MINUTES
California Film Commission Board Meeting
Friday, March 11, 2022
1:30 p.m. – 3:00 p.m.
Teleconference
Los Angeles, CA 90028

COMMISSIONERS IN ATTENDANCE
Thom Davis (Chair)
Wendy Greuel (Vice Chair)
Jaime Lee (Secretary)
Senate Pro Tem Toni Atkins
Arturo Barquet
Andy Davis
Steve Dayan
Bonnie Goldfarb
Jennifer Gonring
Supervisor Janice Hahn
Ali Jahangiri
Peter Kaufman
Janet Knutsen
Josh LaFarga
Debra Langford
Kim Nguyen

CFC STAFF
Colleen Bell
Joseph Cruz
Leah Medrano
Isaiah Sandoval

GUESTS
Matthew Curran
Erik Deutsch
Pauline East
Manijeh Fata
Kathy Garmezy
Hannah Goldsmith
David Gonzalez
Sabrina Jurisch
Serena Kung
Larry Laboe
Amy Lemisch
Misa Lennox
Kevin McDonald
Van Nguyen
Melissa Patack
Lauren Pizer Mains
Arlen Valdivia
Alicia Vennos
Michael Walbrecht
Jason Weisz
Ken Ziffren
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. APPROVAL OF MINUTES – Thom Davis, Chair

Motion to approve the Minutes from November 19, 2021 was made and approved.

III. DIRECTOR’S REPORT – Colleen Bell, Executive Director

The Tax Credit Program has demonstrated the capacity to preserve and regrow the industry helping to curb runaway production and continue California’s legacy as the leading center for production in the world. The investment in the CA Film & TV Tax Credit Program has contributed to significant economic output, job creation and tax revenue for the state.

In terms of the economic recovery process from the pandemic, the tax credit program is stimulating economic activity serving as a catalyst for production spending. The tax credits we offer may be less than some of our competitors but our deep talent base skilled workers at every level and supporting infrastructure improve our competitive edge. Another factor we have here in California that is a great benefit is the diversification of our economy, which is a large economy. This allows for productions to obtain most of the goods and services that they’re seeking right here in the state.

In order to meet the anticipated increase in demand for production facilities, this fall, we will begin accepting applications once regulations are in place for our new California Soundstage Program which will serve to drive private investment in infrastructure as well as the creation of new content. This program will contribute to maintaining California’s leadership position in stage and production support capabilities. The legacy studios that were built long ago have continued to pay dividends for generations and the new California Soundstage Program will only increase the number of soundstages available for filming.

We had our last tax credit allocation projects announcement on February 28. We have 30 film projects that will bring an estimated $1.17 billion in combined production spending to California including $774 million in qualified spending. The 30 projects will employ an estimated 4,564 crew and 1,212 cast and almost 50,000 background actors. They will generate significant post production jobs and revenue for California visual effects artists, sound editors, sound mixers, musicians and other workers and vendors.

There are a significant number of projects in the tax credit program that are nominated for Academy Awards including ‘Licorice Pizza’, ‘King Richard’, ‘Being the Ricardos’ and ‘The Tragedy of Macbeth’.

We are looking to fill several positions at the CFC including for the new Soundstage Program. We are building a new portal to administer SB 144 Soundstage Program.

State permitting has been strong throughout the first two months of this year with minor fluctuations.

A new report on the economic impact of the CA Film & TV Tax Credit Program will be released next Friday. The CFC team has worked closely with the LAEDC providing extensive data. The MPAA commissioned this report. Lieutenant Governor Eleni Kounalakis will be there for the announcement as well as GO-Biz Director Dee Dee Myers. This report is very favorable. Executive Director Bell recognized the need for updated data that supports that the Film and TV Tax Credit Program is a positive and good investment of California taxpayers’ dollars.

SB 485, which is Senator Portantino’s bill to extend the CA Film and TV Tax Credit Program passed the Senate with bipartisan support. The assembly will now need to consider this bill.

Executive Director Bell thanked Tax Credit Program Deputy Director Nancy Rae Stone, Senior Program Manager Leah Medrano and the Tax Credit Program staff for their expertise and dedication in navigating the regulatory process for Program 3.0 and SB 144 and also meeting our deadlines.
IV. TAX CREDIT PROGRAM REPORT – Leah Medrano, Senior Program Manager

Program 3.0 Fiscal Year 2 Aggregate Summary
Since the last meeting, the CFC has had 2 film allocation periods both for indies and non-indies, and 2 TV allocation periods. The last allocation window for Fiscal Year 2 for recurring and relocating TV began on Monday, March 7, 2022 and applicants are currently uploading required documentation in the portal. During the previous four application windows, the CFC allocated $245 million in tax credits and in return, approved projects estimate about $1.8 billion in total CA expenditures. This includes over $715 million in qualified wages, almost $500 million in qualified non-wages, and $683 million in non-qualified expenditures.

The CFC has allocated $245 million in tax credits to a total of 48 projects which includes 14 features, 29 indies, 2 relocating TV, and 3 recurring TV. Approximately 2700 cast, 7300 crew, and 75,000 background performers were or will be employed on these productions. These projects estimated a total of 1,920 CA filming days, with 521 out of zone filming days.

Relocation TV Series
With additional funding of $15 million per fiscal year for two years from SB144, the CFC admitted 2 relocating TV series to the program. For their first season in California, “Promised Land” and “Mysterious Benedict Society” are on track to generate a combined $82.5 million in qualified spending, which is defined as below-the-line wages to California workers and payments to in-state vendors. Overall, in-state spending will be significantly greater with the inclusion of above the line wages and other expenditures that do not qualify for tax credits in CA.

Based on information provided with each project’s application, the two relocating series will employ a combined 411 crew, 480 cast, and 3,856 background actors/stand-ins over 157 filming days in California, including 26 shoot days planned outside the Los Angeles 30-Mile Studio Zone. The remaining $15 million under SB144 for relocating TV series will be allocated next fiscal year. The application window for that window begins on June 13, 2022.

Program 3.0 Regulations
The emergency regulations were approved by the Office of Administrative Law (OAL) on June 14, 2021 and were effective as of June 18, 2021. The CFC submitted documentation for proposed permanent regulations for program 3.0 in December and they were approved on February 10, 2022.

Career Readiness Program
For Program 3.0, so far, 30 interns have been hired with pay as part of the Career Readiness Program. Three virtual workshops or panels have been conducted. A production also hosted a professional skills tour to 8 students and teachers. Three faculty externships were completed by high school and/or college professors and $104,653 in financial contributions have been made.

With 10 projects contributing close to $105,000, this funding went to either the CA Dept of Education, or to the Foundation for CA Community Colleges. These donations support students in paid work experiences within the film industry. The Foundation’s main focus is to increase access to work-based learning opportunities for target populations.

V. CAREER PATHWAYS REPORT – Kevin McDonald, Program Director

Currently, we're midway through year two of the pilot program. And unfortunately, we've continued to see our efforts hampered by the COVID 19 pandemic as the Omicron variant once again, complicated training and recruiting. The most recent surge also resulted in some lost revenue as we had 15 productions withdrawn request refunds. However, it appears that many of those productions are reapplying and there are quite a few approved applications in the most recent allocation windows that will help offset any revenue losses there. In total to date, we have had 98 participants complete the program.

In regard to training partner organizations, the IATSE Training Trust Fund currently offers links to learning and safety training on an opt in basis to all participants. And we currently have 19 participants enrolled in those courses.

This spring, we will begin hosting in person orientation to help familiarize the participants with these resources and
encourage their participation. Our training partner organizations will show their students and alumni what kind of resources are involved in LinkedIn learning. It's a great resource, where participants have access to a myriad of courses and tutorials including everything from computer essentials to financial literacy and beyond.

One of our trading partner organizations, Hollywood CPR has been focused on restructuring their staff and completing construction on a new training facility, which they're very confident will result in an increase in the efficiency of turning out graduates. In January, the organization submitted their first round of 17 graduates under the Career Pathways Program. This is the first round of graduates under the Career Pathways Program. Hollywood CPR has informed us that there are approximately 15 more graduates that will be included in their next report, which is due March 21.

Within the next few weeks, Hollywood CPR will open their new 15,000 square foot training facility, which includes new shops and soundstages. Once the opening of the new building happens they will resume in person learning which is going to increase their graduations and the efficiency with which people can complete the program.

ManifestWorks is our other training partner organization. For their Spring 2021 training program, participants have demonstrated promising wage growth. Three of the alumni are already earning substantial wage growth and union membership and the other alumni have already had wage growth and sustained work since then as well.

26 additional participants graduated from the Fall 2021 training program. Graduates were working as production assistants.

The Career Pathway Program has afforded ManifestWorks the opportunity to expand their programming for the first time in five years. As a result, they will be offering a third session of their set production assistant training program this summer.

As the program matures, we are eager to expand access to these opportunities to all beyond the Los Angeles area. While the production accounting course will be an available option to all Californians, we believe that there is also an opportunity to add an additional training partner organization, hopefully in Northern California. We hope to have another training partner organization in place for year three of the Career Pathways Program.

VI. BRIEFING ON SOUNDSTAGE FILMING PROGRAM EMERGENCY REGULATIONS – Leah Medrano, Sr. Program Manager and Hannah Goldsmith, Legal Affairs Counsel

Senate Bill 144, which was approved by the Legislature and Administration in 2021, created a new tax credit incentive program and directed the California Film Commission to implement emergency regulations to administer the program. The California Soundstage Filming Tax Credit Program, as required by Senate Bill 144 and as implemented through these proposed emergency regulations, establishes the tax credit for qualified motion pictures produced on a certified studio construction project. Should the board approve these emergency regulations today our next steps include issuing a notice to the public to start the public comment period, and then submission to the Office of Administrative Law. Once approved and enacted, the emergency regulations will allow the California Soundstage Filming Tax Credit Program to get up and running while we work on the permanent regulations for the program.

Vice-chair Wendy Greuel posed two questions:
1. Q: With the intention of increasing soundstages in California, would there be an instance where a soundstage company applies and receives the credits even though they won’t receive credits for a motion picture production.
   A: As answered by Leah Medrano and Hannah Goldsmith, the soundstage companies will be certified to be part of the program during the first phase of the application process. However, the tax credit is for the motion picture that is produced on the soundstage. No applicants will receive tax credits until a motion picture has been produced on the soundstage and have successfully performed all required phases during the application process, including audit procedures.
2. Q: Since the soundstage program is a new different category, how are the operations going to be, staffing?
   A: Colleen Bell reiterated that job announcements have been posted for the new soundstage program and that a new application portal will also be generated to facilitate soundstage filming incentive program applications.
VII. VOTE ON SOUNDSTAGE FILMING PROGRAM EMERGENCY REGULATIONS - Thom Davis, Chair

With no public comments during the board meeting on the Soundstage Filming Program Emergency Regulations, Chairman Davis put a motion before the board on a vote. Vice-chair Wendy Greuel motioned for adoption of the Soundstage Filming Program Emergency Regulations and to authorize the Director of the CFC to submit it to the Office of Administrative Law for formal review and approval. The motion was seconded by boardmember Steve Dayan and approved by all boardmembers.

VIII. NEW BUSINESS – Thom Davis, Chair

Next CFC Board Meeting is scheduled for July 22, 2022.

IX. PUBLIC COMMENTS – Thom Davis, Chair

None

X. ADJOURNMENT – Thom Davis, Chair

Meeting was adjourned at 2:40 p.m.