



MINUTES

California Film Commission
Board Meeting
November 13, 2020
1:30 p.m. – 3:00 p.m.
Teleconference
Los Angeles, California

COMMISSIONERS IN ATTENDANCE

Ali Jahangiri
Robert Gleason
Kim Nguyen
bonnie goldfarb
Josh LaFarga
Janice Hahn
Andy Davis
Colin Blackshear
Janet Knutsen
Ricky Nierva
Arturo Barquet
Wendy Greuel
Thom Davis
Debra Langford
Jennifer Gonring
Steve Dayan
Senate President Pro Tem Toni Atkins
Ian Calderon
Ben Allen

CFC STAFF

Colleen Bell
Joseph Cruz
Leah Medrano
Nancy Rae Stone

GUESTS

Barbi Appelquist
Jason Weisz
Jeremy Gonzalez
Jason Pelsey
Dean Schramm
Nicole Winger
Kyle Lane
Erik Deutsch
Lauren Pizer Mains
Kelly Cross
Ed Duffy

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

Meeting called to order at 1:35 p.m., Chairman Davis welcomed board members and guests; Roll Call



II. CHAIR REPORT – Thom Davis, Board member

Chairman Davis talked about creating a subcommittee with production industry stakeholders to address issues related to the California Film Commission. The subcommittee would focus primarily on the Tax Credit Program and the statutory changes needed to make the program more sustainable. The committee would come up with recommendations and then present those recommendations to the board.

III. APPROVAL OF MINUTES – Thom Davis, Chair

Motion to approve the Minutes from July 10, 2020 was made and approved.

IV. DIRECTOR'S REPORT – Colleen Bell, Executive Director

Executive Director Bell welcomed boardmembers and thanked them for their attendance for this board meeting. Ms. Bell introduced & welcomed new board members Arturo Barquet, Andrew Z. Davis, Ali Jahangiri and Councilwoman Kim Nguyen appointed by Governor Gavin Newsom.

Ms. Bell gave a thank you to Assembly Majority Leader Ian Calderon who is leaving his position in the Assembly and on the CFC Board for his wealth of experience, resources and support.

CFC Office / Staffing

The CFC office lease at 7080 Hollywood Blvd. will be extended as opposed to moving right away as planned. The CFC is working with the CA Dept. of Real Estate on the lease extension.

The CFC office is open and operating at a high level of productivity with a daily rotating skeleton crew while staff is also teleworking. All staff members have been furloughed two days a month but still managing their workload.

We are launching a new CFC website and working with GO-Biz IT so our website is more user friendly, better graphics and more interactive. We will be launching the website in February as well as the new CFC logo.

We are still in the process of interviewing for the vacant Deputy Director position and taking the time to find the right candidate.

Nancy Rae Stone has a new title. She is now the Deputy Director of the Tax Credit Program.

CFC Sub-Committee

We are also going to be launching a new subcommittee on special initiatives led by Vice Chair Wendy Greuel. Some of the Special Initiative Sub-Committee issues that will be addressed revolve around sustainability, diversity, and inclusion.

Tax Credit Program

We are working on our annual Tax Credit Progress Report which includes the now sunset Program 2.0 and its 238 projects and the \$11 billion dollars in qualified spend that came from that program.

CFC Permits

Permitting department is getting more permit requests while not as many as at this time last year but there is a gradual uptick in film permit requests. We will be releasing our 2020 CFC permit and film days in January.

Ms. Bell introduced guest Jason Pelsey, musician and composer who treated the board to a piano medley of iconic movie scores.



Ms. Bell introduced Jeremy Gonzalez who is a Covid-19 health and safety officer and is currently working with the *Bold and Beautiful* on health and safety issues since their production started back.

Mr. Gonzalez explained once productions were allowed to resume filming, cast and crew of the productions were divided up into different zones depending on their job duties. Only cast and crew needed during filming will be allowed on set. Cast can only take off their protective masks when they are filming a scene or during hair and makeup.

There is testing several times a week to keep staff safe and healthy. At first, it took anywhere from three to four days to actually get the test results which isn't necessarily ideal for most productions. Now at this point, the advancements have really pushed forward and Mr. Gonzalez was seeing test results in a few hours.

They partner with epidemiologists so they can relay updated Covid-19 information and also submit the test results to the health department in compliance with all the rules that are in place.

V. TAX CREDIT PROGRAM REPORT – Nancy Rae Stone, Tax Credit Program Director

Effect of the Covid-19 Pandemic:

When the pandemic hit, the CFC recognized the need to stop the clock on the time-sensitive parameters that our productions must adhere to in order to remain in the program. The regulations allow for force majeure events - events out of the control of the production - that affect its ability to make the project. The CFC notified productions that if they had been impacted by the pandemic, they can request Force Majeure status and 35 productions did so. At this time, 6 of those projects have resumed or started shooting.

Program 2.0

Out of the 1,383 projects submitted between 2015 to 2020, 238 were approved in the Film and TV Tax Credit Program 2.0.

37 Independent films

56 Features

18 Relocating TV

127 New, Recurring, MOW, Mini, Pilots

The first five fiscal years of Program 2.0 produced a substantial economic impact. With an investment of \$1.2 billion in tax credit reservations, approved productions are on track to generate \$11.2 billion in direct in-state spending. This includes \$3.9 billion in qualified wages to below-the-line crew members, \$3.6 billion in qualified vendor expenditures, and another \$3.7 billion in other expenditures which do not qualify for tax credits.

Collectively, 2.0 projects hired or intend to hire approximately 43,000 crew, 34,000 cast, and about 745,000 background performers

To date, 13 big-budget films with budgets over \$75 million have been accepted into Program 2.0 resulting in \$1.6 billion in direct spending in California. *Captain Marvel* spent \$185 million in the Golden State, followed closely by Warner Bros.' *Space Jam 2* with an estimated total California budget of \$183 million. *Island Plaza* boosted the California economy with a \$173 million total California expenditures. Rounding up the over \$100 million club are projects such as *A Wrinkle in Time*, *Babylon*, *Bright*, *Bumblebee*, *Call of the Wild*, *Deadwood*, *Ford v. Ferrari*, *Birds of Prey*, *Ad Astra* and *Once Upon a Time in Hollywood*.

The establishment of separate (dedicated) funding categories for different types of productions has enabled Program 2.0 to attract 18 television series to relocate to California from out-of-state. Projects have relocated from across the US (Florida, Georgia, Louisiana, Maryland, New York, North Carolina and Texas), Canada (Vancouver) and Ireland. Collectively, these projects are contributing more than \$2.1 billion in direct spending in California, including nearly \$709 million in qualified wages.



Program 2.0 encourages productions to use locations throughout California. Non-independent projects that film outside the Los Angeles 30-mile zone are eligible to receive an additional five percent tax credit for related prep/shoot/strike costs incurred during the applicable period. The Los Angeles 30-mile zone encompasses the greater Los Angeles area, where most filming typically occurs. The additional incentive for out-of-zone production applies only to *non*-independent films, as independents already receive the maximum 25 percent tax credit. Projects may also receive up to 10 bonus points to raise their Jobs Ratio score and increase their chance of being selected based on the percentage of filming days outside the Los Angeles 30-mile zone. As a result, approved productions have spent more than \$144 million across 19 counties outside of Los Angeles.

The career readiness requirement provided a host of experiences for California educators and students. 180 individuals were paid interns, 36 faculty members enjoyed observing state of the art production techniques on set, 358 students participated in professional skills tours, along with 32 faculty members.

The financial contributions to the CA Dept of Education was collected from 63 productions, totaling \$464,000. Some of those funds provided California Summer school for the Arts scholarships to underserved students residing in California. The CDE also used \$10,000 to enable 400 Arts/Media/Entertainment (AME) teachers to attend the AME Virtual Institute and receive ongoing professional development and resources.

Program 3.0

Regulations: Program 3.0 is currently operating under the Emergency Regulations, which allowed the rollover of all available credits in the first fiscal year and prioritized recurring TV series. The CFC anticipates doing an emergency re-adoption notice in February in order to prevent these regulations from expiring.

This fiscal year the CFC has held 3 allocation periods – 2 television and 1 feature/indies. We have one more TV and one more feature allocation period. No new TV series have been able to apply due to the fact that recurring TV category is oversubscribed.

To help rectify that situation, The CFC has participated in calls with the legislative sub-committee of this board to discuss changes in the statute and regulations which would make the program more sustainable and enable the CFC to open allocation periods to new TV projects. At the request of the subcommittee, we presented those scenarios to the MPAA, its member companies and representatives from the labor unions and they are currently reviewing our analyses. The sub-committee will continue to evaluate options and report back to the board.

VI. NEW BUSINESS – Thom Davis, Chair

None

VII. PUBLIC COMMENT

None

VIII. ADJOURNMENT – Thom Davis, Chair

Meeting adjourned at 2:55 p.m.