June 23, 2014

Mr. Geoff Cox  
President  
Alliant International University  
One Beach Street, Suite 100  
San Francisco, CA 94133-1221

Dear President Cox:

During its June 18, 2014 meeting, the Structural Change Committee of the WASC Senior College and University Commission (WSCUC) considered the proposal submitted by Alliant International University for a change of legal status and ownership. Alliant is proposing a change of control in association with a sale of assets to an entity owned and funded by University Ventures Fund (UV). Alliant will be restructured as a for-profit California benefit corporation (Alliant BC) with a legacy non-profit entity that will control the funds from the sale to UV and will participate in the governance of Alliant, retaining an ongoing role in the oversight of Alliant’s mission. By WSCUC policy, this requires structural change approval by the Commission.

Consideration of this structural change follows submission by the institution of a full proposal, review by a panel of members of the Substantive Change Committee, a site visit by members of the review panel on May 14, 2014, and submission of a site visit report. The Committee had access to the original Alliant proposal and related materials, the letter from WSCUC staff communicating the findings of the Substantive Change Committee action of April 21, 2014, and the site visit report.

The Structural Change Committee endorsed the findings of the Substantive Change Committee and the site visit report.

The Structural Change Committee referred to the full Commission its recommendation that the change of legal status and ownership be approved. This recommendation was ratified by the Commission as further described below:

1. Approve the sale of Alliant’s assets to an entity owned and funded by University Ventures and restructure Alliant as a for-profit California benefit corporation called Alliant BC, to be implemented in September 2014. Under this approval, the change must be implemented by September 2015.

2. Require a federally mandated follow-up visit within six months of implementation.

The Commission identified the following areas for further investigation and review as part of the six-month visit and also as part of the previously scheduled interim report that Alliant will be submitting on November 1, 2015, which originally requested information on the financial status
and enrollments of the Mexico City campus, three-year trends in undergraduate enrollment, a copy of the strategic plan, and the current status of staff morale.

Financial impact and sustainability. (CFR 3.4) The team concluded that investment by University Ventures and this structural change will enhance the financial stability of Alliant and provide access to resources for improving technology, addressing deferred maintenance, revitalizing academic programs, and improving student services. The team at the six-month visit will examine Alliant’s financial status. The institution is asked to provide in advance of the visit:

a. An update on the non-revolving promissory note
b. Steps the university has taken to address weaknesses noted in the auditor’s management letter
c. Balance sheet assets and liabilities
d. Plans for financial stability

Alliant International University, at the time of its interim report, will provide updated information about its financial status.

Governance. (CFR 3.9) Three entities will have oversight of Alliant: Alliant Educational Foundation; Alliant Board of Trustees, and Alliant Board of Directors. At the time of the six-month follow-up visit, the team will explore the status of the membership of these three boards and how they work together in practice. The team will examine the formation of the boards, how members have been selected, future nominating procedures, and the current and projected size of each of the boards. The team will review the composition and operations of the Alliant Board of Trustees to ensure it is in alignment with CFR 3.9 and the WSCUC Policy on Independent Governing Boards. For a Board to be considered independent, a majority of its members must have no affiliation with Alliant or University Ventures. The team will also review the bylaws of the three boards, minutes of the three boards since May 1, 2014, and minutes of any subcommittees that may have met since that time.

Alliant, at the time of its interim report, will provide updated information on board memberships, operations, bylaws, and minutes.

Communication. (CFRs 3.6, 4.6) The team reported examples of communication missteps and one-way broadcasts of information that have resulted in a lack of understanding among stakeholders of the impact of a benefit corporation on students, staff and faculty. The Commission expects Alliant to engage the campus in thoughtful two-way discussions, to keep stakeholders informed of details at each step of the process of conversion with the opportunity for their input and modifications as appropriate, and to ensure that there is ongoing open, transparent, full and complete communication. The team will review the steps Alliant has taken to improve and strengthen communication.

For the interim report, Alliant will provide updated information about its communication plans and strategies.
Strategic planning (CFRs 4.5, 4.6) A critical step for Alliant is to put in place a strategic plan that will provide a unified vision for the institution and its strategic priorities. The team will examine the status of Alliant’s strategic planning process.

Alliant, at the time of the interim report, will provide an update on its strategic plan.

Benefit corporation milestones. Since this is a new model for the region, the Commission requests updates on key milestones (e.g., identification of third party standards) at the time of the six-month visit and as part of the interim report.

It is the responsibility of Alliant International University to notify the Commission immediately of the date of closing of the change in legal status and ownership and the completion of all other necessary approvals for implementation of that change, so that the Commission can be advised of any conditions placed on the transaction by other parties and can set a date for the six-month site visit.

This letter and substantive change visit report will be posted on theWSCUC website in accordance with WSCUC Commission policy. If the University would like to respond to the Commission’s findings, a link to your response will be posted on the WSCUC website.

Please contact me if you have any questions or comments about this letter or the action of the Commission.

Sincerely,

Mary Ellen Petrisko
President

Cc: Russ Newman, ALO
Members of the Substantive Change Committee
Members of the Structural Change Committee
Barbara Gross Davis, WSCUC Vice President