

FLORIDA FILM AND ENTERTAINMENT ADVISORY COUNCIL

June 14th, 2018 (2nd 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 10:00 AM

Roll Call:

Members:

Chair Seth Schachner

Vice Chair Marc Meisel

DeeDee Davis

Suzanne Niedland

Cynthia Angelos

Dick Kravitz

Michael Williams

Nicholas Popp

Ryan Neves

Pieter Bockweg

Members of the Public:

John Lux, Film Florida

Chris Ranung, IATSE & COMPASS

Christy Andreoni, Palm Beach County Film Commission

Todd Roobin, Jacksonville Office of Film & Television

Susan Bunch, Thomas & LoCicero PL

Jim McGuire, Thomas & LoCicero PL

Michelle Hillery, Palm Beach County Film Commission

Melissa Marcum

Office of Film and Entertainment (OFE) Staff:

Commissioner Niki Welge

Susan Simms

Donyelle Marshall

Emily Fisher

WELCOME

Chair Schachner opened with expressing his appreciation to the council members and Film Florida for their continued participation. He revealed the exciting news to come regarding the December FFEAC meeting—It will be held in-person.

Commissioner Welge chimed in that she will give a detailed idea of what is to come during her report. Our plan is to host a face-to-face event in Orlando, hoping to increase engagement with each other and with those also in town; Film Florida and Woman in Film.

OLD BUSINESS

Approval of March 2018 FFEAC Meeting Minutes

Chair Schachner motioned to approve the minutes as presented.

Michael Williams seconded the motion.

Minutes adopted.

NEW BUSINESS

Legislative Update

Nicholas started with a warm welcome, encouraging members of the council and public to add the 2nd legislative subcommittee meeting to their calendar for June 29th at 11:00 a.m. Briefly, on the legislative race, he summarized that there are two gubernatorial republican candidates and four gubernatorial democratic candidates. Currently, the Florida Senate has a 23 to 15 republican majority. There are 20 seats up for reelection. If the republicans maintain majority then Senator Bill Galvano will be the Senate President for this legislative session. If the democrats hold the majority, Audrey Gibson will be the Senate President. On the Florida House side, all 120 seats are up for reelection. The republican majority is not at risk. Representative Jose Oliva will be the next Speaker of the House. He is very much in the mold of Richard Corcoran, who was the past Speaker, so we are unlikely to see advocacy towards incentives from him.

Nicholas urged that all members of the council need to be reaching out to the elected officials in their areas and introduce themselves as industry advocates. We need to discuss projects that we have won and lost to other states and the job creation and high wages brought to the state. Nicholas hopes that on our next legislative subcommittee meeting, we will begin approval of the talking points to be shared with the larger FFEAC interested parties body. We want to get comfortable setting up calls and emails with legislators. Nicholas suggested his call to action for the council is to identify who your local legislators are and know who to reach out to. Our ultimate goal is to get the cell phone numbers of local legislators, especially those up for reelection.

Chair Schachner jumped in and gave his full support to help.

Commissioner Welge thanked Nicholas for the fantastic update. She reiterated how important it is for council members to reach out to those who have appointed them.

Nicholas more than agreed with the need to reach out to appointers and the new Governor elect very shortly after the election to introduce ourselves. It is imperative to make those connections.

Chair Schachner asked if we have an ally from a high-level perspective.

Nicholas stated that any and most democratic candidates have expressed support for the film industry. On republican side, both candidates are supporting the far right and are not likely to express support for the industry. After the election, it is hard to predict what will happen. Nicholas believes it is unlikely that we will get an incentive bill passed this coming session; however, we can lay the groundwork for the future.

Chair Schachner noticed the positive developments that have happened on a local level and wondered if there will be coordination to include that in our legislative discussion.

Nicholas said there are lobbying type things that we can do. We can show counties that do not have a local incentive in place versus the positive effects of those who do. If anyone has connections with county commissioners, that may help to start the conversation for a city based incentive program.

Dick Kravitz asked if anyone has ever reached out to the Florida Chamber of Commerce for support. In the past, we have showed the Chamber the economic impact in Florida.

Nicholas responded that yes, Film Florida has reached out to the Chamber and they are supportive.

Chair Schachner echoed Dick that it is a great idea to reach out to the local chambers for support.

Nicholas said he would include the contact information for Chamber members in his talking points to be discussed at the legislative subcommittee meeting.

Dick Kravitz also shared that he has a lot to offer in the next legislative call. He cited his work with the Chamber in the past. He believes the Chamber can be a leading force in what we do next.

Nicholas agreed that the chamber will be critical for support. He realizes they are very influential. Florida Tax Watch has also had active positive conversations regarding the industry.

Office of Film and Entertainment Team Report
Summary of Activities:

Office Updates (Commissioner Niki Welge)

Commissioner Welge encouraged anyone interested in the next legislative subcommittee meeting to participate. She then began with the most pressing item, the Five-Year Strategic Plan. This plan is due by the end of the calendar year and OFE is in the process of gathering information from industry constituents and stakeholders. All FFEAC members should have an email with a survey attached for feedback about the OFE—this is an industry SWOT analysis. The council is statutorily required to participate in the process. We already have 39 responses out of roughly 500 today. Commissioner Welge asked everyone to please participate promptly. The deadline for survey responses is Tuesday, June 26th. Our office hopes to have a draft for review at the December FFEAC meeting.

Next, Commissioner Welge discussed the WIG (Wildly Important Goal) success in the OFE. The total goal for the fiscal year is to assist 1,400 productions. At this time, our team surpassed the goal on May 26th. The team knocked it out of the park and Commissioner Welge is so thankful for their hard work. Last year, OFE assisted 1,270 productions and this year nearly 1,500 have been assisted already; which is nearly 29 projects a week that OFE is providing assistance to in one way, shape, or form. We also are having a record-year for our Sales Tax Exemption Program (STE). Part of the WIG process is to think about ways that we can move the needle on our goal, and one of the most important factors we found was increasing our marketing and engagement efforts. We had cuts to our marketing budget over the past years, but slowly we have been able to build the budget again. They have now approved a higher budget for FY 18-19. OFE will be participating in as many targeted industry events and continuing to build on our relationships. One major item we were able to get approved is an in-person FFEAC December meeting. The meeting will hopefully be held in conjunction with the Film Florida Quarterly Meeting and the Woman in Film ‘Jingle Mingle.’ We plan to have our meeting the afternoon of December 5th, followed by the Film Florida Meetings on the 6th and 7th. This gives the council an opportunity to interact with each other and meet other members for possibly the first time. OFE will keep everyone posted on the correspondence once everything is finalized.

As most know, at the end of every fiscal year there are performance measures reported: we reach out to the thousands of people we have worked with to see if their productions resulted in business for the state of Florida—meaning they spent money in the state, hired Floridians, etc. We appreciate everyone’s efforts; including Susan Simms and Donyelle Marshall who will be in contact with local film offices trying to get feedback on production information. We anticipate a record-year and we will be able to report on those numbers in the September meeting.

Commissioner Welge also stated her participation in upcoming travel to Palm Beach County for the Film Florida Annual Meeting with Susan Simms. She encouraged the public and members to participate in those meetings. In June every year, Commissioner Welge reports on the NAICS code data. These are industry codes on wages and job creation for the previous calendar year, but they are not available yet and we plan to have them by the Film Florida Annual Meeting.

Entertainment Industry Financial Incentive Summary Report (Commissioner Welge)

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: \$1,209,342,974
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: \$568,756
Florida Expenditures for In-House Projects Pending Award: \$568,756
Total Projects In-House Pending Award: 2

Chair Schachner chimed in and asked if there are any trends in the reports regarding digital distribution.

Commissioner Welge said the landscape is changing completely across the industry; regardless of how it is distributed, content is king. We do not necessarily gather the information of how it is distributed, we find whether companies are eligible for the Sales Tax Exemption or not and go from there. If there is still filming and production of quality content, our models will not really change internally.

Chair Schachner raised the question about the high-level look of the entertainment industry over the last five to ten years, with the rise of tech giants like Amazon and Netflix, shifting the balance in the industry from those who distribute content opposed to those who are the creators of the content. He said there is a good argument now that distribution is weighing over content. He mentioned a thought moving forward to think about those distributors in our legislative discussion.

Commissioner Welge shared that every year, we continue to reach those folks and use our marketing dollars to target those different entities and evolve, as well.

Susan Simms addressed that she has had conversations with executives from Netflix, Amazon, and Hulu, just in the last week. We are staying engaged, they have not yet reached critical point from the reporting on our side.

Chair Schachner exclaimed that Apple, Amazon, Netflix, etc. are drastically changing the industry and maybe we can look to engage with them more in the future. He begged the question of why can't we give tax incentives to tech giants to increase their local production spend versus studios or production entities.

Sales Tax Exemption (Donyelle Marshall)

Number of Applications Approved: 928
Amount of Tax Exempted Based on Florida's 6% Tax Rate: \$15,044,150
Estimated Florida Jobs: 31,547
Estimated Florida Expenditures: \$1,029,849,362
ROI: 68.5: 1

Donyelle pointed out that this fiscal year has been the best in program history.

Spanish Language Production Report (Donyelle Marshall)

Donyelle began by stating that for the past few years she has been the point of contact for the LATAM networks. Miami is home to almost every network or production company that creates and distributes Spanish and Portuguese content to the US, Mexico, Colombia and Brazil. The traditional telenovela is going away like analog TV. The present and future is digital and streaming or subscription video on demand (SVOD) with binge watching formats: gripping story content with 8-20 episodes series. Last week, PriceWaterhouseCoopers(PwC) released the Entertainment & Media Outlook for 2018. Over the Top or OTT (streaming or subscription video on demand) generated an estimated \$20.1 billion in revenue last year on 15.2% growth. PwC projected the U.S. OTT sector will grow to \$30.6 billion by 2022, an annual growth rate of about 8.8%. Almost \$25 billion of that projected total will come from SVOD. This report was issued after numerous networks had announced distribution or co-production deals with OTTs.

Next, Donyelle highlighted distribution deals and production activities for the three major networks. In May, Viacom Latin America merged into Viacom International Studios (VIS), which brings together its Latin production divisions including Telefe's studios, Brazilian comedy unit: Porta dos Fundos and Viacom's own branded production unit and distribution division. Nickelodeon and Rainbow, an Italian production company, teamed up for "Club 57," a time-travelling musical series about a science-loving girl who accidentally travels back to 1957 that begins shooting in Miami this year. The teen telenovela will be an epic 60-episode series.

In April, Telemundo opened its new \$250 million global headquarters, Telemundo Center, a 500,000-square-foot multimedia production facility on 21 acres, with the capacity to house 1,500 employees. NBCUniversal Telemundo Enterprises is now the largest provider of Spanish-language content on the premium streaming service, providing more than 3,000 hours of content. The 2018-2019 television season features more than 950 hours of new series and multi-platform original content. Telemundo has launched an original content initiative and has struck a new SVOD content deal with Netflix and Hulu. The networks are expanding their partnership by increasing Hulu's current Telemundo and Universo's content offering.

On June 6th, Univision announced Real America with Jorge Ramos and Noticiero Univisión digital edition will be among the initial programs included on the new Facebook watch news section. Univision and its production partner Televisa have launched its first global pilot initiative which generated three pilots to be greenlit. Univision will air the Netflix hit "El Chapo," making it the first traditional broadcaster to pick up a show created by the streaming giant. Our office will continue to work closely with these and other companies to encourage continued growth and content creation here in Florida.

Christy Andreoni from the Palm Beach County & Television Commission commented on Donyelle's STE report, noting that she and other local film commissions have integrated the STE information into their permitting process.

Chair Schachner added that his hometown of Miami and south Florida is the heart of Latin American and the US Hispanic market. He raved about the local film commissions doing a great

job marketing media to millennials and displaying how content is consumed in the United States. Chair Schachner asked is if we are seeing trends in Latin production in our reports.

Donyelle answered that we do not necessarily track the expenditures in the Latin community; however, we hear a lot from production companies in Miami speak to the number of productions they are hosting in their area.

Michelle Hillery asked if our office could check out a company in Palm Beach County called Olympusat Entertainment, which is a major multimillion dollar company, that is one of the largest content and technology distribution companies for Latin America in the state of Florida.

Marketing and Advertising (Emily Fisher)

Emily Fisher started by announcing that Susan Simms, our LA liaison, attended Realscreen West Summit last week. OFE sponsored the event this year by adding our notebooks into their 750+ delegate bags. Susan also attended Produced By: Los Angeles (PBLA), which OFE sponsors every year, adding our notebooks into all the delegate bags for both of the Produced By conferences and being part of magazine advertisements. Upcoming, Susan and Commissioner Welge will be attending the Film Florida Annual Meeting in Palm Beach County. As mentioned earlier, we are so excited to have increased our marketing budget this year. This will equate to more engagement and participation in industry activities. On our website, we have added a filmography graphic, thanks to Film Florida. We plan to have an updated filmography list 'go live' soon. We had our legislative call on May 22nd and as noted by Nicholas Popp, we plan to have another on June 29th at 11:00 a.m. We are happy to facilitate a digital media and music subcommittee call in the future, but we need to find a member willing to chair that subcommittee first. Emily gave appreciation to everyone who emailed regarding absences. It is very important to have nearly 100% attendance. It is understandable that schedules get busy, but if you cannot attend any future meetings, please email as soon as you know. Emily loved to see members engaging with others in the industry and bringing them on board; so, she thanked Nicholas Popp for introducing her to Jim McGuire from Thomas & LoCicero Law Firm. We are excited to have Jim on our agenda.

Future Business Development (Susan Simms)

Susan is so pleased with the 1,500 projects that OFE has been diligently working on. The WIG has worked so effectively, it helps the office to keep up with and keep track of projects much better than we have in the past. We are so engaged and repeatedly contacting clients. Susan first wanted to tackle commercials, commercials, commercials. Commercials seem to go by the wayside and we do not talk enough about them. They are completely self-sustaining and we have fabulous crews with great reputations. We are happy that they are part of our makeup in the industry.

Susan moved to the three main events that she attended since the last FFEAC meeting: California Film Conference, Realscreen Summit, and PBLA. Our notebooks were in both PBLA and

Realscreen delegate bags. We also partnered with Film Florida to create a new promotional item, dual-port phone chargers (for iPhone, iPad, and Android). They come in little hardcover orange packages and were treated like gold when handed out.

California Film Conference— This conference is put on by Flix, which is almost the California equivalent of Film Florida. They have a tradeshow, panels and networking. Florida attends every year to support; in addition, see all of our clients.

Realscreen Summit— This is for all the production companies that do reality television and in most studios, unscripted also includes docudramas and docuseries. Those are the new hit, people are trying to get into that business because they are so compelling to watch, have fantastic ratings, and build consistent audiences. This year, Jeanne from Sarasota attended, with Susan. Susan reiterated her mantra, *you must be present to win and you must be engaged to win*. The first person that Jeanne saw was someone who just shot a pilot in Sarasota. She did not even have her badge yet, but by engaging with the person in front of her, she had the opportunity to speak with someone doing business right in her local community. Susan raved that Realscreen *is* our people, it showcases Florida's business. They have 40-person breakout sessions for 30 mins to kickoff. HGTV was first—they always start the day with lots of love towards Florida. In HGTV's world, the panhandle, Boca Raton, and Naples are all different places/markets. The president described them as different planets and that if they could shoot 365 days-a-year in Florida, they would. HGTV is helping drive our narrative that Florida's tourism and economics help fuel this whole machine. The next panel was Paramount Television, who was talking about their new series with Jay-Z that shot in Orlando and premiered in Tribeca Film Festival. They also went on and on about Florida. Afterwards, Susan met with several executives to figure out things that are missing from their packages; for example, what kind of things can we do with private industry and in the community to help bolster that.

Every year, Gail Morgan and Susan meet with entertainment liaisons from the different branches of the military, focusing on the panhandle. They presented all of the Florida assets and the military liaisons helped fill the gaps on what was needed and how to reach their audiences. Gail and Susan were able to lead them to producers that were exactly what the military needed, which led them to work on projects together.

PBLA— The whole State of Florida was covered with representatives in attendance. They had their annual membership meeting in the evening, where Susan gave out the OFE/Film Florida phone chargers to producers and executors. The chargers were an absolute hit. There was a producer's mash-up, which is like speed dating with producers—you sit at a table of ten and the high-level producers move around the room from table to table. The producers explained different avenues on ways to get in touch with decision-makers and persuade them to film in Florida without an incentive.

Coming up, Susan will attend the Film Florida Annual Meeting in Palm Beach County with Commissioner Welge. She will also attend the Toronto Film Festival in September.

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

John Lux from Film Florida started with Film Florida's participation at the Tribeca Film Festival. They contributed in the Florida native producers group event called the 'Apples and Oranges Reception.' They also had a group go out to the PBLA conference. The Film Florida Annual Meeting is coming up on June 25-27th. The board of directors meeting is June 27th at 9:00 a.m. and is open to the public. Also, the Toronto Film Festival is September 6-16th and Film Florida will host a reception. Conflicting, there is the Florida Governor's Conference on Tourism, where there is a presentation of the Florida Tourism Ambassador Award. Soon, there is a meet-up in Tampa on July 12th at the Brewhouse, more information on the Facebook page. Another meet-up is on July 23rd at the Winter Park Miller's Ale House. On the legislative side, the clear majority support our industry and want to see it grow in strength. We focus a lot on the conversation with them. Film Florida is now members of AIF, the Florida Chamber of Commerce, and Florida Tax Watch. Film Florida is actively involved with them and the candidates for governor, as well.

Chris Ranung from IATSE began with the importance of keeping our workforce intact. If the word goes out that Florida does not have enough to keep the workforce going and lack of high-tech equipment then we are really going to be in deep trouble. IATSE has been focusing on using the training trust fund that the IA provides for all its members. These trainings may focus on safety classes, skills classes and all the things that producers want to see for the workforce crew credentials. We must focus on building our workforce base, as well. There has been a decline in production and movement to other states. Chris promotes a Florida film school graduate program that they have in place. Chris has been very aggressive over the last few months, traveling to film schools and giving presentations about what it means to join the motion picture production industry.

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

No comment.

Public Comment

Jim McGuire from Thomas & LoCicero PL introduced himself. Thomas & LoCicero is a Florida based firm with offices in Fort Lauderdale and Tampa. The firm has a specialty focused on first amendment issues, so they often can get involved with cases related to the film and entertainment industry. The practice has two components: litigation and transactional. In terms of litigation, Jim and team have been involved on large films; for example, "The Cove," a documentary about the dolphin hunts in Japan. Their law firm represented the producers on that film in a defamation

case. Recently, Jim has been involved with the producers and book authors of the movie “The Infiltrator” and a Spanish-language television series about Pablo Escobar. The biggest involvement with the entertainment industry was working with the producers of “The Perfect Storm” several years back regarding claims of defamation and privacy. That case was particularly important because it displayed an example for other industry members with similar legal issues. In addition to litigation work, the firm does transactional and intellectual property work, just by way of example, one of Jim’s partners does work with the author, Michael Connelly, who is known for his Lincoln Lawyer series and Harry Bosch series. Jim’s partner has worked with Mr. Connelly on trademark issues and licensing issues related to Amazon’s production of a television series based on the Bosch character. He also helped with copyright issues on the production “War Dogs.” Jim thanked and loved the opportunity to be introduced to the council and invited on call. He extended the invitation for anyone to contact him if in need of any legal assistance. He will get you in touch with the right people.

Chair Schachner thanked everyone for participation and moved to close.

ADJOURN 12:00 PM.