



## **Gatlinburg Property Sale Frequently Asked Questions**

### **1. Why has Pi Phi made the decision to sell the property now leased by Arrowmont?**

We were approached by a large development group with a very good offer. Considering the financial needs of Arrowmont and the long-term benefits to the Fraternity, it was responsible and appropriate to seriously consider the offer. The positives of the offer outweigh any negatives. Even so, the decision was very difficult.

### **2. What will the Fraternity do with the proceeds from the transaction?**

The proceeds from the sale will be directed to a number of different areas. They include:

- A gift to the Pi Beta Phi Elementary School of a minimum of \$1 million for an endowment or to establish a foundation.
- Up to \$7 million investment in the future of Arrowmont plus \$2 million for facilities. This amount is based on closing the transaction as currently proposed.
- Seed money for the Fraternity Housing Corporation to finance needed renovations of older houses and new chapter houses.
- A gift to the Pi Beta Phi Foundation restricted to supporting the philanthropic and educational goals benefiting the Fraternity.
- Fraternity investments and operating funds.

### **3. What is the history of the Pi Phi-Arrowmont relationship?**

- 1912 — Pi Phi founded a Settlement School in Gatlinburg. Like so many of the early 20th century settlement schools in Appalachia, its purpose was to educate children and improve their isolated rural communities.
- 1940's — The school started to hold summer crafts classes to encourage and preserve the mountain crafts.
- 1968 — Sevier County assumed complete control of education for the children who had been served by the Settlement School. The school partnered with the University of Tennessee to provide arts and crafts classes and Arrowmont was born. It was operated and funded by the Fraternity.
- 1991 — Arrowmont became a separate corporation with the expectation that it would become self-supporting. The Fraternity retained ownership of the land and several buildings. Pi Phi continued to make contributions and to require its clubs and chapters to make contributions.

Arrowmont has hosted numerous Pi Phi meetings and there is an annual Pi Phi Arts Weekend popular with some alumnae. Prominent Pi Phi leaders have worked to support and further the mission of Arrowmont. Specifically Grand President Emerita Jean Scott led a \$2.3 million capital campaign to build a dormitory and the wood studio. The Nashville, Tennessee, alumnae club has been a large benefactor of Arrowmont through the proceeds of their Christmas Village. Other alumnae clubs have raised money for Arrowmont outside of the required donations. Three members of Grand Council sit on

the Board of Governors as ex-officio members. Today Pi Phi contributions from clubs, chapters, the Fraternity and the Foundation total approximately \$300,000 per year.

**4. How is this decision to sell the property consistent with the Fraternity's mission and vision?**

Pi Phi is committed to its mission and vision of supporting the development of our members, benefiting society and becoming a premier women's organization. Member income alone cannot support these goals. We have made a strong commitment to the original Settlement School mission of literacy for children. This need continues to be real and it is urgent. The money from this sale will allow us to commit resources toward that cause. Literacy is a cause that our members support. The majority of our members do not relate to or support arts and crafts education outside of the required donations.

**5. What will happen to Arrowmont?**

We hope that this infusion of cash will allow Arrowmont to clarify their mission and will allow them to have the funding to continue, if that is their decision, without any future obligation to or dependence on Pi Beta Phi.

**6. What will happen to the Settlement School?**

The Settlement School ceased to exist in 1968. The Gatlinburg Pi Beta Phi Elementary School occupies Fraternity land that is not part of this transaction. The Fraternity will use proceeds from the sale for an endowment for the school or to establish a foundation, which we consider the legacy of our original and primary mission in Gatlinburg.

**7. How much does Pi Phi contribute annually to Arrowmont?**

Total contributions from clubs, chapters, the Fraternity and the Foundation total approximately \$300,000 per year. Approximately 25 percent of that total is from the Nashville, Tennessee, alumnae club.

**8. Why doesn't Pi Phi deed over the land now occupied by Arrowmont facilities to the School?**

Pi Beta Phi has invested and cared for this property for almost 100 years. It is the financial security for the Fraternity. To give it away would not be in agreement with our mission.

**9. What legal guidance has Pi Phi had in this transaction?**

Our general counsel and tax attorney have been consulted every step of the way. The Fraternity has also retained local counsel in Tennessee.

**10. Why doesn't Grand Council bring this matter to a vote before the Pi Phi membership at the next annual convention?**

According to the governing documents of Pi Beta Phi Grand Council is charged with conducting the business of the Fraternity. Only issues affecting our governance are brought before the convention body for a vote according to the Constitution and Statutes. This business decision does not impact our governing documents.