

ALLIANCE OF MOTION PICTURE AND TELEVISION PRODUCERS
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Carol A. Lombardini
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As of August 1, 2021

Alex Aguilar Jr.
Business Manager/Secretary-Treasurer
Studio Utility Employees, Local 724
6700 Melrose Avenue
Los Angeles, California 90038

Re: New Media Productions

Dear Alex:

This Sideletter confirms the understanding of Studio Utility Employees, Local 724 of the Laborers' International Union of North America, AFL-CIO (hereinafter "Local 724" or "the Union"), on the one hand, and the Alliance of Motion Picture and Television Producers, on behalf of the Producers it represented in the negotiations for a successor agreement to the 2021 Producer-Studio Utility Employees, Local 724 Agreement (hereinafter the "Agreement"), on the other hand (hereinafter collectively "the parties"), concerning the terms and conditions applicable to certain scripted dramatic motion pictures of the type traditionally covered under the Agreement that are made for a subscription video-on-demand consumer pay new media platform ("SVOD").

1. Coverage. This Sideletter applies only to scripted dramatic programs made for SVOD that are 20 minutes or more in length and meet the budget thresholds set forth in Paragraph 3 of this Sideletter. Except as otherwise provided in this Sideletter, the Agreement does not cover programs made for new media.
2. Effective Date. This Sideletter shall be effective as of February 13, 2022, but will not apply to any SVOD program or series that, as of that date, is subject to an existing agreement between the Producer and one or more of the Basic Crafts Unions.¹

¹ The Basic Crafts Unions are: Studio Transportation Drivers, Local 399 of the International Brotherhood of Teamsters; Local 40 of the International Brotherhood of Electrical Workers; Local 724 of the Laborers' International Union of North America; Local 755 of the Operative Plasterers and Cement Masons International Association of United States and Canada; and United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local 78.

3. Terms and Conditions

a. Pilots. Sideletter No. 4 of the Agreement shall apply to pilots made for SVOD. (This provision shall not apply to the first episode of a series that is produced as a straight-to-series- order. In that instance, the provisions of Paragraph 3.b. of this Sideletter shall apply.)

b. Episodic Series and Mini-Series.

i. Sideletter No. 5 of the Agreement shall apply to episodic series and mini-series that are:

- (1) 20-35 minutes in length and budgeted at \$1,500,000 or more but less than \$5,000,000 per episode for the first season of the series or per part of the mini-series; or
- (2) 36-65 minutes in length and budgeted at \$1,500,000 or more but less than \$10,000,000 per episode for the first season of the series or per part of the mini-series; or
- (3) 66 minutes or more in length and budgeted at \$2,000,000 or more but less than \$10,000,000 per episode for the first season of the series or per part of the mini-series.

Once Sideletter No. 5 applies to an episodic series, it shall continue to apply for the duration of the series. It is understood that the special conditions set forth in subparagraphs a. ("Wages"), b. ("Vacation") and c. ("Holidays Not Worked") of Sideletter No. 5 shall not apply after the second season of the series.

ii. A variance in the "program length" category of up to three (3) minutes is permitted without the episode of the series or part of a mini-series becoming subject to the terms and conditions applicable to the next highest program length.

For example, should episodes of a series typically fall within the "program length" category of 20-35 minutes, any episode that is 38 minutes in length will still be subject to the rates and terms and conditions applicable to a program between 20 and 35 minutes in length.

Similarly, should episodes of a series typically fall within the "program length" category of 36-65 minutes, any episode that is 68 minutes in length will still be subject to the rates and terms and conditions applicable to a program between 36 and 65 minutes in length

- iii. The standard Agreement terms and conditions (*i.e.*, feature terms and conditions) shall apply to episodic series and mini-series that are 20 minutes or more in length and exceed the budget thresholds set forth in subparagraph i. above for the SVOD programs described.

c. One-Time Programs (Other than Pilots)

- i. Sideletter No. 5 of the Agreement shall apply to one-time programs that are:
 - (1) 20-35 minutes in length and budgeted at \$1,500,000 or more but less than \$5,000,000;
 - (2) 36-65 minutes in length and budgeted at \$ 1,500,000 or more but less than \$10,000,000; or
 - (3) 66 minutes or more and budgeted at \$3,000,000 or more but less than \$10,000,000;
- ii. The standard Agreement terms and conditions (*i.e.*, feature terms and conditions) shall apply to one-time programs that are 20 minutes or more in length and exceed the budget thresholds set forth in subparagraph i. above for the SVOD programs described.

d. Budget Information. The budget shall be determined by the production costs, including the "above" and "below the line" costs and "pre-production" and "post-production" costs. Production costs shall not include: (a) the costs of the premium for a completion bond; (b) a contingency fund not to exceed ten percent (10%) of the budget; (c) costs reimbursed by insurance; and (d) overages caused by a *force majeure* event or governmental action.

In the case of an episodic series or mini-series, the budget shall be determined by reference to the pattern budget. If the pattern budget for an episodic series or mini-series is expressed as an aggregate budget for all episodes of the series or for all parts of the mini-series, the budget per

episode or per part shall be determined by dividing the aggregate budget by the number of episodes in the season or the number of parts in the mini-series.

A designated representative of the Basic Crafts Unions shall have the right to review the budget of a covered new media production solely for the purpose of determining whether the covered new media production falls within the budget thresholds set forth in Paragraph 3 above. Producer agrees to cooperate and provide requested relevant additional information about the budget that is reasonably available to it. All information received or reviewed shall be kept confidential, and neither the Basic Crafts Unions nor their representatives nor retained professionals shall disclose any such information, except as necessary to enforce their rights under this Sideletter.

The Union will give good faith consideration on a case-by-case basis to a Producer's request to apply Sideletter No. 5 terms and conditions, even if a production exceeds the budget thresholds specified in Paragraph 3 above for coverage under Sideletter No. 5.

4. Low Budget Productions.

- a. For productions of the type described in Paragraph 1 which fall below the budget thresholds specified in Paragraph 3, Producer shall notify the Union of its intention to produce such a program at least thirty (30) days prior to commencement of production.
- b. Either the Union or Producer may, at any time, notify the other that it wishes to bargain concerning rates and other conditions of employment to be applicable to such programs. The parties agree to commence such negotiations promptly within fifteen (15) days of receipt of such notice for any one-time program ninety (90) minutes or longer or within thirty (30) days of receipt of such notice for all other such programs. In the event the parties reach agreement, days worked on those productions shall be counted toward placement on the Industry Experience Roster or the Studio Seniority Roster, if applicable.

5. Incorporated Gross-Receipts Residuals Obligation to MPIPHP
- a. The gross receipts-based residual contributions provided for new media productions under the IATSE's Basic Agreement with the AMPTP apply to productions covered by this Sideletter. It is intended by the parties that the Producer shall be responsible for only a single gross receipts-based residual payment to the Motion Picture Industry Pension and/or Health Plans for the reuse of the SVOD programs on behalf of all unions that negotiated or will negotiate such payments, including the IATSE and the Basic Crafts Unions. It is understood that payment of the gross receipts residual obligations required under the IATSE "Productions Made for New Media" Sideletter to the 2021 or subsequent IATSE Basic Agreement, or under this Sideletter or a corresponding Sideletter in any of the Basic Crafts Agreements, shall satisfy any obligation under this Sideletter to make residual payments for the reuse of SVOD programs covered under this Sideletter and vice versa. For example, at no time shall the Producer be required to pay the Motion Picture Industry Pension and/or Health Plans more than the aggregate amount of 5.4% of "Producer's gross" as that term is defined in the 2021 IATSE "Productions Made for New Media" Sideletter, when payment of 5.4% of "Producer's gross" is required under the 2021 IATSE "Productions Made for New Media" Sideletter for an SVOD program covered under this Sideletter.
 - b. It is also understood that the tests for triggering Post '60s and Supplemental Markets payments set forth in Article 15 and 21 of the Agreement, including the understandings set forth in subparagraph (f) of those Articles, and the proration provisions in those Articles, shall also apply to residual payments due under the terms of this Sideletter.
6. Other Terms. Except as expressly provided above, all terms and conditions of the Agreement, including the roster provisions of Paragraph 68, apply to productions covered by this Sideletter.²

² Days worked between August 1, 2021 and February 12, 2022 on scripted dramatic programs made for SVOD that are 20 minutes or more in length shall be counted toward placement on the Industry Experience Roster. Individuals who previously made application for placement on the Roster, and who had such days denied, shall reach out to CSATF for reconsideration of the individual's application.

Alex Aguilar Jr.
As of August 1, 2021
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If the foregoing comports with your understanding of our agreement, please so indicate by executing this letter in the space below reserved for your signature.

Sincerely, ,



Carol A. Lornbard in i

ACCEPTED AND AGREED:



Alex Aguilar Jr. kJ
Business Manager/Secretary-Treasurer

SIDELETTER NO. 10

-205 -

**Exhibit to New Media Sideletter
Summary of Budget Thresholds in New Media Sideletter**

Applicable Terms and Conditions	Program Type
Sideletter No. 4	Pilots (other than the first episode of a series that is produced as a straight-to-series order)
Sideletter No. 5	<p><i>Episodic Series and Mini-Series (including the first episode of a series that is produced as a straight-to-series order)-.</i></p> <ul style="list-style-type: none"> • 20-35 minutes, budgeted at \$1.5 million to < \$5 million; • 36-65 minutes, budgeted at \$ 1.5 million to < \$ 10 million; and • 66 minutes or more, budgeted at \$2 million to < \$ 10 million. <p><i>One-Time Programs (other than pilots)-.</i></p> <ul style="list-style-type: none"> • 20-35 minutes, budgeted at \$1.5 million to < \$5 million; • 36-65 minutes, budgeted at \$ 1.5 million to < \$ 10 million; and • 66 minutes or more, budgeted at \$3 million to < \$ 10 million.
Standard (Le., full feature rates, terms and conditions)	<p><i>Episodic Series and Mini-Series (including the first episode of a series that is produced as a straight-to-series order)-.</i></p> <ul style="list-style-type: none"> • 20-35 minutes, budgeted at \$5 million or more • 36-65 minutes, budgeted at \$ 10 million or more; and • 66 minutes or more, budgeted at \$ 10 million or more. <p><i>One-Time Programs (other than pilots)-.</i></p> <ul style="list-style-type: none"> • 20-35 minutes, budgeted at \$5 million or more; • 36-65 minutes, budgeted at \$ 10 million or more; and • 66 minutes or more, budgeted at \$ 10 million or more.