

10. Proposed Waiver of Potential Conflict – UNC-TV Shannon Vickery and Brooks Skinner

SITUATION: UNC-TV and Kotis Holdings and related Kotis entities of Greensboro, NC, propose to enter into a memorandum of understanding or similar partnering agreement intended to help UNC-TV meet certain goals in its strategic plan. Marty Kotis, President and Chief Executive Officer of Kotis Holdings and related Kotis entities, is a member of the Board of Governors. Approval of the proposed partnership is sought in accordance with University policy 200.1 to address any potential conflicts.

BACKGROUND: Kotis Holdings and related Kotis entities develops commercial retail estate in various locations. In Greensboro, Kotis Holdings and related Kotis entities has developed the Restaurant Entertainment District, which includes RED Cinemas and restaurant sites. UNC-TV's 2014 strategic review identified as a key priority the goal of increasing its partnership activities with local businesses, merchants, and non-profit organizations in the state. UNC-TV and Kotis Holdings and related Kotis entities propose to enter into an MOU or similar partnering arrangement designed to support UNC-TV's overall mission by showcasing UNC-TV's work, and providing valuable promotional exposure of UNC-TV's brand in the following ways: (1) Showing UNC-TV feature content at RED Cinemas in between movies; (2) Developing a co-branded summer series for children at RED Cinemas that provides PBS children's programming and additional educational resources to participating children, parents and teachers; (3) Utilizing RED Cinemas and Restaurants for events to promote UNC-TV, its programming services and content initiatives; (4) Livestreaming concerts in RED Cinemas as they are being recorded by UNC-TV; and (5) promoting UNC-TV on digital billboards and Facebook pages owned by Kotis Holdings and related Kotis entities to expand UNC-TV's overall promotion efforts.

ASSESSMENT: The MOU between UNC-TV and Kotis Holdings and related Kotis entities is an opportunity to raise awareness of UNC-TV's content and brand in the Greensboro Market and is responsive to specific recommendations from the UNC-TV strategic review. Neither party will receive any compensation from the other for any of the aforementioned partnership opportunities.

Policy 200.1, subpart 5(c) prohibits the University from entering a contract with a value of \$10,000 or more with a business entity in which a BOG

member has a substantial interest, unless the person with the substantial interest does not participate in making or administering the contract and a committee of the Board of Governors finds that the contract is in the best interest of the University. The proposal for Kotis Holdings and related Kotis entities to partner with UNC-TV through an MOU as outlined herein does not appear to contemplate any contract with a value in excess of \$10,000. As previously noted, neither party has asked for any compensation from the other nor will they without specific Board approval. UNC-TV requests approval of the contemplated MOU/partnership because it is in its best interests and the interests of the University.

ACTION: This item requires a vote.

UNC-TV/ Kotis Holdings and related Kotis entities Partnership Background Information

In 2014, UNC-TV underwent an extensive strategic review. The evaluation defined a number of recommendations on how UNC-TV can build upon its strong foundation to create a new future for public media in North Carolina. UNC-TV is currently exploring with Kotis Holdings and related Kotis entities in Greensboro a proposed MOU providing for several partnering ideas that support UNC-TV's strategic priorities.

UNC-TV seeks to increase its partnership activities with local businesses, merchants, and non-profit organizations to help UNC-TV increase its value and visibility in communities all across North Carolina. Kotis Holdings and related Kotis entities develops commercial retail estate, restaurant sites, and commercial property in high profile locations, such as Greensboro's Restaurant Entertainment District, which includes RED Cinemas and several restaurant sites. Marty Kotis, President and Chief Executive Officer of Kotis Holdings and related Kotis entities, is a member of the Board of Governors.

UNC-TV and Kotis Holdings and related Kotis entities are discussing partnership ideas in five areas that tie into UNC-TV's overall mission, will showcase UNC-TV's work, and provide valuable promotional exposure of UNC-TV's brand. These partnership opportunities are outlined below:

Showing UNC-TV Feature Content at RED Cinemas

UNC-TV is a leader in the production of original content about North Carolina. UNC-TV has an extensive library of feature stories that run from four to fifteen minutes in length. There is an opportunity to show these stories at the theater in between feature films, including segments from the **Our State** series and **North Carolina Now's** reports showcasing all 17 UNC campuses, UNC Health Care, and the North Carolina Research Campus at Kanapolis.

Each feature story will be packaged with graphic elements to make it clear that the theater visitor is watching UNC-TV content and will include information on how the visitor can engage with UNC-TV and its work. We believe this partnership opportunity would help expand UNC-TV's original productions into a new distribution market and provide important promotion in the Triad. Kotis Holdings and related Kotis entities already has a partnership project to show University of North Carolina School of the Arts films at the theater. They have found this to be an excellent way to support the work of UNCSA.

A Co-Branded Summer Series for Children

RED Cinemas is developing a summer series of movies and other educational content for children. On Memorial Day, PBS is launching the PBS Kids Summer Learning project. This initiative is aimed at providing key educational programming to children during the summer to keep them engaged in learning, along with providing resources for parents. UNC-TV seeks to partner with Kotis Holdings and related Kotis entities to show PBS children's programs as part of this project, which would further strengthen UNC-TV's brand and ties to the Greensboro area.

with a very important part of the organization's mission—service to children through educational programming and resources.

Utilizing RED Cinemas and Restaurants for Events

Throughout the year, UNC-TV holds screenings of programs as a way to engage viewers and donors. UNC-TV also holds events at restaurant locations as a way to connect with its members. An opportunity exists for UNC-TV to use RED Cinemas and Kotis Holdings and related Kotis entities' restaurants as locations for such events. This would give UNC-TV a valuable way to extend itself out of the Triangle into the Greensboro community.

Livestreaming Concerts in RED Cinemas

A popular trend is to livestream concerts, ballets, and other performance programs into movie theaters. While other arts organizations have done such livestreaming very successfully, this would be a new venture for UNC-TV and an exciting new way to extend its reach and impact by bringing North Carolina talent to a large screen and a theater audience.

Promotion on Digital Billboards and Facebook Pages

Kotis Holdings and related Kotis entities also has digital billboards in the Greensboro area and Facebook pages for its restaurants. UNC-TV would like to place promotional items on these digital properties, such as information about UNC-TV programming and events. This would be at no cost to UNC-TV and would further extend UNC-TV's reach in communicating with viewers and members in the Triad region. One of the key findings of UNC-TV's strategic study is that more promotion is needed so that North Carolinians have a fuller view of the wide array of programs and services it provides.

UNC-TV is continuing to work with Kotis Holdings and related Kotis entities to develop these ideas. A partnership between the two organizations will help UNC-TV move forward with its strategic priorities of connecting more deeply with communities across the state, promoting and informing North Carolinians about its work, and finding new distribution channels for its content. These partnerships would also be a pilot project for UNC-TV. If they work successfully in Greensboro, UNC-TV would partner with other businesses throughout the state to achieve strategic priorities and to continue building an even more valued public media organization for North Carolina.

The partnership between UNC-TV and Kotis Holdings and related Kotis entities in these five key areas, to be reflected in a memorandum of understanding, will raise awareness of UNC-TV's content and brand and is responsive to specific recommendations from the UNC-TV study that the statewide network partner with local businesses and other organizations. This partnership will serve as a model as UNC-TV seeks to expand its brand in communities around the state furthering UNC-TV's mission to provide high quality, educational, cultural, and historical content to the citizens of North Carolina.

In an abundance of caution, Mr. Kotis has sought review of the proposal to ensure it does not violate any conflict of interest policy of the University. Policy 200.1, subpart 5(c) prohibits the University from entering a contract with a value of \$10,000 or more with a business entity in which a Board member has a substantial interest. The VP of Finance determines the value of the contract. The restrictions on entering into a contract do not apply if the person with the substantial interest does not participate in making or administering the contract and a committee of the Board of Governors finds that the contract is in the best interest of the University.

The proposal for Kotis Holdings and related Kotis entities to partner with UNC-TV through an MOU as described herein does not contemplate any contract with a value in excess of \$10,000. As previously noted, neither party will receive any compensation from the other, nor will they without specific Board approval. Should any particular agreement be negotiated that does require a contract and exceed \$10,000 in value, negotiation will be with Kotis Holdings and related Kotis entities' personnel other than Mr. Kotis. Approval of this relationship is in the best interests of the University.

It is recommended to approve the partnership and a waiver for Mr. Kotis and Kotis Holdings and related Kotis entities as needed for contracts that are deemed in the best interest of the university.