

VOLUNTARY NOTICE OF STATEMENT

GRAND CANYON UNIVERSITY

Dated: October 9, 2023

This notice is being provided by Grand Canyon University (the “University”) in connection with its Taxable Bonds, Series 2021B (the “Bonds”) and its obligations under that certain Credit Agreement, dated June 10, 2022, between the University and UMB Bank, N.A., as lender.

By publication on the University’s website on October 5, 2023, the University has provided a public press release related to the University. The University has included a copy of the press release attached as an Exhibit hereto.

The information contained in this notice has been submitted to report certain events with respect to the securities listed above. Nothing contained in this notice is, or should be construed as, a representation that the information included in this notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any of the securities of the University.

This notice, including the Exhibit hereto, is delivered voluntarily by the University. The University does not undertake to provide any update to this notice in the future.

Government agencies unjustly targeting GCU

Federal officials coordinating efforts with frivolous accusations in order to bring harm to largest Christian university in the country

Please see the attached statement from Grand Canyon University regarding recent actions of the U.S. Department of Education (ED), Federal Trade Commission (FTC) and under the authority of the Department of Veterans Affairs (VA) that show these agencies are coordinating efforts to unjustly target the largest Christian university in the country in what appears to be retaliation for GCU filing a lawsuit against ED regarding its nonprofit status.

These actions follow two years of broad requests for voluminous amounts of information that have required thousands of man hours and millions of dollars in legal fees on behalf of the university. After these comprehensive reviews, the only “findings” these agencies have shared with us were seemingly minor in nature yet they attach labels such as “substantial misrepresentations” or “deceptive and misleading” in an effort to taint the university as a bad actor when all available evidence is to the contrary. The attached statement, which is being posted on GCU’s website, provides full details of four coordinated actions that have been, or are being, taken by these agencies. They are:

- AZ Veterans Services State Approving Agency (AZ SAA), under authority of the U.S. Dept. of Veterans Affairs, alleged innocuous statements in GCU advertising – “Cybersecurity experts are in high demand” and “Every company needs cybersecurity” – are somehow “erroneous, deceptive or misleading” even though such comments are 1) common sense, 2) prevalent in marketing efforts among institutions in higher education, and 3) supported by the government’s own data. GCU strongly refuted this claim and AZ SAA was satisfied with GCU’s response.
- ED alleges “substantial misrepresentation” regarding cost to complete a doctoral degree at GCU despite the fact that 1) GCU actually provides more financial transparency than is legally required, 2) we believe our disclosures are more robust than other universities, and 3) similar allegations have already been refuted twice by federal district and appellate courts in *Young v GCU*, which rejected the claim that GCU’s disclosures of doctoral program requirements misrepresented the time or cost it would take a student to complete a doctoral program. This accusation is in stark contrast to the recently completed review by the Higher Learning Commission, which concluded the following in their comprehensive review: “Their recruitment and marketing materials are clear and transparent, and financial information presented to students throughout the student lifecycle is robust.” Specific to a prospective doctoral student’s experience, HLC stated: “The information and resources provided are robust and thorough, providing prospective students a clear picture of their academic and financial path toward a degree at GCU.” ED has threatened to fine GCU as a result of its claim.
- ED, in its financial aid program review of GCU, claims an online student’s posting of a bio on the first day of class is not considered an act of “academic-related activity” even though ED’s Office of General Counsel told the University in writing that such postings met that requirement. Further, none of GCU’s accrediting bodies that have academic oversight of these programs have questioned these postings and it was also not an issue in ED’s previous program review.
- FTC launched a similar comprehensive review of GCU’s education services provider, Grand Canyon Education (GCE), which GCE believes to now be focused on phone calls made to prospective students. GCE does not cold call prospective students. It only reaches out to students who have expressed

interest in GCU programs to counsel them as they are considering their academic choices and to prepare them to begin their academic program.

First and foremost, we believe these agenda-driven actions are unprecedented against a regionally accredited 501(c)(3) designated nonprofit university and GCU categorically denies the claims being brought forth, which lack merit and illustrate extreme government overreach in what we believe is an attempt to harm a university to which individuals in these agencies are ideologically opposed. The agencies announced in [this October 2021 statement from the FTC](#) that they would be coordinating efforts to “pursue the full range of sanctions” against for-profit institutions that they frequently decry as bad actors due to the disproportionate number of Americans who defaulted on federal student loans who attended those schools. GCU does not fit this profile because 1) it is legally a 501(c)(3) Arizona nonprofit entity, and 2) its students consistently have lower loan default rates than the national average at nonprofit universities. Yet, we see now that the Department of Education has intentionally mis-classified GCU as a for-profit entity for purposes of federal funding so that it can target the university with these types of actions in conjunction with other federal agencies.

The allegations are, quite frankly, frivolous and are based on the agencies’ opinions rather than student feedback or complaints. Yet, they have been accompanied by threats of fines and penalties, which speaks to the motivations of these agencies and makes it clear to us that they are weaponizing federal regulatory oversight to target GCU. We believe in common sense government oversight but not aggressive government overreach and believe these claims are just that given the fact that:

- 1) They refer to practices that are common in higher education, yet we know of no other nonprofit university that has received this level of scrutiny;
- 2) GCU actually provides higher levels of transparency than is legally required and is in fact looked upon as a leader in higher education innovation and transparency;
- 3) They are clearly misguided in light of the many contributions GCU is making to successfully address the major issues facing higher education;
- 4) They could have easily been resolved in a 10-minute phone call had the agencies chosen to do so. We would have disagreed with the agencies’ conclusions but believe a reasonable accommodation could have been reached in each case in a spirit of cooperation. Instead, the agencies have chosen to, quite literally, make a federal case out of what should be minor disagreements.

GCU believes it properly discloses financial information to its students, including its doctoral students. In fact, we have invested millions of dollars in technology and taken steps that provide greater levels of financial transparency than is legally required. ED requires that universities provide cost of attendance estimates for the first year in college to first-year, first-time students, and only for undergraduate programs. In addition to meeting that requirement, GCU provides direct cost estimates for each year of the program of study and for all of its degree programs. GCU does this because it cares about treating all of its students with honesty and fairness and is consistently complimented for these efforts. GCU has volumes of end-of-course surveys and testimonials from students and parents that depict the exact opposite of what these agencies are alleging.

The attached statement provides further details of the allegations that continue a disturbing pattern in which ED has now substituted its own biased opinions for that of other experts on three different occasions as it relates to GCU. The statement also includes a screenshot of GCU’s Degree Program Calculator which discloses very prominently the estimated costs for a 60-credit doctoral program and any potential continuation courses needed to complete a doctoral dissertation.

The Department of Education has been clear about the things it considers important as it evaluates universities, and GCU has a stellar record in all of those areas, including extremely strong support from all of our accrediting bodies, low private school tuition rates that have been frozen on the ground campus for 15 straight years, lower student debt levels than the national average, lower default rates on student loans than the national average, low 90/10 amounts and strong gainful employment numbers and graduation rates in comparison to universities with similar student bodies, highly qualified faculty, millions of dollars of philanthropic investments into our surrounding community, significant contributions to the workforce especially in areas of nationwide shortages such as teaching and nursing, and, because of our low tuition rates that make higher education accessible to all socioeconomic classes of Americans, a highly diverse student body.

Rather than applaud such efforts or get a better understanding of why so many students are choosing GCU (as others in higher education have done), individuals in the federal government – for reasons we do not understand – have instead chosen to impose unprecedented levels of scrutiny aimed at 501(c)(3) designated nonprofit university. We believe in accountability reflected in common sense government oversight that should apply to all universities, but not aggressive government overreach, and we believe these claims are just that. Despite all of the positive outcomes benefitting GCU's students and the community, it is clear we have become their primary target. We should not be held to a different standard than other traditional universities and we should not have to be defending the university and our students from these unwarranted and targeted allegations.

The agencies are making these accusations under the guise of "consumer protection." Enrollment is growing at GCU with 118,000 students this fall, a market-based response which only happens if students are happy with the education and services they are receiving. The reality is that these agencies' reviews are actually hurting consumers (i.e., GCU students) because the university has had to spend thousands of staff hours and millions of dollars in legal fees in order to address these agencies' unprecedented actions. Thus far, GCU has been able to absorb those costs and continue to freeze the cost of tuition, which it has done on its ground campus for 15 straight years. But, because GCU, like almost all private universities, is dependent on tuition as the primary revenue stream and does not receive state funding like state universities, the university may be forced to raise tuition if the legal fees associated with these actions continue to escalate. We are, in essence, trying to protect our students from this government overreach.

GCU is asking for 1) the Department of Education to recognize the university's lawful nonprofit status just as other regulatory agencies have done, and 2) these targeted actions to stop.