



MINUTES

California Film Commission
Board Meeting
March 26, 2021
1:30 p.m. – 3:00 p.m.
Teleconference
Los Angeles, California

COMMISSIONERS IN ATTENDANCE

Senator Ben Allen
Colin Blackshear
Andy Davis
Thom Davis (Chair)
Steve Dayan
Robert Gleason
Bonnie Goldfarb
Jennifer Gonring
Wendy Greuel (Vice Chair)
Supervisor Janice Hahn
Ali Jahangiri
Janet Knutsen
Josh LaFarga
Debra Langford
Jaime Lee (Secretary)
Assemblymember Adrin Nazarian
Councilmember Kim Nguyen
Ricky Nierva
Brian Pendleton

CFC STAFF

Laura Baptista
Colleen Bell
Joseph Cruz
Leigh Flores
Eric Klosterman
Leah Medrano
Lisa Mosher
Nancy Rae Stone
Jerram Swartz

GUESTS

Paul Audley
Jim Beaumonte
Scott Bernard
Joanne Desmond
Erik Deutsch
Grace Dikho
Ed Duffy
Kathy Garmezzy
David Gonzalez
Larry Laboe
Amy Lemisch
Melissa Patack
Anthony Pawluc
Lauren Pizer Mains
Karia Sayles
Daphne Sigala
Donna Washington
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. CHAIR REPORT – Thom Davis, Chair

We have a subcommittee that was established for the purpose of looking at permanent regulations on how best to manage the shortfall for the recurring TV portion of the Film & TV Tax Credit Program 3.0.

We will continue to have our regular three board meetings per year which are open to everyone and there will also be other board meetings addressing particular issues, whether special initiative issues or legislation and governance issues for those interested board members so it will be understood those board meetings are special board meetings as opposed to regular board meetings. Boardmembers in those special board meetings will come up with recommendations that will then be submitted to the full board for consideration.

III. APPROVAL OF MINUTES – Thom Davis, Chair

Motion to approve the Minutes from November 13, 2020 was made and approved.

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

Executive Director Colleen Bell welcomed board members and thanked them for their attendance. Director Bell also welcomed and introduced new board member Assemblymember Adrian Nazarian and thanked him for his strong support of the entertainment production industry. Director Bell is looking forward to working with Assemblymember Nazarian as a board member.

Director Bell also announced the appointment of new California Film Commission Deputy Director Leigh Flores who has a strong background in government operations and management.

Covid-19 Production Status

The State of California continues to recover from this pandemic and induced recession. The Governor's Office is firmly committed to investing in all our job creators and the entertainment production industry is a significant job creator. Right now, there is a pipeline of productions that are ready to start and those productions that were halted because of the pandemic are scheduled to re-start.

Productions contribute fast impactful expenditures so the speed and scope of the productions ready to start will really help kickstart our economy. There have been so many people who have been dedicated to getting production back up and running and now there is a lot of production happening over the state.

Productions continue to try to factor in the overall expenses of Covid safety measures, costs and testing to their budgets which can be a bit complicated but as more productions start with the easing of Covid regulations these measures will become much simpler.

Film & TV Tax Credit Progress Report

Since our last meeting, the CFC published its annual Film & TV Tax Credit Report which can be found on our website.

This is a progress report on Program 2.0 which produced a significant economic impact with an investment of \$1.1 billion in tax credit reservations. These approved productions are on track to generate nearly \$8.4 billion dollars in direct in-state spending and this includes \$3 billion in qualified wages to below the line.

Thank you to the CFC Tax Credit Department staff who worked so diligently in analyzing all of this data.

Los Angeles Economic Development Corporation (LAEDC) Report

The LAEDC is drafting an economic impact study of the Film & TV Tax credit program which will be finished later this spring. We will make sure to send you a copy on the day the report is released.

CFC Website

The CFC has a new website which was previewed during Director Bell's interview with GO-Biz Director Dee Dee Myers on Entertainment Production in California. The new website has been a major undertaking by CFC and GO-Biz IT staff. The new website is much more customer friendly and the visuals are better. The website is a new and improved product and we are receiving positive feedback from users.

Film Production Legislation

We are tracking a few different bill proposals that affect entertainment industry workers and/or would require administration from the CFC.

CFC Office / Staffing

We as a state are moving towards a future of telework and it's going to be slightly different moving forward. State offices including the CFC will have a sort of hybrid of remote and office centered employees and it is anticipated there will not be any impact on our ability to provide any of our services.

Spotlight California

Director Bell will be launching a new 'Spotlight California' interview series with top content creators, policymakers, business leaders and others who help shape film and TV production across California. Director Bell's first interview is with Don Johnson, who is onset at the TV show 'Kenan'. Thanks to CFC staff Laura Baptista for her assistance with 'Spotlight California'.

Permit Report – Eric Klosterman, Permit Manager

Total number of 2020 State permits were 1,032 compared to total number of 2021 State permits which is 1,838 so far.

Statistics on permits issued and film days by category for State Parks, Caltrans and State Buildings are on our website on the State permits page.

Over the past year the permit department has assisted productions trying to navigate the changing landscape of Covid closures and restrictions throughout the state. We continue to connect filmmakers with local and regional film offices and health departments to provide the latest filming information.

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

Program 3.0

This fiscal year, there has been 2 TV and 2 feature/indie allocation periods (we are currently in our final TV allocation period for this fiscal year). We've allocated \$242 million in tax credits to 16 features, 13 indies under \$10 million, 4 indies over \$10 million, 4 relocating TV series and 4 recurring TV series. Eight recurring TV series applied during past and present allocation periods but since we don't yet have pickup orders, we haven't allocated any credits for those projects. These projects will generate approximately \$760 million in qualified wages, almost \$400 million in qualified expenditures and over \$680 million in non-qualified expenditures.

Career Readiness

Our Career Readiness program has had to adjust due to the Covid-19 pandemic. We have gone from in person to virtual panels.

The film *'Macbeth'* had a Zoom for Academy Gold students which included illustrations and references so the students could understand where and how the inspiration for the sets, cinematography and costumes came about.

'Animal Kingdom' held an on-line panel for students from Santa Ana Community College. From another project, *'Everything Everywhere All At Once'*, Producer Jonathon Wang and Director Daniel Scheinert plan to offer an afterschool workshop on filmmaking techniques for middle school students from across the Compton Unified School District. The purpose of the workshop is to teach students foundational camera techniques that can be done with simple equipment and/or cell phones and get them excited and interested in filmmaking. They will also learn about careers in the film and television industry and have the opportunity to engage in further workshops with film professionals if the district chooses.

We are recording these panels and when the projects are released, will make them available on our website. Many projects have made financial contributions, which have gone toward providing scholarships for underserved youth for California Summer School for the Arts, as well as career/technical/educational events through the California Department of Education (CDE).

Pilot Skills Training Program

The pandemic has affected the start of many of our recurring TV series, which in turn affected the amount of funding collected from approved projects for this program. Thus far, from 41 projects, we have collected approximately \$550,000 out of the \$800,000 we had estimated as revenue each fiscal year.

Brotherhood Crusade, one of our training providers, has recently evaluated and chosen our first 15 individuals for the program. The students will undergo an on-line program geared to orientate them to jobs in the industry and to prepare them with the tools they need to prepare for careers, such as communication and decision-making skills, conflict resolution training, time management and financial literacy, to name a few.

Life Skills classes at Brotherhood started on March 11. The current group of students will enroll in a virtual/online class from Hollywood CPR beginning on April 12. Brotherhood will be recruiting, in June & July, for additional students who will begin classes at Hollywood CPR in the fall, in addition to the current group which will pick back-up in September.

The CFC is acutely aware of the shortage of production accounting staff in our industry. Since all the funding for the pilot skills program is currently committed to our 3 training providers (Hollywood CPR, Brotherhood Crusade and Manifest Works) whose funding is administered by the IATTF, Tax Credit Program Deputy Director Stone is in the process of working with a highly regarded studio accounting professional and securing funds through the California Department of Education to develop an on-line course for entry level accounting department positions. Once the on-line course has been created, applicants from underserved communities will be encouraged to apply and take the course. The introductory session, which provides an overview of production accounting and the different jobs in that department, will be made available to high school students via a CDE online platform so they can better understand that these types of jobs exist in the industry.

Emergency Regulations

The Emergency Regulations were adopted last fall to help alleviate the funding shortfall in the recurring TV series category. As the industry continues to recover from the pandemic we can now focus on the changes needed to make the program sustainable, we need to readopt the regulations before they expire.

The CFC Board was sent a copy of the draft regulations for review, along with the Finding of Emergency, which explains the reason for the regulations and readoption. The readopted language differs from the original emergency regulations as follows:

1. Currently, recurring TV series can apply for credits by taking the episode amount from their previous season and adding a 5% increase per episode. Due to the shortfall, continuing to allow recurring TV to increase their episode budgets and the number of episodes, plus uplifts, will result

in an even larger shortfall. After discussions with stakeholders, it was agreed that it is necessary to cap allocations to the Credit Allocation amount the series received in their previous season.

2. The revised text also enables the CFC to utilize the rollover funds in fiscal year 2021/22, providing the funding needed for recurring series and allocating the remainder to the other categories up to the statutory mandated caps. If a project drops out, however, the CFC can utilize those additional funds to provide tax credits to projects on the waiting list.
3. The text now also includes language which takes into account backorders. What if a series applies for an initial order but then applies later for more episodes? The CFC needed to be clear in the regulations that backorders are possible but only up to the total CAL amount for the whole season.

The CFC has been in discussions with stakeholders on solutions that will become part of the permanent regulations and will keep this board apprised.

VI. VOTE TO APPROVE EMERGENCY DRAFT REGULATIONS – Thom Davis, Chair

A motion to approve the Emergency Draft Regulations was made by Vice Chair Wendy Greuel and seconded by Boardmember Joshua LaFarga with full board voting to approve the Emergency Draft Regulations.

VII. NEW BUSINESS – Thom Davis, Chair

None

VIII. PUBLIC COMMENT

None

IX. ADJOURNMENT – Thom Davis, Chair

Meeting adjourned at 2:55 p.m.