

FLORIDA FILM AND ENTERTAINMENT ADVISORY COUNCIL

March 22nd 2018 (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 Chair Schachner at 10:05 AM

Roll Call:

Members:

Chair Seth Schachner

Marc Meisel

Suzanne Niedland

Adam Goodman

Pamela Tuscany

Nicholas Popp

Michael Williams

Members of the Public:

Gail Morgan, Emerald Coast Film Commission

John Lux, Film Florida

Jennifer Pendley, Unique Producers Service

Jack Lighton, Loggerhead Marine Life Center

Chris Ranung, IATSE & COMPASS

Office of Film and Entertainment (OFE) Staff:

Commissioner Niki Welge

Susan Simms

Traci Colson

Emily Fisher

WELCOME

Chair Schachner welcomed and reiterated the importance of everyone's participation in the meetings and introduced Nicholas Popp for the legislative update.

Legislative Update

Nicholas Popp began with describing the 2018 legislative session. This past session was challenging to be sure. There were quite a few bills filed, but only about 10% passed. This was due to the focus being on the response to Hurricane Irma and the Parkland tragedy. As a result, lots of the bills we were following did not get passed and died in committee, including the bills that would have limited the travel and expenses for the local film offices. Also, the bill proposing the Florida Motion Picture Capital Corporation died in committee, but there is intention to file again next year. On the bright side, the OFE funding remained in place including the funding for LA Liaison, Susan Simms. A bill that would have de-regulated the talent agents did not get passed, so there were some wins for the film industry, but overall a lukewarm session.

Nicholas encouraged everyone to think about the upcoming changes for next legislative session, specifically the gubernatorial race. Nicholas strongly encouraged all members to reach out to those who have appointed them. If appointed by the Senate, he urged to reach out to Bill Galvano, the new Florida Senate President, assuming the republicans maintain majority next session. If appointed by the House, he urged members to reach out to Representative Oliva, who will be the new Speaker next session.

Chair Schachner thanked Nicholas for the great legislative update. He asked if there is anything that we can look at on the legislative level to get us back into incentives.

Nicholas explained that there are supportive legislators out there and we can create tools to have conversations with them. Adam Putnam has privately expressed admiration for the film industry, 'Bloodline' specifically. There is so much up in the air right now, before the mid-term elections; if Representative Oliva is still the Speaker, he is very much a mold of Richard Corcoran, who isn't terribly fond of incentives. If the Senate majority is maintained then it is not looking good for next legislative session. Film Florida has been working very diligently to put together talking points for our usage.

Chair Schachner questioned if Nicholas feels there is progress being made on a local level.

Nicholas Popp noted, as we move forward in this dead time between sessions, there are opportunities to coordinate outreach towards legislators.

Chair Schachner asked Nicholas if he feels we have enough resources to get the message out moving forward.

Nicholas mentioned that as a council we have not delved into that much yet. Nicholas would like the FFEAC members to reach out more proactively. He will try to create talking points and set up meetings/phone calls with legislators soon.

Commissioner Welge also thanked Nicholas for the fantastic update. She discussed that the FFEAC members can have legislative driven committee calls anytime within our council. If folks are interested in being involved, we are not limited to having quarterly meetings.

Adam Goodman stepped in, discussing that a lot of his career was spent on the political side and the bottom line here is stark and obvious. The race for governor this year will determine whether the film industry gets a major boost. We can work the legislative process as much as we can, but unless there is leadership from the top, then nothing markedly different is going to happen. Adam truly encouraged people to get involved and to impress the importance of the industry on the candidates for Governor. If we are really going to focus our energies on something, we should get Adam Putnam and Ron DeSantis onboard. Adam believes they are the ones who will determine if we could make a move here.

Chair Schachner asked Commissioner Welge if there is a body or channel for members of the council to give voice to this subject.

Commissioner Welge responded that she always encourages members to participate in Film Florida's efforts and meetings. OFE works in conjunction with them on legislative efforts. The council was created, amongst other reasons, to work with those who have appointed them to communicate our message. The new legislative committee can have meetings and discussion to coordinate how we want to advocate moving forward.

Chair Schachner urged that he will help with all efforts needed across the state.

Commissioner Welge added that we are restricted by Sunshine Laws, so any communication between members needs to be publicly addressed.

OLD BUSINESS

Approval of December 2017 FFEAC Meeting Minutes

Chair Schachner moved to approve the minutes as presented.

Nicholas Popp seconded the motion.

Minutes adopted.

NEW BUSINESS

Office of Film and Entertainment Team Report Summary of Activities:

Office Updates (Commissioner Niki Welge)

Commissioner Welge started with mention of the release of the EDR and OPPAGA (Office of Program Policy Analysis and Government Accountability) reports. They review the economic benefits of the Financial Incentive program and the Sales Tax Exemption program (STE) for FYs 13/14, 14/15 and 15/16.

The EDR report was not fantastic in terms of ROI. The tax credit generated an ROI of 0.18 in 2018 compared to the reported 0.43 in 2015. The major reason for this significant decrease can be tied to the increase in actual use of tax credits on the back end of the program. The net state revenues are \$2.1 million more per year in this analysis than the previous analysis (\$7.8 million vs. \$5.7 million in 2015), and the tax credits utilized by production companies average \$22.1 million more per year (\$44.5 million vs. \$22.4 million in 2015). Another major factor is that many of the applicants also take advantage of the STE program. EDR generates their ROI differently than we do. The ROIs of these programs, according to EDR's generator, are developed by summing state revenues generated by a program minus the state expenditures invested in the program, and dividing that calculation by the state's investment. Florida law requires the return to be measured from the state's perspective as an investor, in the form of state tax revenues (so only what we are collecting back in taxes).

Even though the ROI does not break even, they found the program to have a broader economic value to the state as a whole. Personal income is on average \$401 million per year higher during the period, and real GDP within the state is \$489.2 million higher per year. In addition, there were an average of 1,914 more jobs each year during the analysis period. It is creating jobs and economic development for the state of Florida. Most of these jobs were filled by current residents, but some were filled by new residents attracted to the state by the increased economic activity—Florida resident population is on average 576 persons higher per year than it would have been in the absence of the program.

Commissioner Welge moved on to the Sales Tax Exemption program. STE generated a slightly higher ROI of 0.58 in 2018 compared to 0.54 in 2015. Certain applications were excluded from their findings based on production companies that were reliant on Florida's markets or resources for production activity. These were expenditures from companies that were filming a commercial for a business or location in Florida (hospitals, theme parks, beaches) or producing a live event in Florida, such as sports or concerts.

The positives from the STE program translate into \$1.32 billion in new activity per year; like the tax credit, this program also has a broader economic value to the state. Personal income is on average \$522.8 million per year higher during the period, and real GDP within the state averages \$568.8 million higher per year. In addition, there was an average of 2,231 more jobs each year during the analysis period. Again, these programs have wide economic benefit for the state.

Suzanne Niedland asked who makes the decision about excluding those numbers from the EDR analysis.

Commissioner Welge responded that Amy Baker is the head of EDR and lead analyst. Her team works very hard to put together these numbers looking at the raw data based on the statewide economic model. OFE has no say in what EDR reports on.

Suzanne Niedland asked about the incredible comparison EDR must have in relation to the OFE numbers. She addressed it is almost as if they are working against the film industry.

Commissioner Welge noted how the findings for the reports every year do not include certain things; for example, when EDR reports on VISIT FLORIDA they do not count in-state travel because they believe those dollars would be spent here anyway. They do the same type of things in the film industry report.

Chair Schachner asked if EDR is doing their report/model the same way for every other industry or does the film industry have a special model?

Commissioner Welge said there is an identical statewide model for all industries.

Nicholas Popp asked if there is an opportunity to have a mandatory certification as part of the incentive to have the folks who are creating these projects certify that the productions would not have happened without these incentives from the state and that these numbers should be included.

Commissioner Welge also believes it should be part of the conversation. The brick and mortar incentives offered by the State have a requirement that it be an inducement, otherwise they are not eligible for the incentive. This has been on our radar for a long time, however the flip side is that Florida companies would not be able to take advantage of our incentives programs. We want to encourage the growth of the industry. The last thing we would want to do is give the potential for a brick & mortar company to leave the state and take advantage of our programs; so, there are two sides to that coin. The other part is capital investment—that is something captured on the brick and mortar incentive analysis that is a big component of the ROI. It is required before they say yes to a company taking advantage of those programs. The brick and mortar benefit has long term lasting effects on the state.

Nicholas Popp asked if there are opportunities to work with economic schools at one of our premier universities in the state to do a more robust analysis of the reports.

Commissioner Welge revealed OFE is required to do an economic analysis, but we have not been able to get the funding for it. In previous years, the legislature added a line item in the budget for allocation for the assessments. The last one we did in 2009 cost \$150,000 and our entire operating budget is \$250,000. It is just not feasible from an economic standpoint. We have tried talking to our partners as well, including VISIT FLORIDA because there is such a natural crosswalk between tourism and the film industry.

Commissioner Welge proceeded to OPPAGA's report. Their report covers policy and programmatic analysis. The findings include interviews of our industry stakeholders. The industry stakeholders were generally satisfied with the services provided by the Office of Film and Entertainment including the administration of state incentives. They reported that the loss of the tax credit program had a significant negative effect on the industry. They also suggested that

the office conduct additional marketing. The office has addressed two prior OPPAGA recommendations by streamlining its audit review processes and discontinuing the informal process of backdating STE applications. We had successfully implemented their findings from the previous report, so the results of this review were positive.

Commissioner Welge mentioned that both reports are available online on the EDR and OPPAGA respective websites. She also suggested emailing out to all members.

Chair Schachner asked if either report has broadly competitive sections of what is happening in the state of Georgia or on a national level.

Commissioner Welge noted OPPAGA does include what is happening in other states from a macro standpoint; EDR's focuses more on the state of Florida information.

Commissioner Welge moved to WIG Success. OFE has implemented the 4 Disciplines of Execution and adopted a WIG or a wildly important goal for July through December 2017. The goal was to assist 700 productions during that time period. We met our goal on 12/6/2017. We were incredibly thrilled to accomplish that. Ultimately, our goal was to surpass assisting 1,400 productions during FY 17/18, and have set another goal of assisting 700 productions between January 1 and June 30th. We are well on our way, and have assisted 527 productions. The word "assisted" means location finding, communication with local film commissions, phone calls, permit help, shutting down state parks or roads, etc. Commissioner Welge believes the OFE staff will again knock the 700-production goal out of the park. These are projects across the spectrum to large feature films, commercials, small indies, digital media projects, music recordings, etc.

Pamela Tuscany chimed in about the increased number of productions and asked how do these numbers compare to last year.

Commissioner Welge did not have a day-to-date comparison on hand, but she knew the numbers were way higher from the previous year. Our marketing matrix has grown: we are offering additional service to our clients and are participating in more events. We are getting more interest, even though we do not have a statewide incentive program—there are many implemented by local film offices. Florida has always been wildly popular and will continue. We are doing our best to exploit our natural assets here in the state. Nowadays, lots of things are digital so we are trying to bolster the website, our social media presence and location library. We are doing everything we can to gather business in as many directions as possible. Next meeting, we hope to have more good news to share.

Commissioner Welge continued with 2018 Strategic Plan. The OFE is required by statute to update the five-year strategic plan this calendar year. The FFEAC will also be required to have input on the plan. OFE is working with the DEO strategic planning team on the process.

Lastly, Commissioner Welge will be attending the next quarterly meeting for Film Florida in the Space Coast on April 8, 9 and 10th. She highly encouraged everyone to participate using the call-in numbers or to call John Lux, the Executive Director of Film Florida, for more

information.

Future Business Development (Susan Simms)

Susan Simms started with her mantra that you must be present to win. Now that her position is full-time again, it has allowed us to be more present. Since the last FFEAC meeting, there were three major things that have happened: Sundance in January, AFCI Week in February, and SXSW in March. Each of those were a fantastic opportunity to reach different groups and decision makers.

Sundance—The GMCVB usually has a store-front at Sundance in Park City, UT. They partnered with AFCI this year. Sandy Lighterman attended from Miami-Dade with Jeanne Corcoran from Sarasota, as well. The great thing about Sundance was having the space to invite people in from the cold, whilst being surrounded by your greatest competitors. The GMCVB was very accommodating - allowing Susan as the guest from the State of Florida. Susan had meetings on projects involving Jacksonville, Gainesville, Sarasota and Fort Lauderdale in the Miami space. In addition to the five films that were showcased from the State of Florida, Susan could exploit Florida filmmakers who were at Sundance, but didn't shoot their projects in Florida. One person was Dori Rath from Sarasota, who was the producer on a film called Wildfire that was getting lots of buzz at Sundance. Entertainment Partners had a finance panel the next day, and Dori was a guest speaker discussing indie films. As one could imagine, she talked Florida, Florida, Florida. She was the gift that kept on giving. She has a film coming out next month called Book Club. The Borscht Team from Miami was also there, and they continue to crank out animated shorts. Susan said they worked every opportunity they had, including the British Film Commission brunch, to hear about the promotion with the London film office and Miami. The Monarch Tax Credit brunch was also a great opportunity because all our clients were there.

AFCI—Historically, AFCI has been a locations tradeshow year after year. This year, they decided to have four consecutive days of events. It was truly amazing and a good way to relook at their way of doing business. On the first afternoon, they held an event with 43 film offices from around the world, so there was a chance to meet with clients and have hours of direct one-on-one time. The next morning, AFCI partnered with the Hollywood Reporter to host a breakfast for 125 physical production executives for film and television. The fact that we have local incentives that are always changing is significant for these conversations. That afternoon there was a locations forum followed by the Indie Spirit Awards networking reception. It was so fantastic and helped dramatically that Florida had two projects nominated for the awards: "The Florida Project" and "Life and Nothing More." Sean Baker was there, the director of "The Florida Project." He went on about his second film that he wants to film in Florida. So once again, if they have a good experience, work with people who get it, receive fantastic service, and the location is great, then it is proven time and time again that they will come back.

SXSW—Gail Morgan, Sandy Lighterman and Graham Winick were there. Film Florida also had a booth, which we were in for four days. Florida had eight films and five film panels. Barry Jenkins, the director of "Moonlight," gave the keynote speech. There were more than 1,000 people there and every other word spoken was Florida, Miami, or FSU. It was truly amazing. Susan believes everyone left there wanting to look at an opportunity in Florida. There were 18

musical acts from Florida, 12 panels, the Broward County Underground was the key sponsor of the opening night event and 29 interactive speakers.

Entertainment Industry Financial Incentive Summary Report (Traci Colson)

Total Number of Projects Certified: 294
Projected Total Florida Wages: \$731,578,723
Projected Number of Florida Jobs Created: 112,929
Estimated Room Nights: 207,305
Qualified Florida Expenditures: \$1,209,342,972
Total Certified Tax Credits: \$276,987,053
Total Tax Credits Awarded: \$276,418,297
Total Projects Awarded Tax Credits: 292
Outstanding Audits: 2
Tax Credits that Have Not Been Awarded: \$568,786
Florida Expenditures for In-House Projects Pending Award: \$401,141
Total Projects In-House Pending Award: 1

Sales Tax Exemption (Commissioner Welge)

Number of Applications Approved: 701
Amount of Tax Exempted Based on Florida's 6% Tax Rate: \$14,161,686
Estimated Florida Jobs: 24,019
Estimated Florida Expenditures: \$984,501,213
ROI: 69.5 : 1

Marketing and Advertising (Emily Fisher)

Emily started with reiterating that she is so happy for the OFE's involvement and presence at Sundance Film Festival, AFCI Week, and SXSW. OFE is creating a new notebook graphic to be showcased in all "swag bags" at the Produced By: Los Angeles and Produced By: New York conferences. OFE has participated in these events for many years and will continue to sponsor these events in the future. OFE is also participating in Take your Children to Work Day at the Capitol on April 26th. On this day, we provide insight to young children and families about our office and the work we provide for the state of Florida. Lastly, she recently reached out to all members regarding member updates and increased participation. It is highly beneficial to all members to hear differences and insights as to what's going on in the film and entertainment industry. Suzanne Niedland responded to this request and connected the council with Jack Lighton, who is on-call this morning. Jack Lighton is President and CEO of Loggerhead Marine Life Center. He is here to give insights and thoughts on cultural destinations that can better serve as catalysts for press, video, and filming opportunities. Emily mentioned she would love to see the continuation of members engaging with others in the industry and bringing them on board for discussion.

Chair Schachner asked how close are we to having a full council and can he help in any way

possible.

Emily replied to the Chair that we have 14 members at the current time, but we will keep on the appointment advisors to fill our council. She also suggested to reach out to the appointers and encouraged Chair Schachner to bring people on board in our calls.

Chair Schachner acknowledged and continued with the Georgia Music Partners document and the NBCU Telemundo Partnership. He recognized that the music industry has made quite a bit of progress in recent years. He also would like to initiate music discussions.

Jennifer from Unique Producers interjected that she is interested in being part of the Digital Media/Music Subcommittee in the future.

Chair Schachner also mentioned the NBCU Partnership with Pitbull and local schools in Miami to give young people the opportunity to find work in the film and entertainment industry. Chair Schachner encouraged the circulation of this information.

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

Chris Ranung from IATSE and COMPASS joined the call to give an update. Chris applauded Nicholas Popp for painting a very clear picture of this year's legislative session and what is slated to come for next year. Chris and his team are currently making updates to his bill for next year. He encouraged anyone to contact him regarding last session. There are pockets of very highly interested and enthusiastic county governments that really want to get film back in their regions. It is very important for us to work with those entities and help them anyway we can. When local community members are pushing upward on their government, that is one way that we will achieve good results next year. Focusing on the gubernatorial race is critical, but building relationships with state candidates and business organizations is key. Our industry supports so many businesses so there are many opportunities to get the support we need. Throughout the year there has been increased liking for Americans for Prosperity: so, how do we counter that opposition pressure...we create our own pressure from the business community and community groups. We are seeing and hearing more often that we do not have the workforce to response to multiple productions at one time and we also do not have the equipment to offer. Other than that, Chris appreciates the people who are involved and pay attention. He had a very good working relationship with Film Florida this year and is looking forward to future involvement. Together we have some strength.

John Lux from Film Florida discussed that in January a group of board members were in Tallahassee speaking with legislators. He mentioned they got a handful of legislators advocating for their efforts. Film Florida does have a focus on the upcoming elections and have been

communicating with all the candidates; including having four of the democratic candidates on camera already advocating. Film Florida is working with the team to speak with all 142 seats in the House and Senate asking them to communicate their vision for our industry. This is all relationship building and educating the legislators. Film Florida is putting together a task force, so anyone interested needs to email John directly. Next quarterly meeting is April 8th-10th on the Space Coast. Film Florida was just recently down at the Miami Film Festival presenting a scholarship to an award winner. They returned from SXSW and NATPE in January, with Tribeca and Produced By in June. John urged that seven counties in Florida now have local incentives programs, so we need to remember to be marketing and promoting what we do have.

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

No comment.

Public Comment

Jack Lighton, President of Loggerhead Marine Life Center, mentioned that he is honored to be on-call and thrilled about the economic, cultural and environmental potential of the FFEAC. He started by introducing the Loggerhead Marine Life Center in Juno Beach, FL; it is one of the most visited cultural destinations and at their core is an open to the public, free, sea turtle hospital. On their campus for the sea turtle hospital, they welcome just about 35,000 visitors each year. 67%, the highest number for cultural attractions in Palm Beach County are tourists and of those 67% of tourists, nearly 30% are international travelers.

Florida is the most prolific sea turtle nesting grounds in the Americas and Palm Beach County is the epicenter for sea turtle nesting for the loggerhead sea turtle in the world. The Loggerhead Rehabilitation Center has 67 global partners on 6 continents and in 16 countries. They also run the Juno Beach fishing pier which welcomes more than 150,000 visitors each year and partnered with FPL on their manatee lagoon viewing center in Riviera Beach that welcomes more than 200,000 visitors a year. The Loggerhead Marine Life Center is rapidly approaching one million guests.

Jack mentioned that he recognizes everyone's appreciation for environment assets and backdrop that is Florida. They have been inundated due to the volume of visitors they get on an annual basis with excellent opportunities. They have been very involved with Discover Palm Beaches, the Cultural Council, and VISIT FLORIDA—within that group is the film commission in Palm Beach County. The involvement with that triad has given higher access to travel writers, producers and media influencers. The more exposure Loggerhead Marine Life Center receives, the more the conversation is started about the health of our world's oceans. The Dodo, a highly known social media website, did a video story on the Loggerhead campus that created 280,000 unique views in a weeks' time. This video, amongst others have spurred more movement and interest; for example, a sea rescue series that was filmed on the Loggerhead campus is airing in May 2018. National Geographic has been down to film the research team in action on the beach at night using the leatherback sea turtle to talk about the health of the ocean. There are three other production companies that have proposed programs in the wings. The proposed programs

include Animal Planet, Rugged Production, and an animal series about unique coastal phenomenon.

Jack talked about Dolphin Tale and Winter the Dolphin with their partners, the Clearwater Marine Life Center. Filming has long lasting economic impact. The Clearwater Marine Aquarium still gets an astronomical number of visitors from that movie. Lastly, Jack drew our attention to the BBC's Blue Planet 2, which attracted hundreds of millions of viewers. It's first week attracted 80 million viewers in China. He mentioned this to drive-home that our environment sells and sells very well.

Chair Schachner moved to close.

ADJOURN 12:00 PM.