



MINUTES

**California Film Commission Board Meeting
State Capitol, Rm. 2040
Sacramento, CA 95814
May 06, 2014
11:00 a.m. – 12:30 p.m.**

COMMISSIONERS IN ATTENDANCE

Steve Dayan
Mike Gatto
Morrie Goldman
Milton Jacobs
Mike Miller
Anthony Portantino
Keith Weaver

EX-OFFICIOS/DESIGNEES IN ATTENDANCE

Eve Honthaner, Deputy Director, California Film Commission
Amy Lemisch, Director, California Film Commission

GUESTS

Cynthia Alvarez, Office of Assemblymember Nazarian
Jay Day, Office of Assemblymember Frazier
Taylor Giroux, Office of Assemblymember Gatto
Beverly Lewis, Placer Film Office
Christine Lynn O'Connor, Solo Law Practice
Steve Nissen, NBC Universal
David Phelps, AICP
Mike Richwine, State Fire Marshal's Office
Susannah Robbins, San Francisco Film Commission
Jon Ross, KP Public Affairs
Mike Rossi, Governor's Office
Lucy Steffens, Sacramento Film Commission
Nancy Stone, CFC
Amy Warshauer, Office of Assemblymember Frazier

I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS - Steve Dayan, Chair

Chairman Dayan welcomed board members and guests followed by self introductions.

II. APPROVAL OF MINUTES - Steve Dayan, Chair

Motion to approve the Minutes from January 31, 2014 was made and unanimously approved.

III. Governor's Office of Business and Economic Development – Kish Rajan, Director

Mr. Rajan was called away on other business and was unable to attend. No report given.

IV. DIRECTOR'S REPORT - Amy Lemisch

CFC Staffing / Operations

- Director Lemisch briefed the board on summer staffing including two foreign interns who will each be working at the CFC for six months. In addition, the CFC will hire two student assistants to support the tax credit program staff processing the next round of applications.
- Director Lemisch gave a special recognition to Board Commissioner Keith Weaver for his service as Board Chairman.
- Staff Leave balances continue to be monitored as staff works to reduce balances.

Marketing and Outreach

The Director reported on the CFC's California Locations Breakfast which was held on April 24th at the W Hotel. The event has continued to grow with the largest attendance to date. The CFC Breakfast is a marketing event targeting studio executives, producers and production companies. Sponsors included Golden Oak Ranch, RC Baral, Hub International, and Entertainment Partners. Twenty one Regional Film Offices participated. The Panel included production staff from a Tax Incentive Film called "Walk of Shame". Special guest speaker was Kish Rajan, Director of the Governor's Office of Business and Economic Development.

Director Lemisch reported on public engagements and outreach events since the last board meeting. A summary can be found below:

Charlie Awards (April) – Director Lemisch and Deputy Director Honthaner represented the CFC at the Hollywood Arts Counsel's annual Charlie Awards luncheon.

AICP Green Town hall (Feb) – A town hall for AICP members on Green Filming Practices was hosted by Prettybird commercial production company.

Simi Valley City Council invited Ms. Lemisch to speak about recruiting production and increasing production in Simi Valley.

Century City Chamber invited Ms. Lemisch to participate as panelist at their "Business of Entertainment Forum."

L.A. City Council Ad Hoc Committee on Film & TV Production Jobs invited Ms. Lemisch to give a briefing on the administration of the Tax Credit Program. LAEDC also presented their recent report.

The CFC participated in several other marketing opportunities: AFCI Locations Trade Show and the Produced By Conference

Media – A summary of news articles of interest was distributed.

Director Lemisch summarized several recently released independent reports, of note:

Milken Report (Feb) - *A Hollywood Exit: What California Must Do to Remain Competitive in Entertainment - and Keep Jobs*

Between 2004 and 2012, the state lost more than 16,000 jobs in filmed production employment -- a more than 10 percent drop. Meanwhile, New York, California's main rival, added more than 10,000 such jobs.

This report determines what can be done to make California more competitive. It examined the incentives of New York and other states as well as Canada and other countries. One conclusion: the areas not covered under California's current incentive program, namely, big-budget movies, hour-long network dramas and visual effects, have been the fastest to flee the state.

Southern California Association of Governments (SCAG) released a report in March – *Film & TV Tax Credit – Assessing its Impact*.

In this report, the Economic and Policy Analysis Group of the Los Angeles County Economic Development Corporation (LAEDC) reviews the projects that have been allocated credits to date, assesses the impact of

the first three years of allocated funding of California's Film and Television Tax Credit Program and evaluates several alternatives to the current program.

The Legislative Analyst's Office (LAO) released a preliminary report on April 30th. The LAO prepared this report to provide background information on the motion picture industry and offer preliminary observations regarding tax credits. This report does not make recommendations regarding the tax credit or the proposed legislation. The LAO office will release a more wide ranging report on the program, as required by statute, by January 2016.

Legislation:

Director Lemisch briefed the board on several pending bills:

AB 1839 - March 25 – Asm Arts & Entertainment Hearing

AB 2700 – Nazarian (Amended April 1) Post production tax credit

AB 1780 – Donnelly (Amended April 1) production tax credit for all types of productions (undefined) film, TV music videos, commercials, video games

V. OPERATIONS REPORT – Eve Honthaner, Deputy Director

Film Offices:

The CFC wrote a letter of support to the Humboldt Economic Development Commission, which is spearheading a campaign to get a direct flight from L.A. to Humboldt. Lack of a direct flight has been a deterrent to film production in the area.

Ordinances:

La Cañada Flintridge sent out another draft in an effort to find compromises that will keep filming in the area yet satisfy residents who are opposed to filming in the area.

Deputy Director Honthaner provided comments to Ventura County's proposed amendments to their Local Coastal Program and to draft ordinances from Hemet, the city of Arcata and Humboldt County.

Filming Coordination:

A pilot recently shot at a closed courthouse in San Pedro and it was a fairly positive experience for all involved. The show, *Hand of God*, was produced for Amazon Studios.

TAKEN 3 recently shot on the 710 Freeway for four days over two consecutive weekends in April. This movie is supposed to take place in Los Angeles, but of its 65-day schedule, it only shot in the L.A. area for 17 days. The rest was shot in Paris, Spain and Atlanta. Another freeway closure was achieved for a CBS pilot called *Scorpion*, which filmed on the 105 Freeway in March. Discussions are in progress for a feature called *ANTMAN*, regarding their request to film on the 280 Freeway in the Bay Area in October. This movie is supposed to take place in San Francisco, but will only shoot in San Francisco for 2-1/2 weeks. Most of this film will be shot in Atlanta.

At all freeway meetings, productions are informed of appropriate behavior when working on a closed freeway, the do's and don'ts. Ms. Honthaner created a hand out called FREEWAY CLOSURE ETIQUETTE. A copy must be attached to all call sheets and reviewed during safety meetings.

Interest in filming with remote-controlled helicopters or UAS (unmanned aerial systems) continues to increase. The CFC tracks the progress of federal regulations which would allow the use of these devices. Ms. Honthaner reached out to the FAA and receive this clarification - "The FAA is under growing pressure to find methods to allow small UAS to operate; therefore we are finalizing a Small UAS rule that should be published for Public Comment later this summer or early fall. The proposed rule will provide a legal venue for you accomplish your enterprise while minimizing the risk associated with the operation of these vehicles"

Outreach – Public Engagements:

Deputy Director Honthaner recently attended a Safety Advisory for Fire & FX in Entertainment meeting as well as a Citywide Film Taskforce meeting. In April, Ms. Honthaner gave a presentation to a group of 60 property and business owners in Simi Valley interested in learning how to promote their properties and bring more film work to the area. Deputy Director Honthaner along with Director Lemisch will attend a presentation at a Fire Safety Officer training course.

Upcoming/ Marketing Events:

Deputy Director Honthaner and Location Resource Librarian Lisa Mosher represented the CFC at the first annual Location Manager Guild of America awards on March 29th.

Ms. Honthaner updated the board on plans for the upcoming California Locations Conference.

VI. Tax Credit Program Report – Nancy Stone, Tax Credit Program Director

Current Fiscal Year

Nancy Stone briefed the board on the current fiscal year's program as well as the upcoming application process.

The current fiscal year began with a record 380 applications, from which 34 projects were initially reserved credits. As the year has progressed, a number of accepted projects dropped out and their credits were re-allocated to other projects from the waitlist. Any unused credits from previous fiscal years roll into the next year's "pot". As a result, by April 30th, over \$171.5M in tax credits had been reserved for 74 productions.

In analyzing all the reported feature film total spend budgets this fiscal year, the average budget was a little over \$14M per project.

In analyzing the fiscal impact of television series, the average budget amount is \$42.3M per series. One series, "Rizzoli & Isles", has been in our program since 2009, and has spent or will spend an estimated \$235M in the state during its first 5 seasons.

As a direct result of getting into the tax credit program, two television series were able to relocate to California from Atlanta. "Let's Stay Together", and "Teen Wolf", both produced by Viacom.

Application Process

The CFC will be accepting applications for the upcoming fiscal year on June 2nd.

The tax credit program was approved to hire 2 temporary assistants to help with the huge workload that occurs when applications are submitted for the new fiscal year. The film commission has also begun exploring an on-line application process and system upgrade with our agency, Go-Biz.

VII. Briefing on Tax Credit Legislation – Mike Gatto, Assemblymember

Assemblymember Mike Gatto summarized AB1839 – California Film and Television Job Retention and Promotion Act legislation to expand and restructure the California Film and Television Tax Credit Program.

The bill includes the following changes:

- Lifting the budget cap on feature films eligible to apply for the program. However, only qualified expenditures of up to \$100 million will be qualified for the credit.
- Allowing all new 1-hour television series, regardless of where they air – broadcast, cable, Netflix, etc. – to be eligible to apply for the program.
- Allowing television pilots to be eligible to apply for the program.
- Extending the Program for five additional years.
- Offering a 5% increase in credit for filming done outside of the Los Angeles Zone.

The proposed legislation is currently going through the Legislative Committee process. The bill passed unopposed in the Assembly Arts, Entertainment, Sports, Tourism and Internet Media Committee.

VIII. REGIONAL FILM OFFICE REPORT – San Francisco – Susannah Greason Robbins, Film Commissioner

Ms. Robbins gave a presentation on filming in San Francisco. San Francisco has a rebate program for television and film production in which qualifying productions are entitled to a rebate of up to \$600,000 for taxes and fees paid to the city during production.

Qualification requirements include:

- Budgets less than \$3 million must film at least 55% of production in San Francisco
- Budgets more than \$3 million must film at least 65% of production in San Francisco

Refund of all city fees paid includes:

- City Permit fees
- 1 Police Officer per day
- Payroll tax
- Rent paid for production offices/stages
- Locations on city owned property

IX. NEW BUSINESS – Steve Dayan, Chair

None

X. PUBLIC COMMENT

None

XI. BOARD MEETING SCHEDULE FOR 2014:

July 25, 2014 (L.A.)
November 7, 2014 (L.A.)

XII. ADJOURNMENT – Steve Dayan, Chair

The meeting was adjourned at 12:20 p.m.