

Office of the President  
January 10, 2001

**TO MEMBERS OF THE COMMITTEE ON FINANCE:**

**ITEM FOR ACTION**

**For Meeting of January 17, 2001**

**PROPOSED AUTHORITY FOR THE UCLA SCHOOL OF THEATER, FILM AND TELEVISION TO ENTER INTO AN AFFILIATION AGREEMENT WITH THE AUSTRALIAN FILM, TELEVISION AND RADIO SCHOOL AND THE NATIONAL FILM AND TELEVISION SCHOOL OF GREAT BRITAIN TO FORM THE GLOBAL FILM SCHOOL, INC., LOS ANGELES CAMPUS**

The President recommends that the Committee on Finance recommend to The Regents that:

- (1) The President be authorized to approve, following resolution of terms satisfactory to the President of all remaining business issues, and to execute an affiliation agreement among The Regents, on behalf of the UCLA School of Theater, Film and Television; the Australian Film, Television and Radio School; and the National Film and Television School of Great Britain, specifying the conditions for an inter-school Consortium that will create the Global Film School, Inc., a multi-faceted, for-profit, distance-learning program in film, television, and new media.
- (2) The President be authorized to approve and execute other agreements and such amendments to the Affiliation Agreement and those agreements as may be necessary to carry the provisions of the Affiliation Agreement into effect.
- (3) The President be authorized to determine whether to proceed with either one or both of the two Schools or other schools of comparable quality.
- (4) The Affiliation Agreement shall contain the following provisions:
  - a. The three Film Schools authorize the formation of the Global Film School, Inc. (GFS) as a separate legal entity, in which each of the Schools shall be an equal owner;
  - b. Potential conflicts of interest and commitment for School of Theater, Film and Television personnel and UC personnel with line or advisory roles pertaining to the GFS will be precluded and/or managed in an appropriate manner;
  - c. The three Film Schools engage, under a separate fee agreement, counsel acceptable to the General Counsel and agreed to by GFS and the Schools as counsel to GFS;

- d. GFS will initially be capitalized by third-party financial and strategic investors, to be unanimously agreed upon by the three Film Schools. Equity granted to these investors will dilute the initial equity acquired by the three Film Schools;
- e. The three Film Schools will license their names, trademarks, service marks, and logos to GFS in partial consideration of GFS's agreement that oversight and final approval over the curriculum, courses, faculty, and educational content of GFS will be retained by the three Film Schools;
- f. All courses, educational materials, and content made available by GFS will be commissioned and owned or licensed by GFS. If GFS wishes to acquire content, materials, faculty, staff, or other resources from any of the three Film Schools, GFS and the relevant School will enter into separate negotiations and agreements for the same;
- g. During the term (initially five years), all distance-learning initiatives of the three Film Schools in the content area via the Internet will be exclusively offered through GFS except their regular curriculum to their regularly-enrolled students. Faculty or staff of each Film School are not confined to rendering their services via the Internet through GFS;
- h. GFS will be structured as follows:
  - i. Each of the Film Schools shall be entitled to appoint one member of the GFS Board of Directors;
  - ii. The three Film Schools shall retain complete control over academic content and curriculum through the creation of a separate, autonomous Curriculum Review Board (CRB). Every course or program offered by GFS shall be approved by the CRB, whether produced by the three Film Schools or others. Each of the Film Schools shall have two representatives on the CRB, one of whom shall be a regular faculty member;
  - iii. The three Film Schools shall recommend unanimously to the GFS Board of Directors the appointment of the initially-engaged GFS Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and Chief Technical Officer, all of whom will be appointed and paid by GFS;
  - iv. Producers will be entities that deliver courses to GFS in a form suitable for Internet distance education. Authors are those individuals who supply the content of those courses. GFS may contract with either Producers or Authors under terms and conditions (including issues of intellectual property) to be a matter of separate negotiation and contract between Producers and Authors on the one hand and GFS on the other;
  - v. The three Film Schools shall enter into one or more agreements with GFS in

which each of the following criteria shall be satisfied and assured:

1. Their financial liability shall be strictly limited, and they shall be fully indemnified;
  2. They shall retain control over the use of their names and marks except in a factual description of GFS and its programs;
  3. They shall approve strategic partners of GFS and any future investors or equity holders of GFS prior to the closing of the second stage financing;
  4. The CRB shall have a veto over advertising and sponsorship of GFS; and
  5. All approvals by the three Film Schools shall be unanimous.
- i. The three Film Schools will also enter into Stockholder Agreements among the GFS stockholders and a representation agreement with counsel acceptable to the General Counsel and agreed to by GFS and the Schools;
  - j. GFS may be financed in two stages. The first stage is the raising of Series A “soft seed money,” anticipated to be in the approximate amount of \$1 million. The second stage is the pursuit of Series B financing from international sources, anticipated to be in the approximate amount of \$20-25 million.

### **BACKGROUND**

At the September 2000 Regents’ meeting, this Committee received an Item for Information, outlining the planning for the Affiliation Agreement described above. Since that time, the various committees of the Academic Council have reviewed the proposal and made their recommendations to the Academic Council. The Council voted to support the proposal as an experiment in the establishment of business and educational relationships between the University and the private sector contingent upon the provisos that this approval sets no precedent with respect to similar future proposals and that the UCLA administration and Academic Senate Division jointly establish an oversight panel to be composed of individuals not affiliated with the UCLA School of Theater, Film and Television.

Each of the partners in the proposed Affiliation Agreement is an internationally-renowned professional training institution for film and television and thus, the new proposed entity would provide instruction at the highest level of excellence in all aspects of moving-image media for constituencies ranging from K-12 to media professionals.

GFS would provide opportunities for on-going and original research in areas that include the study of pedagogical strategies specific to interactive on-line learning and the maximization of the uses

of rapidly evolving technologies. The partnership would present opportunities for cultural and creative diversity by disseminating instruction from many sites, educational innovation through collaborative offerings, and an enhanced ability to garner resources. None of the partners alone would have sufficient resources to provide the \$20-30 million estimated to be required to establish this program.

All expenses associated with GFS would be covered by resources raised from outside constituencies. No University funds of any type would be used for the project. All net benefits accruing to the School of Theater, Film and Television would be applied directly toward supporting its teaching, research, and public service objectives. The Los Angeles campus may also license or sell to GFS specific units of intellectual property owned by The Regents, and could benefit, on a longer-term basis, through appreciation in and realization of The Regents' equity interest in GFS.

In order to avoid even the appearance of interfering with the intellectual property rights of its own Senate faculty, the UCLA School of Theater, Film and Television would not play the intermediary role of Producer for courses taught by ladder faculty. Rather, faculty Authors would contract on an individual basis directly with GFS. All UC faculty participation in GFS activities would comply with UC guidelines for employment outside regular classroom assignments.

The GFS initiative is consistent with the mandate in recent years for academic units to seek public-private partnerships for entrepreneurial initiatives to enhance funding for support of academic programs.