

FOR IMMEDIATE RELEASE

July 2, 2009

UNIVERSITY OF TENNESSEE ROLLS OUT TENNESSEE FUND

The University of Tennessee announced today the creation of the Tennessee Fund, designed to consolidate and streamline the athletic benefit program, ensure equity in the program, and eliminate any confusion for donors regarding tax deductibility of their gifts.

“Tennessee has historically had a unique partnership between academics and athletics – especially as it relates to our donors ability to have athletic benefits for academic donations,” said University of Tennessee Interim President Dr. Jan Simek. “The creation of the Tennessee Fund will further enhance that relationship while also allowing the university to streamline the management of athletic benefits.”

Under the Tennessee Fund, the athletic department will assume central responsibility for the management of all athletic benefit priority programs, including the benefit program for those who contributed to non-athletic programs. All donors interested in athletic benefits, including Volunteer Athletics & Scholarship Fund (VASF) donors and Lady Vol Boost-Her Club donors, will be combined into a new athletics administered program known as the Tennessee Fund.

Under the new arrangement, the University of Tennessee Athletics Department will guarantee the academic leadership on each campus funding equal to or greater than the amount donors previously donated to non-athletic programs to gain athletic benefits. Currently the athletic department provides direct cash support to the University of \$1.375 million annually for scholarships for non-athletes and \$1.125 million for parking garage debt service. Through the Tennessee Fund, the athletic department will increase the guaranteed direct cash support by an average of \$2.875 million per year over the next ten years for an average direct cash support of \$5.375 million a year.

“Over the past few years it has become more and more apparent that maintaining two separate football and men’s basketball priority programs was not only inefficient in terms of resources and staff allocation, but has also created benefit differences and confusion to donors,” said Dr. Jan Simek, interim president. “We feel this will improve service and fairness for all donors while allowing the University to continue its unique tradition of using athletic benefits to reward general university support.”

During the process, existing university donors will have their memberships transferred into Tennessee Fund accounts, including point system totals reflecting their years of giving and dollars contributed. Existing season ticket locations for all donors affected will be maintained based upon their previous gift club membership levels and by maintaining annual giving levels. All parking will be reassigned annually beginning in 2010 based on Tennessee Fund donor rankings.

“We are proud to be able to partner with the University and to share in the resources generated by those interested in receiving athletic benefits such as the opportunity to purchase priority season tickets and parking passes. The creation of the Tennessee Fund will allow us to further enhance that relationship while providing a more fair and consistent athletic benefits programs for all donors,” said Men’s Athletics Director Mike Hamilton.

For more information, visit www.utsports.com or www.utladyvols.com or call (865) 974-1218.

DRAFT LETTER – ACADEMIC DONORS

Dear NAME,

We wanted to take this opportunity to make you aware of a new joint donor program called the Tennessee Fund that will consolidate and streamline the priority ticket systems for all donors interested in UT athletic benefits and eliminate the confusion of all University donors regarding tax deductibility.

Beginning in 2010, all donor benefits for athletics priority season tickets and parking will be administered through this program, designed to reduce costs and improve service. Here are some key points:

- The 2009 benefits are not affected. Changes will not go into effect until Jan. 1, 2010.
- All existing ticket priorities will be maintained by previous gift society levels and annual giving levels. Donation levels entitling you to purchase your current tickets will not change.
- Parking priorities for all donors will be reassigned annually, based on established point system levels.
- Non-athletic donors will receive one-time point adjustments to transition to the combined point system.
- Future gifts to the Tennessee Fund still may be directed to academics, and donors will receive athletics benefits. Those gifts cannot be designated for specific academic programs but the leadership on each campus will allocate these funds.
- Donors may still designate gifts by making them directly to the academic department of their choice. Such gifts will not be considered in athletics benefit priorities, but will be 100 percent tax deductible.

Tennessee has historically had a unique partnership between academics and athletics—and ours is one of the few universities where donors to academics receive priority for athletics benefits. We intend to continue the unique benefits of that partnership, and the Tennessee Fund will allow us to streamline the administration of benefits and assure a fair and consistent process for all donors.

Under the new arrangement, the athletic department, with input from the academic development and alumni staff, will assume central responsibility for the management of all athletics season tickets and other athletics benefits. Academic donors, along with existing Volunteer Athletics & Scholarship Fund (VASF) donors and Lady Vol Boost-Her Club donors will be merged into the new Tennessee Fund. That will allow us to combine staff and functions for substantial cost savings—and to focus best efforts on maximizing service and accommodations for all our donors. A worksheet is attached to demonstrate your current point standing and how it relates to priorities.

Going forward, academic programs will continue to benefit from donations to the athletic programs. To make certain there is no reduction in funding for academics, the athletic department will provide additional guaranteed direct cash support to the University at an average of \$2.875 million per year over the next 10 years. This contribution is intended to replace potentially lost gifts from donors who had contributed to academics to receive ticket and parking benefits. That support will be in addition to two other direct cash support payments the athletic department currently makes to the University - \$1.375 million annually for scholarships for non-athletes and \$1.125 million for parking garage debt service. The combination of those three payments results in an average direct cash support total of \$5.375 million per year over the next 10 years.

Our staff is ready to assist you with any questions you may have – (865) 974-1218, or you can visit www.utsports.com or www.utladyvols.com for more information. We will also have informational meetings throughout the Southeast this fall. Please check the website for a date in your area. We will continue to keep you updated on our progress and provide more information in the fall. Thank you for your continued support of the University of Tennessee.

Sincerely,

Dr. Jan Simek
Interim President

Mike Hamilton
Men's Athletics Director

Joan Cronan
Women's Athletics Director

FREQUENTLY ASKED QUESTIONS

Q. Why are you making this change?

A: To streamline the process for administering athletic benefit programs, this includes a more efficient use of staff resources, eliminating confusion for donors between different programs and tax implications of gifts, and ensuring equitable benefits for all UT donors interested in athletic benefits.

Q. How will the point system work?

A: The point system will be the same system used currently by the VASF.

1 point for every \$100 given since 1986 to any area of UT. Future points will be accrued based on gifts to the Tennessee Fund.

5 points for each consecutive year of giving since 1986

One time 50 bonus points if given prior to 1986

One-time 50 bonus points if Tennessee Letterman

One-time 10 bonus points if UT Alumni

Q. When will this system go into effect?

A. We will send everyone a statement in June that shows them how this move will affect them beginning with the 2010 football season. This program change will NOT affect your season ticket or parking location for 2009.

Q. Why am I receiving this information now?

A. We wanted to ensure we were communicating this change as soon as possible. Your 2009 priority will not be affected by this change.

Q. How will this affect my season ticket location?

A: Donors will need to continue making their annual gift or remain part of their giving society to maintain their football and basketball ticket locations. Gift club members who have achieved lifetime status will have their lifetime status honored and will not be required to make additional gifts.

Q. Will my donation level go up as a result of this change?

A: No. The contribution entitling you to purchase your current tickets will not change because of this conversion.

Q. How will this affect my parking location?

A: Parking locations will be assigned in donor rank order and reassigned annually.

Q. How many non-athletic donors are affected by this change?

A. Approximately 2,500 non-athletic donors currently receive athletic benefits. This represents less than 5% of all university donors.

Q. Can I designate my gift to academics?

A: You can designate your donation to "Tennessee Fund- Academics" on your annual renewal.

Q. Can I specify that my donation will go to my college?

A: Donors may still designate gifts by making them directly to the academic department of their choice. Such gifts will not be considered in athletics benefit priorities, but will be 100 percent tax deductible.