been developed and refined over decades of use by the University of Phoenix students.

4. Idaho students will have more choice. The U of I and the University of Phoenix will work together to build educational pathways for the benefit of our rural place-bound students and traditional students. There are options currently not offered online by any Idaho institution that the U of I can integrate into a model of both live and online instruction to meet marketplace needs.

5. The University of Phoenix has robust student support and technology capabilities. We will work together to leverage these capabilities for the benefit of our students.

These are just a few of the more significant benefits of affiliation, and our faculty and administrators will continue to identify more as they think through how they can leverage this incredible asset.

Last week, there was a negative narrative published by Idaho Education News calling into question the veracity of our statement that we began serious negotiations with the sellers of the University of Phoenix in mid-March, so let me arm you with some facts. We have been consistent in our messaging that while there were introductions and preliminary evaluation of whether there was a basis to move forward, both the buyer and seller began substantive negotiations in mid-March.

Our first contact with the sellers was in early February, but these were introductions and review of management-provided data to help us assess if we should further pursue the idea. When the sellers indicated that they were interested in negotiating with the U of I, we responded with an Indication of Interest (IOI) memorandum. As you can see, our [Indication of Interest](#), a document that messages to a seller our interest in formal

negotiations, was dated March 23, 2023. As any businessperson will tell you, this is an early step to gauge if there is a basis for the buyer and seller to spend valuable time and money conducting due diligence on each other.

The other fact that supports our timeline is that the national accounting firm we hired to do the deep due diligence on the University of Phoenix was retained on April 27, 2023. The results of that good work conducted in late April and throughout May resulted in the negotiation of a purchase price well below what the initial IOI contemplated, confirming that the document represented a first indication of interest, not a formal or final offer.

Needless to say, we stand by our truthful representation that while we had initial discussions, of which we made our Board of Regents aware, negotiations by both parties began in earnest mid-March.

Over the next few weeks, representatives from the U of I and the University of Phoenix will be meeting with stakeholders throughout Idaho. They will be sharing information, including the University of Phoenix's strong financial state.

Subsequent to those meetings, the next important steps toward closing will be the approval from our respective accreditors to affiliate and a successful bond placement. We are working with both accreditors and believe they will complete their reviews later this year, although the timing of their decision will be driven by their processes. We anticipate that the approvals will enable the bonds to be sold early next year, allowing the transaction to close. We have retained bond counsel and have tapped Citibank to place the bonds.

As an aside, you have likely read that the state's attorney general has challenged some of the meetings held by our Board of Regents. After significant legal review, our board strongly believes they complied with all open meeting law requirements. Importantly, a deputy attorney general was present for all of those meetings. This may take time to work its way through the courts, but our board believes they will prevail.

We will keep you informed as we move through each gate toward closing. Know that we appreciate your strong support. We have updated [our FAQs](#)

for your reference. As always, I am available to answer your questions.  
Please send queries to [president@uidaho.edu](mailto:president@uidaho.edu).

Go Vandals!

**Scott Green**  
President

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Connect with us!



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