

IMPEL Board Brief

HIGHLY CONFIDENTIAL

Venue: KX8-02 Boardroom

8th Floor, 2 Pancras SquareDate: Tuesday 2nd August 2016

Time: 10am – 12pm



Attendees: Simon Platz (Bucks Music) – Chair John Minch (Imagem Music) Maria Forte (Fintage Music) Mike Box (Reverb Music) Nigel Elderton (Peermusic) Chris Butler (Music Sales) Tim Ingham (External Director) Jane Dyball (CEO)	By Invitation: Steve Burton (MPA Group) Tom Fletcher (“Fletch”, MPA Group) Tim Arber (PRSfM)
Apologies: John Truelove (Truelove Music) Stuart Hornall (Hornall Brothers)	Apologies: Claire McAuley (MPA Group)

Item	
1	Welcome and Introductions <i>We welcome Tim Arber for item 3.1.</i>
2	Approval of Minutes The minutes of the Meeting on 9 th June were approved.
3	Matters Arising not on the Agenda
3.1	<p>YouTube Distribution Update</p> <p>Tim Arber gave a presentation on the current YouTube Deal. The presentation covered the following points:</p> <ul style="list-style-type: none"> • £12.2m has been invoiced and received between Q113 – Q415 (gross collections). This is split as 8/13^{ths} MCPS, and 5/13^{ths} PRSfM and covers all repertoire for PRS (excluding direct licensors), MCPS (for the UK) and IMPEL (in all 131 territories). • Out of this £12.2m, £9.3m has been distributed. 15% of the overall gross figure has been held for long-tail, which will be paid out at a later date. PRS also take a 10% admin fee from the £12.2m. • YouTube have been invoiced for £7.25m for Q116-Q316, and the MG for Q416 has been invoiced, but not yet received. Processing is currently underway for Q116. • For Q416, YouTube have been invoiced for £2.42m, which has been calculated from the MG rate. This has not yet been received and will be distributed in July 2017. When this is received, a total of £9.2m will be distributed for 2016 (Q1-Q4). • The two areas that have not yet been invoiced are the residual and the “non-music” revenue. YouTube have undertaken further research into the value of this amount. When YouTube have identified an amount that they believe to be correct, PRS will negotiate a fee with them for this usage period. • “Residual” refers to identified works, that have not had the share splits confirmed (e.g. a new Beyoncé track, that hasn’t had the samples cleared) • The “Bonus” amount is calculated on increase in usage. PRS track streaming activity and are entitled to more money if the stream count goes above what is covered by the MG.

- TA set out the following timetable and values for upcoming distributions:

Usage Period	Distribution	Value (Not IMPEL Share)
Q116	October 2016	£2.4 (-25%)
Q315 "Bonus"	October 2016	£0.5 (-25%)
Q314 to Q414 long tail	October 2016	£1.2 (-25%)
Q216	December 2016	£1.9 (-25%)
Q316	April 2017	N/A
Q416	July 2017	N/A

- TA explained that the 15% of the overall gross amount is set aside to pay out on "long-tail" works. Each quarter, YouTube delivers a file which lists all usages down to 1000 views or \$1 of ad revenue. On a yearly basis, a file is delivered which has all of the other usages (below 1000 streams or \$1) listed within it. This usage file is then used to pay out any long-tail monies that are held by PRS.
- SP asked if "non-music" includes AV music. TA explained that if AV includes a work that is identified, it will be included in the "music" file; however, many of these uses end up in the "non-music" file, and distributed under the long-tail.
- JM explained that the major publishers who have withdrawn their mechanical rights, are still entitled to claim a share of the residual. TA noted that this is a recognised issue.

Tim Arber left the room at 10:59.

Action Point: TA to confirm how the MCPS/ PRS splits for YouTube content

Action Point: TA to confirm the IMPEL share of the overall YouTube distributions

Action Point: TA to send through the slide deck

Action Point: TFL to organise for Victoria to give the YouTube perspective at the next Board

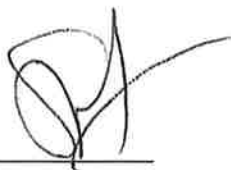
Action Point: TA to check who has set the cut-off levels for YouTube processing

4	New leads report <i>The brief was noted.</i>
5	IMPEL Internal
5.1	IMPEL Working Group NE asked if it was possible to include Rick Lansdell on the IWG. The Board agreed unanimously; however, they noted that the group shouldn't grow too much more in size. Action Point: NM to invite Rick Lansdell to the next IWG.
5.2	New Members/leaving members <i>The brief was noted.</i>
5.3	IAG <i>The brief was noted.</i>
5.4	SLA update JD explained that a week of meetings were held between 25 th July and 29 th July regarding the RfP process, which are now being evaluated by the Evaluation Committee. Further to this, JD noted that the IMPEL position is looking very positive, as all of the companies were interested in the business. JD gave the following run through of the meetings: <ul style="list-style-type: none"> • SACEM – Good online team, good transparency, good systems • PRSFm – Technology is on the way, as part of the digital transformation

	<ul style="list-style-type: none"> • SOCAN – Have invested heavily in transparency and technology. They're not currently engaged in the online European market, but they are partnering with SACEM to handle this • Music Reports – Music Reports have a lot of technology, but did not show how it applies to the MCPS/ IMPEL business • BackOffice – Have collected a multi-territory picture, and had good systems. JD commented that ICE should use BackOffice to clean their data. • SESAC – Are going into a partnership with SUIISA. <p>JD explained that IMPEL now need to decide whether they want to remain as a group, and who they would like to go to a service provider. JD noted that any service provider that isn't appointed will become a competitor. Going forward, the timetable for the evaluation process will be:</p> <p>17th August – Evaluation Committee – Mark Isherwood will present initial figures 24th August – EC, Ops, Strategy, MCPS/ IMPEL Boards will decide on a shortlist</p> <p>JD explained that one of the respondents has offered to buy the MCPS/ IMPEL Businesses for a 7-figure sum. This has not been discussed with the IMPEL Board until now, because MCPS did not know how serious the offer was. Upon meeting with the respondent, it would seem that the offer is serious, and the MCPS Board are going to proceed with discussions with the respondent. JD explained that IMPEL need to discuss whether they are, in principal, in favour of selling the business.</p> <p>Action Point: TFL to set up an IMPEL Board meeting before the EC meeting on the 24th Action Point: TFL to circulate a list of the areas in the Evaluation Template so that the IMPEL clean team can assign who will handle each area Action Point: IMPEL Board to discuss with other international publishers about how competent the respondent companies are</p>
6	<p>MPR <i>The brief was noted.</i> Action Point: SB to circulate the July MPR when it has been received from PRSfM.</p>
7	<p>AOB</p>

The meeting is due to finish at 12:00.

The next meeting is **Tuesday 20th September at 10.00am**



Signed _____

Date _____

