

FLORIDA FILM AND ENTERTAINMENT ADVISORY COUNCIL

March 7th, 2017 (1st Quarter Meeting)

10:00 a.m. – 12:00 p.m.

Teleconference Information

1-888-670-3525

Participant Code: 4091758923

<p>MINUTES</p>

CALL TO ORDER AND WELCOME

Administrative (Chair Seth Schachner)

Call to Order by Seth Schachner at 10:05 AM

Roll Call:

Members:

Chair Seth Schachner

Kelly Horton

Bryan Anderson

Agnes Lee

Ryan Neves

Ana Siegel

Pamela Tuscany

Yvonne Boice

Susanne Niedland

Cynthia Angelos

ExOfficio:

April Money, Career Source Florida

Tim DeClaire, Visit Florida

Members of the Public:

Kelly Paige, Film Florida

Christen Ranung, President IATSE Local 477

Earl Perque

Sheena Fowler, Orlando EDC

Kara Gomez, OPPAGA

Todd Roobin, Jacksonville Film Commission

John Lux, Film Florida

Gale Morgan, Emerald Coast Film Commission

Office of Film and Entertainment (OFE) Staff:

Commissioner Niki Welge

Susan Simms
Donyelle Marshall
Emily Fisher

WELCOME

Chair Schachner thanked the council for being in attendance. Chair Schachner welcomed everyone to the call and wanted to extend the welcome to new member, Cynthia Angelos. The board is sincerely happy to have her on the council. Chair Schachner invited her to introduce herself.

Cynthia Angelos stated she is honored to be part of the council. She is a lawyer and has served as a circuit court judge for 11 years in the 19th circuit. She is very pleased to be back in practice and to be in something other than the law. She thanked everyone for her inclusion and hopes to aid in her participation forthcoming.

OLD BUSINESS

Approval of December 2016 FFEAC Meeting Minutes

Pamela Tuscany moved to approve the minutes as presented.

Bryan Anderson seconded the motion.

NEW BUSINESS

Chair Schachner opened with mention of the one-pager of talking points created on behalf of HB 7005. He revealed it is an understatement to say that the bill is threatening to the council; furthermore, it would eliminate lots of surrounding bodies, as well. He suggested that the council members are encouraged to individually reach out to those responsible for appointing them and explain the benefits of the FFEAC and Office of Film & Entertainment. He noted that John Lux from Film Florida is a huge resource to everyone; thus, someone to keep close connection with during this legislative session.

Legislative Updates

Kelly Horton addressed the biggest issue this session is HB 7005, which is eliminating Enterprise Florida, Visit Florida, and the Florida Office of Film & Entertainment, among other things. Also, affirming that Chris Hart IV, the director of Enterprise Florida, abruptly resigned on Monday, the 6th; thus, leaving no one to represent Enterprise Florida. Kelly Horton reiterated that it would eliminate programs like business incentives, tax credits and trust funds. Monday, the bill was heard in committee before its final stop to the House floor; additionally, only three “no” votes were cast out of 18 members. She believes there is a clear and present danger of this bill possibly passing. She also mentioned HB 9, which is the Visit Florida bill, is attempting to

eliminate the power of Visit Florida, slash their budget, and implement legislative oversight. Both HB 7005 and HB 9 are headed to the floor on Thursday, March 9th. Governor Rick Scott is continuing to fight these bills on a statewide tour. He is pro-business and job creation and ultimately has the power to veto the legislation. Kelly Horton also stated that the House and Senate will start working on their budget recommendations next week (March 13-17). We most likely can expect cuts in the House budget being around a 10% reduction. The Senate most likely wants to increase spending on higher education and environmental issues.

Bryan Anderson chimed in and agreed with Kelly Horton that the Senate does not have a big appetite for HB 7005. He expects a committee bill to rise up during mid to late session as a bargaining chip; additionally, agreed it will fly out of the House.

Kelly Paige, President of Film Florida, followed with a question of when is it appropriate to contact the small businesses using the Sales Tax Exemption program to ask them to reach out to their senators and house members for help.

Kelly Horton encouraged everyone to start having these conversations with senators now and focus on them rather than the House, as the bill will most likely fly out quickly.

Chair Schachner stated his agreement and as a council would like to help effectively and efficiently in any way. He recommended John Lux help guide the council to their senators.

John Lux has no problem directing anyone to their local senators, and asked that home addresses be emailed to him.

Kelly Paige commented that she understands some may want to use a template for talking with senators; however, these discussions must be personal. For example, personal emails to local representatives and local senators affirming how keeping these programs helps their small businesses.

Chair Schachner promised to help guide and streamline that sort of discussion.

Chris Ranung opened with discussion of SB 1576 and HB 1345. They both have been filed recently. The SB is sponsored by Senator Gibson of Jacksonville and the HB is sponsored by David Silvers out of Palm Beach. The HB creates the Florida Film Investment Corporation, a very simple model that they have been working on since the beginning of last session, when they saw the tax credit incentive go out the door. Compass understands there is at least four years were we will not see tax incentives and assume they will never come back. So, they began looking for an alternative and they found it modeling the legislation. They now are using two extent corporations that were created in the late 90s by the legislature: the Florida First Capital Finance Corporation (FFCFC) and the Florida Export Bank. Both are entities spun out of government into a public entity and left to sink or swim on their own. The FFCFC does small business lending in excess of \$2 million per project and Export Bank, very successful entity, does the same. Essentially, Compass created a corporation that seeks to create a replenishing portfolio of motion picture projects. The emphasis is on preservation of capital and creating economic impact. What Compass is providing is low cost financing options for producers by

using various techniques to create early buy out opportunities. Their natural target is \$3-10 million independent feature films. As the program evolves, they think it will become more attractive. They want to rebuild infrastructure and preserve our workforce by giving more opportunities.

Chair Schachner questioned what the vision is for the financing side of this program.

Chris Ranung said they are looking for one-time appropriation from legislature. For the program to be viable and robust in the very beginning, it should be roughly \$16 million or more, but the portfolio maxes 12.5% of the available allocation to any individual project. There are also no appropriations in the bill right now.

Kelly Paige wanted to make known that Film Florida's main priority is to save the OFE and Sales Tax Exemption program. She moved to ask Chris if his bill has to be administrated by the Office of Film and Entertainment.

Chris Ranung replied that the bill would be administrated by the board itself. He stressed that he is actively fighting for OFE and believes a strong presence on the west coast is so important, purely to market what Florida has to offer.

Kelly Paige probed the question of how the state would be paid back. As she knows, film investment is very tricky; a lot of big studios do not make their money back. She wondered what will happen if we go this route, how the state would be paid back and what is the time frame.

Chris specified that the state does not get paid back. The program provides a one-time appropriation to fund the corporation. It's up to the corporation to be smart and preserve its capital. As in any business, film finance is tricky and Chris aspires to have a board of intelligent and flexible people to adapt themselves to each project. He feels that they can exist because they are not here for profit, but to provide capital and opportunity for a project.

Commissioner Welge stated that OFE can distribute bills to council members, so they can take a closer look.

Office of Film and Entertainment Team Report Summary of Activities:

Office Updates (Commissioner Niki Welge)

Commissioner Welge opened by thanking everyone for being in attendance and participating. Commissioner Welge declared the prior discussion already covered a majority of what OFE is focused on internally. She mentioned that it is challenging for us to have legislation out there that eliminates the Sales Tax Exemption program and the Advisory Council, but also OFE entirely. It has been all encompassing since HB 7005 was filed. HB 7005 is roughly 190 pages eliminating an enormous amount of economic development programs from the State of Florida and incentive programs that our agency administers. Commissioner Welge is working closely

with leadership to make sure that OFE is part of the messaging. People need to understand that all services OFE and SBD provide would go away. Most of the discussion at committee meetings has to do with the tax credit program that sunset last July and therefore should not continue to be part of the discussion. The biggest misconception is that once that tax credit went away OFE no longer needed to exist, which is not the case. Film Florida requested information on everything OFE does and the broader good and services provided to people all around the state. Commissioner Welge advised the use of the one-pager talking points and to reach out to legislators, especially if anyone has personal relationships with their legislators, to let them know how they are personally effected. Also, this year OFE is being reviewed by OPPAGA and EDR, and the results of those reviews will be available at the end of the calendar year. The review is associated with the Financial Incentive and Sales Tax Exemption and will be a three year look back at performance. OFE also continues to manage three other contracts: eMerge Americas, Tampa Innovation Alliance, and CAMACOL; furthermore, making sure that all payments are made on time and working with DFS to make sure those projects are in compliance with their contracts. Other news, OFE was asked to participate in the annual “take your children to work day” on April 27th and will be attending.

Chair Schachner echoed Commissioner Welge’s comment to think broadly about OFE and utilize the talking points.

Future Business Development (Susan Simms)

Susan Simms opened with restating “you must be present to win” as her mantra. Whether right or wrong, there is a process for this legislation. She stated that clearly our clients do not understand how the process works. Susan attended the Mississippi Film Commission Grammy Party and clients were already thinking this legislation passed because HB was voted out of the first committee. Consequently, messaging with clients is challenging, to say the least. Susan went to Sundance, thanks to the GMCVB, who partnered with Variety. Opportunities like Sundance where you can be close to clients is crucial; thus, turning business cards into projects. She will also be participating in other events in the near future including, speaking at LA Women’s International Festival at LA Live on the 25th of March, then sharing a booth with the Sarasota Film Commission at the AFCI Locations Expo where 230 film offices from around the world come and set up booths to promote their cities. More events include meetings with Entertainment Partners and Netflix on March 8th. Susan closed with notice that we just finished pilot season (ordering of pilots, not production) and recognized that for the last 2-3 years we have had three new pilots picked up with no tax credit incentives (none of the series actually filmed here). Additionally, we are getting a Pilot via ABC by Mark Gordon, who created Grey’s Anatomy. We are continuing to work hard on commercials and reality TV and doing everything we can to keep our heads up.

Chair Schachner asked if there’s anything in LA that we can pick off, like virtual reality.

Susan responded that local film offices in Florida are very aggressive and do a fantastic job focusing on doing that. Susan explained she does not have opportunity to pursue that because

OFE staff keeps getting smaller, but the services provided are exhaustive. She informed the council that small production businesses are where the real opportunity is.

Agnes Lee questioned if virtual reality was potentially taking place in Florida and what are local offices doing to attract that business. She is looking at the productions that are ranging between \$1-2 million for a 15-20 minute experiences and not aware of huge amounts of VR studios. She summoned to call Susan afterwards.

Chair Schachner exclaimed there is a need for programming nationally, but it would be great to have more here in Florida.

Cynthia Angelos, appointed by President Negron, is very interested in education and asked to be updated on regards to reaching out to graduates of the FSU Film.

Commissioner Welge advised Cynthia that OFE previously sponsored more education related events when the marketing budget was larger; though, Film Florida has opportunities for film students through their education committee. Commissioner Welge urged to reach out to Kelly Paige and John Lux about that because the value of connecting with FSU Film students is imperative. Unfortunately, OFE cannot do as much as we would like to.

Cynthia Angelos added she would think of ways she could help and stop by OFE in April to discuss the talking points and other advisory council materials.

Commissioner Welge accepted and will be in touch with Cynthia for a meeting time.

Susan Simms added that FSU Film is a very close knit organization and the Warren Report is a good report to look at to see all the happenings revolved around FSU Film. Film Florida goes to LA in pursuit for these FSU Film students; it is one of their marketing specialties. Susan agreed that relationships are so essential with the students coming out of these film schools.

Agnes Lee reminded us all that it is not always the students who make the decision on where to film, rather the director or cast. It is really important to lock in inspired students early on during development.

Film and Entertainment Industry Incentive Summary Report (Commissioner Niki Welge)

Total Number of Projects Certified: 300
Projected Total Florida Wages: \$755,154,833
Projected Number of Florida Jobs Created: 117,303
Estimated Room Nights: 209,605
Qualified Florida Expenditures: \$1,284,078,847
Total Certified Tax Credits: \$291,317,276
Total Tax Credits Awarded: \$261,135,467
Total Projects Awarded Tax Credits: 285
Outstanding Audits: 15
Tax Credits that Have Not Been Awarded: \$2,763,359
Florida Expenditures for In-House Projects Pending Award: \$2,498,453
Total Projects In-House Pending Award: \$10,692,071

Total Outstanding Projects: 15

Pamela Tuscany asked Commissioner Welge about the ETA for completion on the remaining projects.

Commissioner Welge noted that unfortunately there are some unknowns and variables that are uncontrollable when trying to get these projects in house. It takes less than two months to get them all processed once all documentation is received. Commissioner Welge anticipated within the next six months providing information is in. OFE has five years after the program sunsets to award all programs, so still plenty of time. The OFE staff is working hard to wrap up either way. The program is also not effected by HB 7005.

Chair Schachner mentioned that the graphic about lost business in Florida emailed by John Lux is quite powerful and worth taking a look at.

Commissioner Welge went along to point out the one reason why the lost business list is so large is because Florida ran out of tax credits within about three years of the program being in existence; thus, projects not willing to wait.

Sales Tax Exemption (Donyelle Marshall)

Number of Applications Approved: 556

Amount of Tax Exempted Based on Florida's 6% Tax Rate: \$15,138,376

Estimated Florida Jobs: 24,193

Estimated Florida Expenditures: \$976,304,296

ROI: 64.4: 1

Kelly Paige mentioned ROI confusion: Amy Baker with EDR reports a way smaller ROI than Donyelle.

Donyelle specified that the numbers are determined by the Department of Revenue. She is not aware of how Amy Baker and EDR do their calculation; however, DOR generates these numbers based on the applications.

Commissioner Welge also stated the reason for difference is DOR only considers the total spend divided by estimated tax exemption. She apologized for the confusion.

Kelly Paige stated she just wanted to clear that up so there is not two different numbers floating out around Tallahassee.

Marketing and Advertising (Emily Fisher)

Emily Fisher emailed the council the "FFEAC Members & Contacts List" prior to the meeting. The list is enabled so all can go in and make changes. She advised them to update any phone numbers, businesses, addresses, etc. if necessary. Also, a repeated message from last meeting: on the filminflorida.com website there is a web plug on the events calendar to add any festivals,

meetings or happenings going on in the film industry. Social media posts on Facebook and Twitter have been blowing up because of 'Moonlight's big Oscar –Best Picture win. Also, OFE will be sharing a booth with the Sarasota Film Commission at the AFCI (Associations of Film Commissioners International) Locations & Global Finance Show in April. She announced OFE is excited and thankful to have Susan Simms and Jeanne Corcoran out there promoting Florida. Other events happening this year are the 'Producers Guild of America' Los Angeles and New York shows in June and September. OFE sponsors these shows, getting information into the hands of numerous top producers and executives.

Chair Schachner wondered what OFE is doing for SXSW.

Commissioner Welge recapped that some events we cannot participate in due to eliminated budget and not initially being part of our marketing plan.

Kelly Paige interjected that Film Florida will have presence in SXSW again this year.

Chair Schachner will also be attending and urged all council members to try and be involved in events around state as much as possible.

Commissioner Welge moved to discuss one of the potentially Family Friendly projects that is in house: Madden NFL 2016 Generation 3 game. FFEAC helps to advise OFE on decisions on the Family Friendly 5% bonus if the content of their project is "family friendly." OFE reviewed the game and considered it viewable to all, as it is rated E for Everyone because of the appropriate theme, content and language.

Chair Schachner agreed.

Pamela Tuscany stated the trailer is similar to one we've looked at before and agreed that it is family friendly and is ready to be moved forward.

Association Updates: (Film Florida, SAG, IATSE, etc.)

Kelly Paige instantly congratulated Moonlight again for the big Oscar win. Film Florida and Miami Dade County put out an ad in Hollywood Reporter to show their excitement. Also, Kelly praised another Floridian who wrote the film adaption for Hidden Figures. Film Florida has been working on proposed legislation for an education retention program for the last four months. This program gives 5% back for each graduate from a Florida university or technical school who is a key person in a lead role in a feature film or TV series, like the producers, director, key talent and cinematographer. Furthermore, Florida is known for having FSU Film School as one of best film schools in the country, as well as Ringling with new a brand sound sage. If this type of program was in place last year then we probably could have kept 'Ballers' here and helped 'Moonlight' receive a full 20% back. However, because of the current situation between the House and Senate, Film Florida has shifted their legislative priorities to keeping OFE open; helping those that are here first before lobbying for something else. Key priority for the Film Florida is to retain Susan Simms, our LA Warrior, as a full time employee. Susan is still bringing

us projects in without an incentive. Kelly extended her major appreciation for Susan; detailing, we cannot thank her enough for all her time. If anyone on the board needs anything from Film Florida, the team is happy to assist in any way and are just an email away.

Ex-Officio Updates: (Enterprise Florida, Inc., VISIT FLORIDA, and CareerSource Florida)

No comment.

Public Comment

No comment.

Chair Schachner moved to close.

ADJOURN 11:32 AM.