

PAYROLL COMPANIES' AGREEMENT

This Agreement is made and entered into between _____
_____ (herein "The Payroll Company"), and
the International Alliance of Theatrical Stage Employees (herein
"IATSE"), an unincorporated association, upon the following terms,
conditions and recitals:

I. The Payroll Company is a payroll service for the motion picture and television industries and is an employer member of the multi-employer bargaining unit represented by the Alliance of Motion Picture and Television Producers, Inc., described in Article V of the Producer-I.A.T.S.E. & M.P.T.A.A.C. Basic Agreement of 2018 to which The Payroll Company is a signatory.

II. The Payroll Company's employment of persons subject to the Basic Agreement and its responsibility to the IATSE therefor shall be governed by the following:

A. The Payroll Company shall give advance notice to the IATSE of its involvement in connection with any motion picture or television production when services falling within the work jurisdiction of the Basic Agreement are to be performed. Said advance notice shall be given as soon as practicable, but in no event later than the Monday immediately following the issuance of the first payroll covering employees under the Basic Agreement. Said notice may be oral and confirmed in writing within two (2) working days thereafter and shall include the following:

1. Name of production company and producer;
2. Title of production;
3. Nature of production (Theatrical, Television, Commercial, Videotape);
4. Scheduled pre-production, production, and post-production dates;
5. Production locations; and
6. Whether The Payroll Company is the "primary" or "secondary" employer as those terms are herein defined.

The Payroll Company, in addition to the foregoing notice to the IATSE, shall also, on its own behalf as a "primary" employer, comply with any notification provisions contained within any

IATSE Local Union Agreement subject to the Basic Agreement or, when the Payroll Company is the "secondary" employer, require the "primary" employer to comply therewith.

In the event a Payroll Company consistently fails to give notice as required by this Section, then an arbitrator in an arbitration proceeding shall have the authority to issue and fashion an appropriate remedy.

Absent receipt of the aforementioned notice from the Payroll Company, The Payroll Company will not be deemed to have any responsibility for any production merely because someone other than a designated representative of The Payroll Company represents to the IATSE or any of its affiliated Locals that it is utilizing the services of The Payroll Company unless The Payroll Company is in fact providing such services and failed to give the notice called for herein.

Notwithstanding any other provision herein, in the event The Payroll Company fails to give the advance notice as above required as to more than one (1) production, the IATSE shall have the right to cancel this Agreement as to such Payroll Company upon fifteen (15) days written notice. The IATSE shall notify The Payroll Company of the first violation, which may be oral and confirmed in writing later.

B. The scope of The Payroll Company's responsibility to the IATSE and to persons performing services subject to the Basic Agreement shall be based on whether The Payroll Company is deemed a "primary" employer or a "secondary" employer insofar as the employees performing such services are concerned.

1. The Payroll Company shall be deemed the "primary" employer when it is providing services to a customer producer/employer which is not a member of the multi-employer bargaining unit described in Article V of the Basic Agreement.

(a) In its position as a "primary" employer, The Payroll Company shall provide services to a customer producer/ employer only on the basis that persons working in the crafts and classifications designated in the IATSE Basic Agreement are employed under the IATSE Basic Agreement to the same extent as would be required of any other Producer signatory to the IATSE Basic Agreement.

Notwithstanding any other provision, in the event a Payroll Company violates the above requirement as a "primary" employer as to more than one (1) production, the IATSE shall have the

right to cancel this Agreement as to such Payroll Company upon fifteen (15) days written notice. The IATSE shall notify The Payroll Company of the first violation, which may be oral and confirmed in writing later.

In the event a Payroll Company fails to provide coverage to employees under the IATSE Basic Agreement as required above, an arbitrator shall have the authority to issue an award as to the full measure of damages.

(b) When a client requests a Payroll Company to act as the primary employer for a theatrical or television motion picture with respect to those employees engaged in IATSE-covered classifications, The Payroll Company shall notify the IATSE of that fact within one (1) business day after the client requests The Payroll Company to so act as the primary employer for that picture. In the event the IATSE is engaged in negotiations with said client, the IATSE shall notify The Payroll Company and the AMPTP of that fact within one (1) business day after receipt of said notice from The Payroll Company. Thereafter, The Payroll Company shall not act as the primary employer under this Agreement without the consent of the IATSE. If The Payroll Company does not receive an objection from the IATSE within said one (1) business day, The Payroll Company may act as the primary employer under this Agreement.

(c) No contributions will be accepted from The Payroll Company on behalf of employees employed by an employer which is not a signatory to a collective bargaining agreement requiring contributions to the Plans if the non-signatory employer employs one or more "controlling employees."

A "controlling employee" is defined as any employee who performs work within any job classification covered by a collective bargaining agreement with a Union party to the Motion Picture Industry Pension and/or Health Plans ("Plans") requiring contributions to be made to the Plans and who is also an officer or controlling shareholder of the non-signatory employer or the spouse of such an officer or controlling shareholder. The term "controlling shareholder" means a person who owns ten percent (10%) or more of the voting power of the corporation.

The Payroll Company shall be required to submit a completed Non-Signatory Employer Data Sheet in the form required by the Plans with respect to each production or other project on which The Payroll Company is to act as the primary employer.

2. The Payroll Company shall be deemed a "secondary" employer when it is providing services to a customer producer/employer which is a member of the multi-employer bargaining unit described in Article V of the Basic Agreement and The Payroll Company's customer producer/employer shall be deemed the "primary" employer in such instances.

C. In those situations in which The Payroll Company is the primary employer, The Payroll Company shall be deemed the producer and shall have full responsibility for compliance with all of the terms and conditions of the Basic Agreement and applicable Local Agreements, including compliance with requirements in the Local Agreements relating to deal memos and personal services contracts, until such time as The Payroll Company gives the IATSE written notice of cancellation of its agreement with its customer producer/employer and notwithstanding said notice of cancellation, The Payroll Company shall remain responsible for all wages (including wages for reasonable time spent by an employee in returning equipment or properties for which he is responsible), fringe benefits and conditions of employment to the effective date of the cancellation and notice to the IATSE and, on distant location, all expenses due and costs of transportation and salaries for such transportation time, and for any residual payments (Post '60 payments or Supplemental Market payments) resulting from the performance of services prior to the notice of said cancellation unless and until The Payroll Company shall be relieved of responsibility for such residual payments pursuant to the procedures set forth in this Exhibit "A." In addition to all other required information, The Payroll Company shall specify in all reports to the Motion Picture Industry Pension Plan and the Motion Picture Industry Health Plan the name of the customer/producer employer, the title of the production and the classification(s) of employees covered by the Trust Fund payments.

When acting as the "primary employer" for a theatrical motion picture, The Payroll Company shall be prohibited from processing and/or issuing any payroll checks for or on behalf of its customer producer/employer until such time as The Payroll Company has secured from its customer producer/employer an executed Assumption Agreement, as provided below, and delivered same to the Administrator of the Motion Picture Industry Pension and Health Plans. The Assumption Agreement shall be substantially in the following form:

"In consideration of the Agreement between the undersigned Producer, _____ (herein
(insert name of Producer)
for convenience referred to as 'Producer'), and

(insert name of Payroll Company)
(herein for convenience referred to as 'The Payroll Company'), under which The Payroll Company has agreed to furnish payroll services for the theatrical motion picture presently entitled, ' _____ '
(insert name of motion picture)

(hereinafter for convenience referred to as 'the motion picture'), the Producer hereby agrees that the motion picture is covered by and subject to the following agreements (check the box(es) of those that are applicable):

- G The Producer - I.A.T.S.E. and M.P.T.A.A.C. Basic Agreement of 2018 ('the IATSE Basic Agreement');
- G The Animation Guild, Local #839 Agreement of 2018 ('the Cartoonists Agreement');
- G The Producer - Studio Transportation Drivers, Local #399 Agreement of 2018 ('the Teamsters Agreement');
- G The Producer - International Brotherhood of Electrical Workers, Local #40 Agreement of 2018 ('the IBEW Agreement');
- G The Producer - United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local #78 Agreement of 2018 ('the Plumbers Agreement');
- G The Producer - International Hod Carriers, Building and Common Laborers Union, Studio Utility Employees, Local #724 Agreement of 2018 ('the Laborers Agreement');
- G The Producer - Operative Plasterers and Cement Masons International Association of the United States and Canada, Local #755 Agreement of 2018 ('the Plasterers Agreement')

"Producer further agrees that the motion picture is covered by and subject to the provisions of Article XIX of the IATSE Basic Agreement, '*Post '60 Theatrical Motion Pictures,*' and/or the corresponding provisions of the other applicable Agreements referred to above (*i.e.*, the applicable provisions of The Animation Guild Agreement, Article 15 of the Teamsters Agreement, Article 15 of the IBEW Agreement, Article 15 of the Plumbers Agreement; Article 15 of the Laborers Agreement and Article 15 of the Plasterers Agreement), pertaining to payments due when theatrical motion pictures, the principal photography of which commenced in the period August 1, 2018 through July 31, 2021, are released to free television and to the provisions of Article XXVIII of the IATSE Basic Agreement, '*Supplemental Markets,*' and/or the corresponding provisions of the other applicable Agreements referred to above (*i.e.*, the applicable provisions of The Animation Guild Agreement, Article 21 of the Teamsters Agreement, Article 21 of the IBEW Agreement, Article 21 of the Plumbers Agreement, Article 21 of the Laborers Agreement and Article 21 of the Plasterers Agreement), pertaining to payments due for the release of theatrical motion pictures in Supplemental Markets.

"Producer hereby agrees, expressly for the benefit of the Motion Picture Industry Pension and Health Plans ('the Plans') to assume the obligations of said provisions and to make the payments to the Plans required thereby. It is expressly understood and agreed that the rights of Producer to exhibit or license the exhibition of such motion pictures on free television and/or in Supplemental Markets shall be subject to and conditioned upon payment to the Plans as provided in the respective applicable provisions referred to hereinabove. It is agreed that such Plans shall be entitled to injunctive relief and damages against Producer in the event such payments are not made.

"The Producer agrees to keep or have access to complete records showing the income derived from the distribution of such motion pictures to free television and/or Supplemental Markets and the Plans shall have the right at all reasonable times to inspect such records. The Producer shall give the Plans prompt written notice of the date on which the motion picture is first telecast

on free television and/or is first released in Supplemental Markets. An inadvertent failure to comply with said notice requirements shall not constitute a default by the Producer, provided that such failure is cured promptly after notice thereof from the Plans.

"Producer further agrees that in the event of a sale, transfer, license or assignment of the free television distribution rights or the Supplemental Markets distribution rights to the above-referenced motion picture, Producer will obtain from the buyer, transferee, licensee or assignee an Assumption Agreement substantially in the form set forth above and shall provide an executed copy of such Assumption Agreement to the Plans. In such event, Producer shall give notice to the Plans, within thirty (30) days of each sale, transfer, license or assignment of such distribution rights, with the name and address of the buyer, transferee, licensee or assignee."

Upon the execution and delivery of such Assumption Agreement to the Administrator of the Motion Picture Industry Pension and Health Plans, The Payroll Company shall not be further liable to the Plans for the keeping of any records required under the "*Post '60 Theatrical Motion Pictures*" provisions or the "*Supplemental Markets*" provisions nor for the payments required thereunder for the exhibition of the motion picture in Supplemental Markets and/or on free television, and the Plans shall look exclusively to the Producer or any subsequent party last executing such an Assumption Agreement for the keeping of such records and compliance with such payment obligations.

D. In those situations in which The Payroll Company is a secondary employer, The Payroll Company's responsibility shall be limited to the monies advanced by the primary employer to The Payroll Company for wage payments, allowances, penalties, fringe benefits and payroll taxes for payment to or on behalf of persons who performed services subject to the Basic Agreement. Provided, however, that should the primary employer default in its payment obligations to The Payroll Company and The Payroll Company not promptly cancel its agreement with the primary employer and simultaneously notify the IATSE of said termination, as hereinafter provided, then The Payroll Company shall be responsible for the wage payments, allowances, penalties, fringe benefits and payroll taxes owing to or on behalf of individuals who performed services subject to said Basic Agreement for all hours worked by said

persons through the end of the workday on which said notice or cancellation is given to the IATSE. In such event, The Payroll Company shall also be responsible for the payment of expenses and costs of transportation and salaries for transportation time, but only if The Payroll Company has expressly assumed responsibility therefor. When The Payroll Company acts only as a secondary employer, the IATSE shall deem The Payroll Company an agent of the primary employer and The Payroll Company shall have no responsibility for matters outside of its control such as, but not limited to, staffing requirements, seniority, work rules, jurisdictional problems or residual payments (Post '60 payments or Supplemental Market payments). With reference to such items, the IATSE shall look exclusively to the primary employer for responsibility. Furthermore, nothing contained in this Agreement shall in any way reduce, diminish or prejudice any legal or equitable right or claim that the IATSE. could assert directly against any primary employer if this Agreement did not exist.

E. Once having given the notice to the IATSE described in Paragraph A., the scope of The Payroll Company's responsibility as delineated herein shall continue until such time as The Payroll Company serves a notice of contract termination upon its customer producer/employer and simultaneously delivers a copy of said termination notice to the IATSE.

Except as otherwise expressly provided in Paragraph C. above, upon delivery of said notice of termination to the IATSE, The Payroll Company shall forthwith be relieved of all further responsibility for services to be performed in connection with the production therein involved on and after the day immediately following the workday on which said notice of termination is delivered to the IATSE.

On distant location productions, reasonable notice of termination, whenever possible, must be given to the IATSE. and employees covered by the Basic Agreement shall be paid, in addition to their salaries and conditions, all hotel and meal expenses and costs of transportation and salaries for such transportation time.

F. The Payroll Company shall remit vacation and holiday pay payments to the employees either on a weekly basis with their paychecks or by payment in full no later than with their final paycheck at the end of production. Any payments of unworked holiday pay made to an employee on a production shall be credited against the 3.719% accrual. For the purpose of this provision, the "end of production" is defined as: (1) for television series, upon conclusion of the production season for episodes ordered and produced; (2) on television "movies of

the week" and theatrical features, upon conclusion of principal photography; and (3) for post-production, upon conclusion of post-production work.

G. This Agreement is effective for a term coinciding with the term of the Basic Agreement to which The Payroll Company is a party and shall be extended and renewed from time to time to the same extent that said Basic Agre