



# PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

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## NATO of California/Nevada Annual Membership Meeting a Rousing Success!

A record turnout attended the June 19 Annual Membership Meeting of NATO of California/Nevada, with over 140 members present at the The Landmark Theatre in West Los Angeles.

Following a complimentary continental breakfast and welcoming remarks by Association president and CEO Milt Moritz, the meeting was called to order with the first item of business being the announcement of the elected officers and board members for the 2013-2014 year.

They are Chairman Raymond Syufy, West Wind Drive-ins; Vice President David Corwin, Metropolitan Theatres; Treasurer Frank Rimkus, Galaxy Theatres; and Secretary Alan Grossberg; UltraStar Cinemas.

The elected board members are Chris Blevins, Regal Entertainment Group; Bruce Coleman, Brenden Theatres; Nora Dashwood, Pacific Theatres; Lyndon Golin, Regency Theatres; George Krikorian, Krikorian Premiere Theatres; Scott Lotter, Paradise Cinemas; Ted Mundorff, Landmark Theatres; Hal Sawyer, Cinemark USA, and newly seated board members Scott Falkenhain, AMC Theatres and Frank Haffar, Maya Cinemas.

Following those announcements, the meeting was then chaired by Raymond Syufy. Mr. Syufy spoke briefly about the continually evolving landscape of exhibition in the face of ever increasing competition, and also of the public's keen interest in box office performance. This led to a very informative presentation by Daniel Livek, Manager, Client Relations, for Rentrak, the leading domestic and international box office reporting service. Mr. Livek provided a wealth of information relating to year-to-year comparisons of geographical market shares, the relative performance of various genres of theatrical features, demographic breakdowns, trends in theatre construction, amenities and presentation formats. (See page 9 for Statistics.)

Next on the program was CinemaScore founder Ed Mintz, who shared the history of his company and how, using an A+ to F rating scale, it has come to be a key opening night predictor of just how successful a movie may or may not be.

Following was a presentation by Matt Sconce and Keith Walker, owners of the Met Cinema in Oakhurst, California and partners in the recently formed Movie Heroes, Inc. The new-to-the-business pair spoke of the unconventional path they took in resurrecting the previously shuttered Met Cinema by instituting an innovative subscription program. They outlined a very creative, grassroots marketing campaign, along with local promotions and tie-ins, which helped re-launch the 5-screen Met, now a flourishing enterprise.

Raymond Syufy then introduced Teri Schwartz, Dean of the UCLA School of Theatre, Film and Television, who expressed her great appreciation for the support and encouragement from the Association through the annual grants provided to deserving graduate students. The attendees were then treated to a screening of "Pining," an animated short by grant recipient Heather Collins. With this year's presentation of \$40,000 in grants, the Association has awarded a total of \$363,000 in the ten years of its relationship with UCLA.

We were then introduced to Justin Wilson, USC School of Cinematic Arts' Senior Director of Alumni Relations, who also conveyed the school's gratitude for the Association's support, and announced this year's graduate student winners sharing \$40,000 in grants. During Justin's presentation, the trailer for "Fruitvale Station" was screened. The film was written and di-

*Continued on page 2*

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**OFFICERS**

- Milton Moritz  
*President & CEO*
- Raymond W. Syufy  
*Chairman*
- David Corwin  
*Vice President*
- Frank Rimkus  
*Treasurer*
- Alan Grossberg  
*Secretary*
- Jerome A. Forman  
*Chairman Emeritus*

**BOARD OF DIRECTORS**

- Christopher H. Blevins  
*Regal Entertainment Group*
- Bruce Coleman  
*Brenden Theatres*
- David Corwin  
*Metropolitan Theatres*
- Nora Dashwood  
*Pacific Theatres*
- Scott Falkenhain  
*AMC Theatres*
- Lyndon Golin  
*Regency Theatres*
- Alan Grossberg  
*UltraStar Cinemas*
- Frank Haffar  
*Maya Cinemas*
- George Krikorian  
*Krikorian Premiere Theatres*
- Scott Lotter  
*Paradise Cinemas*
- Ted Mundorff  
*Landmark Theatres*
- Frank Rimkus  
*Galaxy Theatres*
- Hal Sawyer  
*Cinemark USA*
- Raymond W. Syufy  
*West Wind Drive-Ins*
- Charlene Sievers  
*Director, Member Services*

*Continued from page 1*

rected by past NATO of California/Nevada grant recipient Ryan Coogler, who won the Grand Jury Prize earlier this year at the Sundance Film festival for his debut theatrical feature. With this year's presentation of \$40,000 in grants, the Association has awarded a total of \$339,000 in the nine years of its relationship with USC.

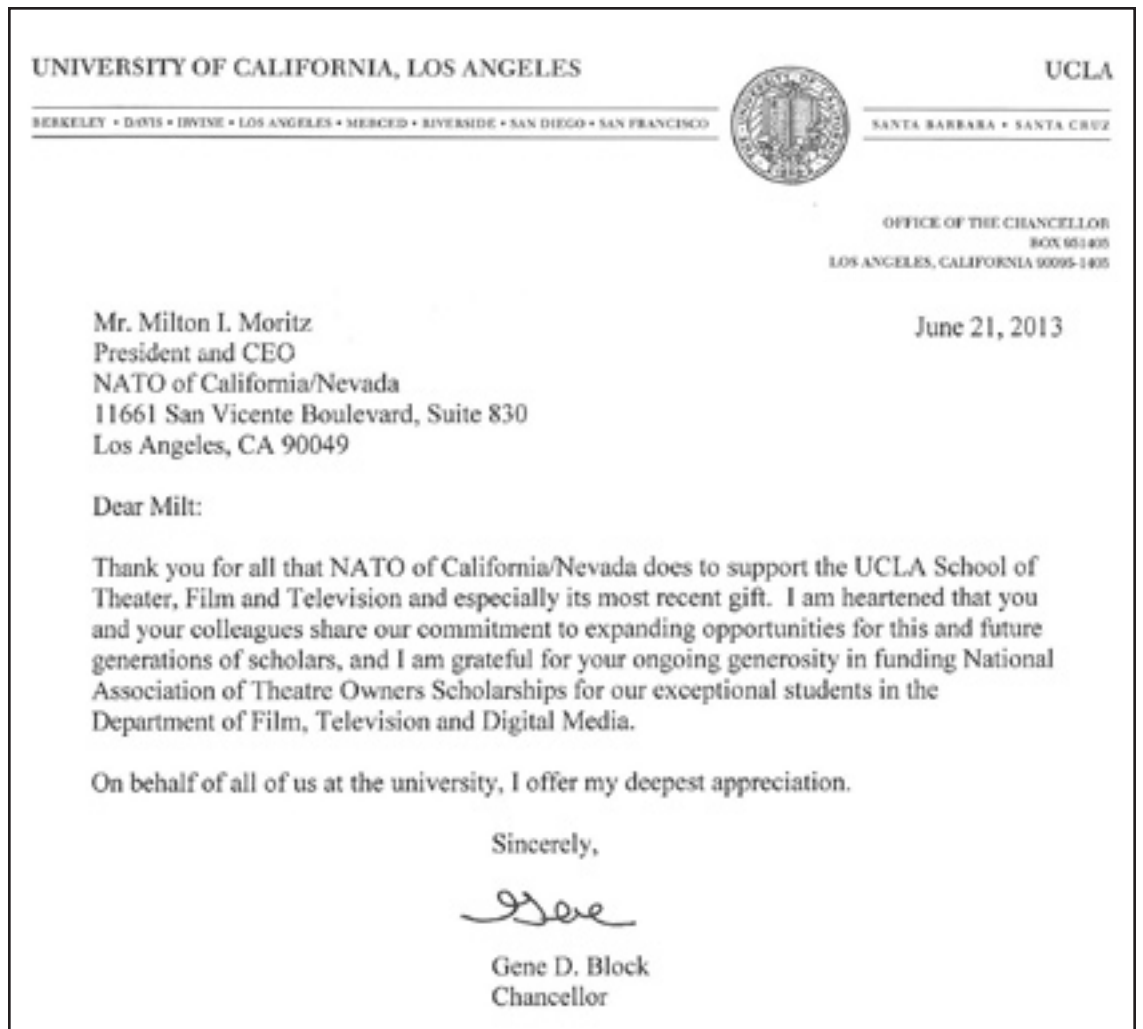
Many of the grant recipients from both UCLA and USC were in attendance and introduced at the meeting.

The final presentation of the day, and clearly one of the most satisfying and well received by all in attendance, was made by Annie Casaburi, Chairperson of the NATO of California/Nevada Scholarship Committee. Ms. Casaburi announced the names of the twenty-five 2013 winners of \$10,000 scholarship awards. Please see the list of winners on Page 3.

It was nice to see so many of this year's scholarship winners present at the meeting joined by parents, other family members and friends. Congratulations are extended to all. With the presentation of this year's scholarships, the Association has now awarded a total of \$1,920,000 for post-secondary and vocational education to deserving member theatres' eligible employees and qualifying dependents.

Following the awarding of scholarships and grants, the meeting was adjourned.

We would again like to publicly express our thanks and appreciation to Landmark Theatres for the use of their beautiful facility and for the courtesy shown by its entire staff.





*Pictured to the left is the Scholarship Committee whose members hold our sincere appreciation for all the hours they devote to reviewing and rating all of the many applications received. Front row: Milt Moritz, NATO of CA/NV; chairperson Annie Casaburi, Krikorian Premiere Theatres; Judy Kim, Gardena Cinemas; Charlene Sievers, NATO of CA/NV; Steve Elkins, MOC Insurance Services and Janet Grumer, Davis Wright Tremaine. Middle row: Bruce Wren, Regal Entertainment Group; Ken Sheaffer, Cinemark USA; Paul Richardson, Sundance Cinemas and Natalie Martinez, AMC Theatres. Back Row: Jay Reisbaum, Laemmle Theatres; Jennifer Deering, Reading Cinemas; Dale Davison, Metropolitan Theatres; Damon Rubio, UltraStar Cinemas and Brian Epling, Brenden Theatres.*

## 2013 NATO of CA/NV Scholarship Winners

NAME	THEATRE NAME	GRANT USED
Daniela Attia	Pacific Winnetka 21 Stadium Theatre	UCLA
Mariana Ballina	Regal Island Cinema	MIT
Samantha Bernabe	Krikorian Monrovia Cinema 12	California State University, Northridge
Molly C. Black	Fallon Theatres	Gonzaga University
Brenna Carver	Regal Green Valley Ranch 10 Theatre	Georgetown University
Araceli Colato	Laemmle Town Center 5 Theatre	California State University, Northridge
Quincy Conn	Brenden Concord 14 Theatre	University of Nevada, Reno
Jennifer Dar	Reading Cinemas' Grossmont Cinema	San Diego State University
Joanna V Dimas	Cinemark Century Northgate 15 Theatre	Tufts University
Jon De Paul Dunbar	REG United Artists Laguna Village 12 Theatre	California State University, Sacramento
Katherine Eisenbeisz	Krikorian Redlands 14 Theatre	University of Redlands
Amanda Flansburg	Cinemark Century Santa Fe Station 16 Theatre	University of Nevada, Las Vegas
Clennie Foster	Reading Cinemas' Carmel Mountain 12 Theatre	Palomar College
Kimberly Grzybicki	Regal Colonnade 14 Theatre	University of Nevada, Las Vegas
Amanda Hill	Regal Auburn Stadium 10 Theatre	University of California, Santa Cruz
Paula Kerby	Regal Hacienda Crossings 20 & IMAX	University of California, San Diego
Daniel Schrader	Regal Aliso Viejo Stadium 20 + IMAX	Saddleback Community College
Matthew Skinner	Regal Natomas Marketplace 16	California State University, Sacramento
Wendy C. Soto	Krikorian Vista Village Metroplex - dependent	Azusa Pacific University
Sarah Stebbings	Reading Cinemas' Cal Oaks Cinema	Mt. San Jacinto Community College
Becca Trombler	Cinemark Century Northgate 15 Theatre	Chapman University
Elizabeth Tucker	Cinemark at Antelope Valley Mall 16 Theatre	University of California, San Diego
Omar Yamak	Regal Alhambra Renaissance 14 Theatre -dependent	Cal. State Polytechnic University, Pomona
Daniel Yonathan	REG Edwards Calabasas Stadium 6 Theatre	California State University, Northridge
James Ziegler	Phoenix Big Cinemas' Dos Lagos Stadium 15	American Military University

# 2013 USC Fund for Student Support Recipients



Justin Wilson, USC Sr. Director of Alumni Relations with film student grant recipients Robert Abilez, Drue Metz and Ivan Sayon.

## John C. Hench Division of Animation and Digital Arts



Jason Ronzani



Ivan Sayon

## Film and Television Production Program



Robert Abilez Jr.



Drue Metz

## Peter Stark Producing Program

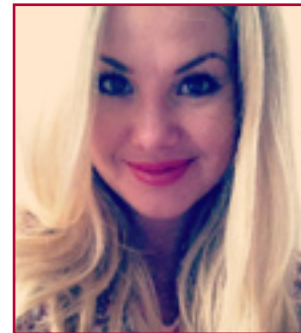


Jill Collymore



Katelyn Foley

## Writing for Screen and Television



Jeanie Bergen

## UCLA Fellowship in Film Award Winners

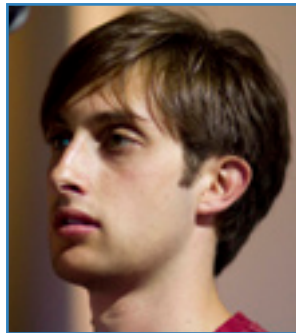


UCLA Fellowship in Film Award winners Heather Collins and Andrew Wesman, Dean Teri Schwartz, NATO of CA/NV President Milt Moritz and Fellows Matthew Yaldezian, Jason Romaine and Tamlin Hall.

### Directing Program

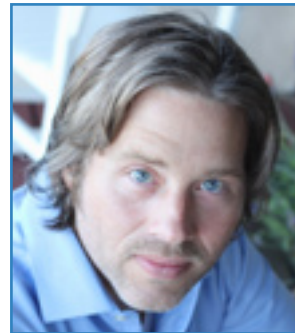


Zachary Croitoroo

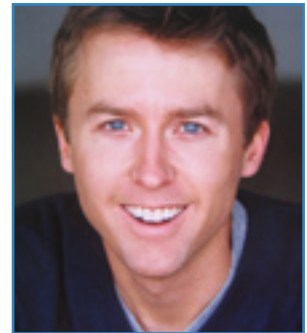


Andrew Wesman

### Screenwriting



Tamlin Hall



Jason Romaine

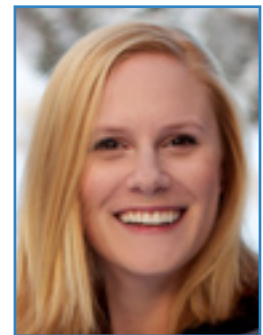
NATO of California / Nevada's Board of Directors voted unanimously at their board meeting on June 19, 2013 to increase the funding of the Association's annual scholarship programs for the Film and Television Schools at the University of California, Los Angeles and the University of Southern California to \$50,000.00 per school. In previous years the Association provided grants totaling \$40,000 per school. With the ever increasing cost of higher education the board felt that both schools were deserving of this additional amount that will go into effect with the new fall semester.

### Producing Program



Matthew Yaldezian

### Animation



Heather Collins



Presenting the NATO of California/Nevada scholarship winners: Joanna Dimas, Araceli Colato, Samantha Bernabe, Daniela Attia, Elizabeth Tucker, Clennie Foster, James Ziegler, Daniel Yonathan, Omar Yamak, Mariana Ballina and Daniel Schrader.



Pacific's Daniela Attia and proud mom Anna.



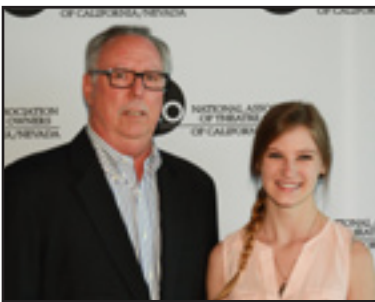
CinemaScore's Ed Mintz with wife Rona and daughter Julie.



USC's Joset Grenon and Justin Wilson



Regal manager Tom Yamak and his son Omar, a dependent scholar.



Cinemark regional leader Hal Sawyer with Antelope Valley Mall scholar Elizabeth Tucker.



Krikorian Premiere Cinemas' owner George Krikorian, VP Todd Cummings, Scholarship Chairperson Annie Casaburi, scholar Samantha Bernabe and her GM Vanessa de la Riva.



Laemmlé's Jay Reisbaum with their scholar Araceli Colato.



UCLA Animation scholar Heather Collins whose short film Pinings was screened at the meeting.



Marvin and Nita Foster with daughter Clennie, a Reading Cinemas scholar.



Movie Heroes Inc.'s Matt Skinner and Keith Walker.



Dad Eduardo and Regal scholar Mariana Ballina.



*2013/2014 Board of Directors: Frank Haffar, Maya Cinemas; Hal Sawyer, Cinemark; Ted Mundorff, Landmark Theatres; Bruce Coleman, Brenden Theatres; Scott Lotter, Paradise Cinemas; George Krikorian, Krikorian Premiere Theatres; Milt Moritz, NATO of CA/NV; Ray Syufy, West-Wind Drive-Ins; Nora Dashwood, Pacific Theatres; Alan Grossberg, UltraStar Cinemas; Jerry Forman, Pacific Theatres; Chris Blevins, Regal Entertainment Group; David Corwin, Metropolitan Theatres and Scott Falkenhain, AMC Theatres.*

**With Appreciation and Thanks to All of the Following For Their Support of, and Contribution to, the NATO of California / Nevada 2013 Membership Meeting**

**CinemaScore**

Ed Mintz

**Movie Heroes**

Matt Sconce

Keith Walker

**Olson Visual**

Mark Bastian

Rick Olson

**Rentrak**

Daniel Livek

**UCLA**

Brian Rosenberg

**USC**

Joset Grenon

**Landmark Theatres**

Our Hosts

Ted Mundorff

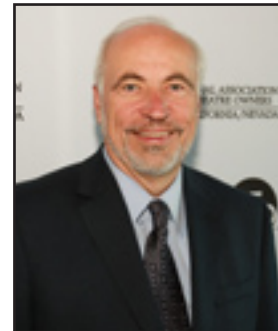
Dan Gorski

Ross Anglin

Erica Lange

Erin Braswell

**New Board Members**

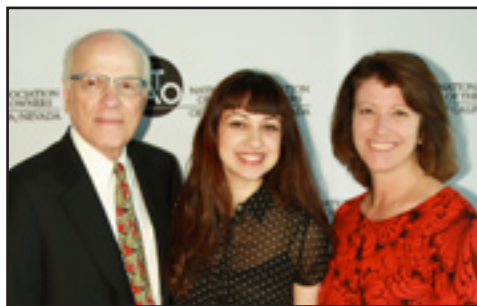


*Frank Haffar, an exhibition industry veteran joined Maya Cinemas in 2002 as president and chief operating officer. Previously he was executive vice-president of Edwards Cinemas where he also served as assistant to its founder James Edwards, Sr. Mr. Haffar is married has 4 children and two grandchildren.*

*Scott Falkenhain is the Vice President Operations for AMC Theatres covering AMC's West Region. He has held various theatre operation positions in his 28 years with the company and has worked with other east coast regional NATO associations. Scott resides in Kansas City, MO with his wife Alice and their three children.*



*Betsaida, with sister Joanna Dimas, a Cinemark scholar, drove from Northern California for the meeting.*



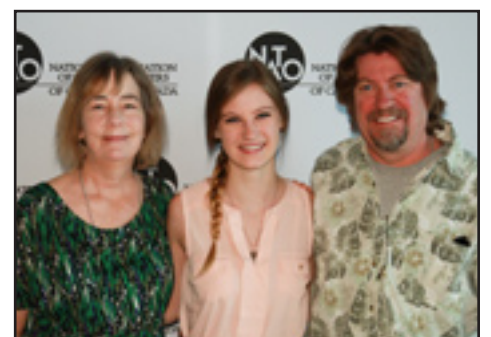
*Milt Moritz with scholar Daniela Attia and Pacific executive and board member Nora Dashwood.*



*Mom Rosa, Laemmlè's scholar Araceli and sister Karina Colato.*



*Reading Cinemas' GM Virgilio Gonzaga, scholar Clennie Foster and scholarship judge Jennifer Deering.*



*Parents Diane and Matthew with Elizabeth Tucker, a Cinemark scholar.*

## Play or Pay Rules—Compliance Delayed Until 2015



By Sarah L. Bhagwandin,  
Davis Wright Tremaine LLP

On July 2, 2013, the Obama administration announced through the U.S. Department of the Treasury that the penalties for employers under the “Play or Pay Rules” will not go into effect until 2015. In short, employers now have an additional year to prepare to either provide health care coverage to employees or pay penalties under the Affordable Care Act (“ACA”). The Treasury announced it will be issuing formal guidance by mid-July describing this transition.

For many employers for whom the Play or Pay Rules are the centerpiece of health care reform, this relief came just in time. Though the Treasury urged employers to maintain or expand health coverage during what they referred to as the “2014 transition period,” there will be no risk of penalties to an employer under the ACA in the 2014 Plan Year for failure to offer minimum essential coverage that is affordable to an adequate number of employees and their dependents.

Citing the complexity of the reporting requirements under the ACA and the need for more time to implement them effectively, the administration announced it will provide an additional year before the ACA mandatory employer and insurer reporting requirements go into effect. In the meantime, the administration said that it plans to use the 2014 transition period to consider ways to simplify the new reporting requirements.

Without required employer reporting to the IRS regarding which employees are covered, when they are covered, and what coverage is provided by their health plans, the administration said it was impractical for the IRS to determine which employers would owe the shared responsibility payments for 2014.

### **This relief means that employers have an additional year before they have to do the following:**

1. Determine whether they employ at least 50 full-time equivalent employees and are subject to the Play or Pay rules.
2. Classify employees who work at least 30 hours a week/130 hours a month as full-time for health plan benefit purposes.
3. Adopt measurement/stability periods to track hours for variable hour, part-time, and seasonal employees.

4. Offer minimum essential coverage to 95% of their employees who work at least 30 hours a week and their dependents or risk paying a penalty.
5. Determine whether their health plan will meet the affordability standards of the ACA.
6. Adopt reporting systems so that they can comply with the requirements of the law.

Despite the relief to employers provided by the announcement, the remaining requirements of the Affordable Care Act, including the individual mandate, still go into effect Jan. 1, 2014, unless the Treasury issues further guidance. Individuals are supposed to be able to purchase coverage on state exchanges during open enrollment starting in October 2013. Individual subsidies will presumably still be available, even though they are tied to whether the individual was offered affordable employer-paid coverage. In light of the reported delay in many states to set-up insurance exchanges where individuals can purchase health care coverage and the fact that many employees are not eligible for coverage under their employers’ health plans, it remains to be seen if the Obama administration will provide any relief regarding the individual mandate and the implementation of state exchanges.

### **The following requirements of the Affordable Care Act for employers are still in effect for 2014:**

1. Exchange Notices – Employers are required to provide notices by Oct. 1, 2013, to employees that describe coverage that is available on the state exchange. See [Technical Release 2013-02](#) for model notices or the Department of Labor’s [Affordable Care Act page](#).
2. Patient-Centered Outcomes Research Institute fees – Employers are required to pay the [PCORI fee by July 31, 2013](#), for calendar year plans and to report it on the Form 720.
3. Summary of Benefits Coverage – Employers must provide all employees with a Summary of Benefits Coverage that describes a number of elements of the health plan to employees at enrollment. The Departments issued a revised SBC template to be used for coverage beginning on or after January 1, 2014, [together with FAQs](#) that address issues related to the new template.
4. 90 day waiting period – Employers are required to enroll employees in their employer-sponsored health plan within 90 days of the employee becoming eligible to participate in the plan.

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5. W-2 Reporting – Employers who issued at least 250 W-2s in 2012 are required to report the value of employer-provided health insurance coverage on W-2s issued for 2013.
6. Transitional Reinsurance Fee – Employers who sponsor self-funded health plans are required to pay a [transitional reinsurance fee](#) for 2014, 2015, and 2016.
7. Compliance with final regulations relating to wellness plans for plan years beginning on or after Jan. 1, 2014.

**What can we expect in the future?**

Employers now have an additional year to determine how their businesses and operations may need to change to comply with the Play or Pay requirements of the ACA. The administration has stated that it understands the ACA requirements for employers are complex and that employers need time and guidance to effectively comply. Although the Departments of Labor, Health and Human Services and Treasury have released a steady flow of proposed and final regulations over the last six (6) months regarding the Play or Pay Rules of the ACA, there remain many unanswered questions. Employers now have more time – and can anticipate more guidance.

If you have any questions, please contact any of the attorneys listed on this advisory.

Disclaimer

This advisory is a publication of Davis Wright Tremaine LLP. Our purpose in publishing this advisory is to inform our clients and friends of recent legal developments. It is not intended, nor should it be used, as a substitute for specific legal advice as legal counsel may only be given in response to inquiries regarding particular situations.

# STATISTICS

**Market Share Grosses:  
California and Nevada versus North America**

<u>1-1-13 to 6-13-13:</u>			<u>2012</u>		
California	15.04%	\$690,976,424	California	14.88%	\$1,588,097,938
Nevada	1.15%	\$ 52,664,039	Nevada	1.09%	\$ 115,952,813

<u>2011</u>		
California	14.85%	\$1,489,286,768
Nevada	1.10%	\$ 109,917,434

**Market Share: Year to Date  
California and Nevada – DMA's versus North America**

7.57%	Los Angeles	92%	Las Vegas
3.15%	San Francisco / Oakland / San Jose	.5%	Fresno / Visalia
1.38%	San Diego	.23%	Reno
1.30%	Sacramento / Stockton / Modesto		

**3D Grosses:  
California & Nevada vs.  
North America**

	<u>California</u>	<u>Nevada</u>
Year to Date:	12.3%	.09%
2012	12.5%	.09%
2011	12.3%	.09%
2010	14.5%	1.1%
2009	15.0%	1.1%

**Industry Grosses:  
3D vs. All Film Formats –  
No. America**

	<u>Total \$</u>	<u>3D %</u>
Year to Date	4,515,322,065	15.3%
2012	10,707,811,733	14.5%
2011	10,069,947,080	15.8%
2010	10,631,781,252	17.6%
2009	10,398,347,319	8.4%

**Drive-Ins: Year to Date:**

<u>State</u>	<u>Total Locations</u>	<u>Total Grosses \$</u>	<u>% Market Share</u>
California	20	8,081,053	31.32%
Florida	7	1,594,833	6.18%
New York	29	1,576,745	6.11%
Nevada	2	1,037,217	4.00%

**IMAX: Locations and Grosses  
California and Nevada VS. North America**

<u>Year</u>	<u>Approx. Total Locations</u>	<u>Calif. \$</u>	<u>Nevada \$</u>	<u>Total \$</u>	<u>Calif. %</u>	<u>Nevada %</u>
YTD	355	21,193,297.	1,352,813.	148,675,910.	14.3	0.9
2012	278	44,210,605.	2,920,682.	314,010,553.	14.1	0.9
2011	256	34,455,828.	2,294,832.	217,714,382.	15.8	1.1
2010	193	61,150,358.	4,453,706.	329,846,611.	18.5	1.4
2009	160	37,126,670.	3,263,864.	201,157,607.	18.5	1.6

Courtesy of Rentrak

# CALENDAR of EVENTS & HOLIDAYS

**Labor Day**  
September 2

**Rosh Hashanah**  
September 5 & 6

**Patriot Day**  
September 11

**Yom Kippur**  
September 14

**Autumn begins**  
September 22



**National NATO Board Meeting**  
October 2 & 3

**Columbus Day observed**  
October 14

**ShowEast**  
October 21 - 24

