

I. Request for Determination

On July 27, 2016, UNC-TV submitted a public request for a determination that the proposed activity to provide access to its facilities, equipment, and expertise would be permissible under N.C.G.S. § 66-58 (b)(8)o., of the Umstead Act, which provides an exemption for:

- o. Activities that enable the community in which the constituent institution or other University entity is located, or the people of the State to utilize the University's facilities, equipment, or expertise.

The request for determination stated:

Pursuant to the University's current statutory exemption (N.C.G.S. § 66-58(B)(8)(o)), UNC-TV respectfully requests the authority to engage in the use of its facilities, equipment, staff and services for the creation of commercial materials and productions that may be unrelated to non-commercial educational programming purposes, so long as the proceeds from those agreements are used for the benefit and support of the non-commercial educational mission of UNC-TV. UNC-TV will call those activities and initiatives, "Strategic Alliances Projects" (SAP). SAP is a revenue department that serves UNC-TV's interests by leveraging UNC-TV's existing unique combination of resources, expertise, facilities and technology to develop value propositions that are compelling to the university system and other external communities within and outside of North Carolina.

The mission of the SAP is to:

Ensure UNC-TV's financial sustainability through revenue diversification by finding and leveraging partnerships, resources and new opportunities that increase its revenue base.

The intent of the SAP is to have the ability to:

- React to market forces by offering value proposition-based solutions to partners/customers seeking to do business with UNC-TV;
- Proactively set partner/customer agendas for ways UNC-TV can work with non-profit, university and commercial partners/customers;
- Carve new spaces in the media partnership landscape in order to ensure North Carolinians receive benefit of technology, education and societal strides that enhance public media for the good of the state.

UNC-TV's service to people, historically called "viewers," has evolved as society has evolved. Traditional viewers have become "users" of the many platforms offered by UNC-TV. User

platforms are not limited to screens, and include face-to-face use of, and interaction with, the statewide public media entity. Private and commercial users seek ways to connect with public media and that includes initiatives such as screenings, panel discussions, children's events, technology information sessions and conferences, in addition to consuming digital content.

The services and activities contemplated include, but are not limited to the following:

- Licensing of existing content and video. [...]
- Providing production services and/or facilities for creation of continuing professional education, in-house training and other instructional video content. [...]
- Providing learning camps and parties for children and teens. [...]
- Renting facilities and equipment for use by outside parties. Examples include meeting spaces, studio spaces and garden and grounds spaces for weddings, weekend conferences, events and content productions. [...]
- Using specialized equipment and space, such as a Lightboard, mobile unit, satellite truck, and edit suites to create and distribute promotional, educational, and informational content. These activities mirror the activities other PBS stations have engaged in to supplement revenues. These activities would utilize excess capacity in UNC-TV's facilities that are not currently used by its traditional public media activities.
- Producing promotional and training content for corporations and businesses.
- Providing satellite redistribution services, field shooting, in-studio production, graphics, live feeds/streams, satellite uplinks, tower space, or teleconferences. [...]

Services and products will be contractual; both direct and indirect costs will be covered along with a planned profit margin to be used for UNC-TV working capital and initiatives growth. All profits from this enterprise will be invested in UNC-TV's core service: providing public media content and emergency services to the state of North Carolina. This new activity will utilize the facilities and staff of UNC-TV to create a stronger, more financially stable organization better able to serve the needs of North Carolina and its people through the revenues generated by this work.

II. Notice and Proceedings

A hearing was set for August 23, 2016, in Conference Room C at the Spangler Center in Chapel Hill, North Carolina, and by teleconference. The Umstead Review Panel staff gave notice of the Request for Determination hearing to those on its registry on July 28, 2016. Notice of the hearing was given to the press and public, pursuant to the North Carolina Open Meetings Act, on August 15, 2016. At its August 23, 2016 hearing, the Umstead Review Panel elected to adjourn and reconvene before making a determination. A continuation hearing was set for September 23, 2016, in Conference Room C at the Spangler Center in Chapel Hill, North Carolina, and by teleconference. Notice of the continuation hearing was given to the press and public, pursuant to the North Carolina Open Meetings Act, on September 16, 2016.

No affected individual or entity gave notice of objection to the request and no affected individual or entity appeared at the hearing to oppose the request, as is allowed under Chapter 100.4, Section VIII.D., of the UNC Policy Manual.

UNC-TV was represented at the hearings by Brian Sickora, UNC-TV Director & General Manager; T. Brooks Skinner, Associate General Manager and General Counsel; and Susan Scott, Senior Director Strategic Alliances.

The formal request, evidence, and presentation established the following as support for the determination:

- UNC-TV's technologically advanced studios and offices in Research Triangle Park are attractive, desirable facilities in a beautiful park-like location. There exists excess capacity to offer these facilities for a reasonable, competitive fee for the benefit of North Carolina organizations and individuals.
- UNC-TV owns valuable, technologically advanced equipment. There exists excess capacity to offer this equipment for a reasonable, competitive fee for uses benefitting North Carolina organizations and individuals.
- UNC-TV's employees have desirable, specialized, and in-demand skillsets. North Carolina organizations and individuals would be benefitted by access to this expertise for a competitive, reasonable fee.
- Combined, UNC-TV's facilities, equipment, and expertise are a unique and valuable public resource. North Carolina organizations and individuals will benefit from increased access to this resource as proposed by UNC-TV.
- In addition to the free support UNC-TV already provides to communities across North Carolina, expanding UNC-TV's potential activities and partner/customer pool further enhances North Carolina's Triangle as a technology, education, specialized services destination market.
- Improving access to UNC-TV and increasing the range of services offered encourages and further supports individuals, organizations and universities across North Carolina strengthening the organization's connections to state residents.
- Expanding in-studio productions and live feeds provides better access for North Carolina organizations and individuals to state and nationwide media for interviews that include, yet are not limited to, politicians, professors, local, state and federal officials, local celebrities, activists, financial analysts, and business leaders seeking to participate in debates, live interviews, and earnings calls. Increasing professional development for UNC-TV staff through these outside initiatives then enhances the services provided to North Carolinians through UNC-TV's public media services.
- The use of UNC-TV's mobile and studio production facilities for debates, discussions, and other productions enables content that could be on-air, be produced for internet content, or some other form of delivery for North Carolina organizations and individuals.
- UNC-TV has long contributed to the independent producer ecosystem by hiring, partnering, and distributing independent and documentary productions. Additionally, UNC-TV is embedded within the independent production environment and is a key player in helping to keep the independent production environment healthy and strong. Many independent producers and production companies get additional work after their productions are distributed by UNC-TV. UNC-TV intends to continue to work in synergy with independent producers, using their skills and services to do things UNC-TV is unable to do and, conversely, offering equipment, services, and distribution platforms to help those independent producers achieve their goals.

- UNC-TV will use the same method of determining pricing for commercial clients that it does for its current university and nonprofit clients. Final pricing will be based on the most accurate market analysis UNC-TV is able to obtain and its pricing will be consistent with others in the market. UNC-TV's pricing structure will be competitive but will not undercut other vendors providing the same services.
- The activities and offerings proposed by UNC-TV will enable North Carolinians to access UNC-TV's facilities, equipment, and expertise in a manner that is beneficial to the public interest.
- All profits from this enterprise will be invested in UNC-TV's core service: providing public media content and emergency services to the state of North Carolina.

III. Determination

The panel deliberated on the submitted request, evidence, and arguments presented and, recognizing the clear potential for the proposed activity to serve the community and the State, voted unanimously to approve the request.

It is the determination of the Umstead Review Panel that the request was within the jurisdiction of the Panel, and the proposed activity is authorized under N.C.G.S. § 66-58 (b)(8)o., and is not unfair competition.

/s/ Robert Warwick, Chair