

Michigan Film Office Advisory Council
November 7, 2008

I. Call to Order

- a. Meeting was called to order by Chairman Emery King (11:31 a.m.) at the Michigan Economic Development Corporation building, Lansing, Michigan.
- b. A quorum was present with the following members: Bill Black, Bob Brown, Jim Burnstein, Xenia Castillo-Hunter, Hopwood DePree, Cory Jacobson, Danialle Karmanos, Emery King, Sue Marx, Tim Magee, Michael Moore, William O'Reilly and Marc Prey. Also present was Janet Lockwood, Director of the Michigan Film Office.
- c. Unable to attend was: Marcia Fishman.

II. Introduction of Members

- a. Members of the Michigan Film Office Advisory Council introduced themselves.

III. Adoption of Agenda

- a. Motion made and duly supported to adopt the agenda of November 7, 2008. Passed unanimously.

IV. Recognize special guests/Introduce Film Office Staff

- a. Chairman Emery King acknowledged and thanked Nate Lake and the Governor's office for being there and their continuing support.
 - i. Nate Lake, on the behalf of the Governor, thanked members for serving on the council and expressed the Executive Office's support of the program.
- b. Janet Lockwood thanked Dale Hull and Representative Huizenga for being present and introduced the staff of the Michigan Film Office.
 - i. Tony Garcia – Location Scout
 - ii. Michael Grabemeyer – Location Scout
 - iii. Katy Rogers – Production Guide Services
 - iv. LaMonte Bell – Agency Auditor
 - v. Ken Droz – Manager, Creative and Communications
 - vi. Jackie Wressell – Executive Assistant
 - vii. Bryce Jesswein and Katy Gwizdala – Interns
 - viii. Unable to attend: Interns, Ross Kraynak and Sarah DeBoer and Chief Operating Officer Tony Wenson.

V. Chairperson's Comments

- a. Chairman Emery King thanked members of the Michigan Film Office Advisory Council as well as members who served on past councils and were not reappointed. He also thanked key legislatures who helped with passing the incentives as well as members of the public who were present

and for their support. He also thanked Representative Huizenga for his continued support and getting this program started.

- i. Representative Huizenga thanked the council for being a part of the new and emerging industry and commented on being glad to see the program come to fruition.
- b. Chairman's priorities
 - i. Using this body to establish and sustain a very consistent public relations and lobbying effort not only to sustain the industry in Michigan but to educate the public of the benefits of film production.
 - ii. Unifying initiatives and discussing job training programs.
 - iii. Effective communication with the Governor's office through the proper channel of Janet Lockwood.
 - iv. Asking certain members of the body to take an active and proactive approach with legislation, including Danialle Karamanos and Bill Black although not exclusive to those members.
 - v. Keeping lines of communication open with Hollywood producers, specifically Jim Bernstein, Hopwood DePree and Michael Moore.
- c. Chairman Emery King discussed having ideas for stationary and potential logos for the council by the next meeting.

VI. General Discussion of PA 75, the MFOAC Statutory Document

- a. Chairman Emery King noted that the statute states that members of the council may elect a member of the council to serve as vice-chairperson of the council and may elect other members of the council as officers as the council considers appropriate.
 - i. Motion made and duly supported to nominate and elect Jim Bernstein as vice-chairperson. Passed unanimously.
- b. Chairman Emery King discussed the need to establish a code of ethics and called upon Marc Prey's law experience for guidance.
 - i. Marc Prey proposed the creation of a purposed draft of the language to be circulated among members for input and then presented at the next meeting.
- c. Chairman Emery King proposed developing stationary for the Michigan Film Office Advisory Council and asked that members bring ideas to the next meeting.

VII. Director's Report

- a. Incentives
 - i. Thanks to the unswerving work of people like Rep Bill Huizenga, our own chairman, several hard working film council members both new and old, our industry unions - IATSE, Teamsters and SAG, Jeff Daniels, Mitch Albom, Mike Binder, Rep Andy Meisner, Senator Jason Allen, and more too numerous to mention, on April 7th, our enthusiastic advocate Governor Jennifer Granholm signed into law a film incentive package unrivaled in the world.

- ii. The incentives include up to 42% refundable tax credits, infrastructure tax credits, workforce training tax credits, free use of state property (except for utilities and securities and with the permission of the department directors). You will find details about the bills and the actual legislation on our website. You will also find the Applications and Agreements for both the refundable tax credits and for the infrastructure tax credits, along with extensive FAQs.
- b. Website
 - i. We have a brand new website at michiganfilmoffice.org, just launched last Friday. Our current website - Michigan.gov/filmoffice - is still running, as not everything has made the migration yet. Feel free to take a look.
 - ii. The new site includes the state of the art location photograph program, Reel Scout. The point man for Reel Scout is Mike Grabemeyer, working in tandem with Tony Garcia, our crackerjack location team. You can reach them by calling the 800.477-3456 number and choosing the Locations option or at grabemeyerm@michigan.org and garciat@michigan.org.
- c. Staff
 - i. The film office now has 8 employees and 4 interns; you met some of them earlier. We are now housed in this building, and we report to the Governor's Office. Missing is Tony Wenson, our COO, who is at the American Film Market in Los Angeles selling Michigan.
- d. In State Production
 - i. 128 films/documentaries/television pilots have applied, 71 have been approved. While all of those approved will not complete their projects, here is a list of those that have shot and wrapped so far: YOUTH IN REVOLT, THE JOB, STREET BOSS, PRINCE OF MOTOR CITY, GRAN TORINO, ALL'S FAIRE IN LOVE, THE PENTAGON MEMORIAL DOCUMENTARY, RED AND BLUE MARBLES, TUG, PRAYERS FOR BOBBY, COME ON OVER, WHIP IT, ROTHBURY MUSIC FESTIVAL, DEMOTED, BUTTERFLY EFFECT: REVELATIONS, KEVORKIAN, ART HOUSE, DEADHEADS, STEAM, MISS JANUARY, OFFSPRING, HUNG, WEDDING DAY, HEY JOSH, THE WONDER PETS, HORSE CRAZY and GIFTED HANDS.
 - ii. Here is a list of those currently in production or prepping: VIRGIN ON BOURBON STREET, INTENT, CHESS AS ART, CHERRY, BLUE SKY, RAISED ALONE, AMERICA, ECO-WARRIOR, WILD MICHIGAN, 10A-10B, LITTLE MURDER, BETTY ANN WATERS and HIGH SCHOOL.
 - a. Sue Marx inquired if it was possible to have the budgets made available to members of the council. Janet Lockwood is looking into that possibility.

- iii. There are more than 20 planning to shoot in early and mid spring 2009.
 - iv. These films have shot in multiple metro Detroit locations, Grand Rapids, Traverse City, Frankfort, Flint, Muskegon, Ann Arbor, and towns in between. Upcoming films will shoot in Kalamazoo, Lansing, the metro area and elsewhere.
 - v. Michigan spend by the completed projects is estimated at \$100 million. Anticipated Michigan spend by those currently in production is estimated at an additional \$47 million. Final paperwork may give us a slightly higher figure. We are expecting \$40-\$50 million in refundable tax credits from the 2008 Michigan expenditures.
 - vi. We don't have an estimated jobs number but we will have and it will be in the thousands. We have several dozen "good news stories" compiled by Ken Droz of our office, and if any of you are interested in reading them, please let us know and Ken will send them to you. Ken's email is drozk@michigan.org. The good news stories are factual accountings of what the film incentive has meant to local businesses, Michigan crew people, Michigan cities and towns, Michigan institutions, and more.
 - a. Cory Jacobson suggested sending these stories to the legislators directly. Ken Droz is looking into that possibility.
 - b. Chairperson Emery King asked Ken Droz to send these stories to the council on a monthly basis, which was agreed upon by Ken.
- e. Partnerships
- i. New partnerships are springing up everywhere. We now have a West Michigan Film Office to go along with the Film Detroit office and the newly revived Detroit Mayor's film office. The counties of Oakland and Wayne are stepping up to the plate, as are other counties and towns. We spend considerable time going all over Michigan to speak to groups who want to become film friendly and business for their community. The spirit of camaraderie that this incentive has created is simply marvelous.
- f. Infrastructure
- i. Not everything is blue sky: While we have the best incentive in the land, we do not have the best infrastructure. We need sound stages, more crew and more equipment. All will come with time and meantime, it's coming in from elsewhere. We are in the process of finishing interviews for a new Work Force Development Director, the person we hope will work with local colleges, trade schools, universities, high schools, unions, to create a program of training that will double or triple our crew base.
 - ii. 4 companies have applied for the new infrastructure tax credit, which requires that they build a sound stage or a post production

house or other facilities that work directly with this industry. Once they've produced bricks and mortar, the equipment purchased for the facility is also eligible for the infrastructure tax credit. New equipment purchase alone does not qualify.

- a. Janet Lockwood clarified that the infrastructure applicants included three Michigan companies and one out of state company.

g. Commercials

- i. Commercials do not qualify in case anyone intended to bring that up later.
- ii. William O'Reilly asked for clarification on the commercial aspect of the legislation.
- iii. Janet Lockwood said that the bill itself has language that excludes commercials, specifically the language that states "nothing that promotes a service or product".
- iv. Chairperson Emery King asked Representative Huizenga for his insight into the issue.
- v. Representative Huizenga discussed that it was his intent to have commercials be included and emphasized that the commercial industry is the backbone of what we need because it is stable and a continual element. Representative Huizenga discussed the upcoming turnover in the house and the need to look at new allies who will be reasonable and open as well as the necessity of communicating the correct information to them regarding the impact of the incentives.

h. Member Comments

- i. Bob Brown congratulated Janet Lockwood on a job well done and requested an update on the status of the loan component of the incentives as well as who was the decision maker.
 - a. Janet Lockwood informed that there was no change at this time and that she did not see the program monetized right away.
 - b. Lisa Dancsok said that the Michigan Strategic Fund would be the agency responsible for monetizing the loan.
- ii. Marc Prey asked what the basis for denial of an incentive application was and if there was any bias in the review of the application if the company was based in Michigan (referring to the box on the application that asks if the project will still shoot here if they are not approved). He also asked for clarification on the reasoning of having two documents, both the application and the agreement which both contain a lot of the same information.
 - a. Janet Lockwood said that reasons for denial included if the project was a commercial, if the finances for the project were not in order, if it was pornography and if information was missing on the

application. She stated that we absolutely want Michigan based companies to apply. She also said that the decision to have two documents was made after researching other state's procedures and through discussions with lawyers. She said the decision is open to change in the future if there was a need, but it is written in the statute.

- iii. Jim Bernstein thanked members for their efforts to get the incentives passed over the years and discussed the importance of communicating the correct information about discrepancies directly to the line producers of Hollywood. He also mentioned the fears in Hollywood on how long it would take to get their money back after shooting and the state falling back or capping these bills. He also discussed the attitudinal shift at the University of Michigan and that the Dean was looking to subsidize internships for students on sets.
 - a. Janet Lockwood explained that if they want a refundable tax credit they can wait until the beginning of the following year for a check or they can sell their credit at any time to any eligible Michigan taxpayer.
 - b. Tim Magee and Bill Black both expressed their interest in helping set up internships for the students away from the table at another time.
 - c. Tim Magee clarified the requirements for the union which was thirty days on a union shoot in a covered craft within a year and then the person is eligible to apply.
- iv. Bill Black requested an update on the turn around time for incentive approvals.
 - a. Lisa Dancsok stated that the Governor's office, Film Office and herself as MEDC meet every two weeks to go over reports and make sure that things are not falling through the cracks. She said that the goal is to get the turnaround time at seven business days and we are currently at a 7.2 day average.

VIII. Job training

- a. Chairman Emery King asked Hopwood DePree his thoughts on job training in the state.
- b. Hopwood DePree discussed how they have been working with local community colleges to train laid off manufacturing workers. The training is focusing on entry level positions or specialties that are easily transitioned to the film industry. They currently offer grip, electric and production assistant training. After they finish the program there is a website they utilize to help them locate open and available positions in the

state and they are also granted a free listing in the Michigan Film Office Production Guide.

- c. Tim Magee discussed how the union is growing by ten to fifteen members per month and estimates that they have added a total of 40 members since the incentives passed. He said that we are strong in grip and electric areas but lacking in the art areas.
- d. Janet Lockwood discussed that the Michigan Film Office is in the process of hiring a person for the Workforce Development position.
- e. Chairman Emery King asked the council to submit ideas to put together a PowerPoint presentation on the incentives that could be presented and discussed at the next meeting.

IX. Update on capping the incentives

- a. Bill Black discussed the concerns of it coming up in Lame Duck as well as the 47 new legislators we will see in January. He stressed the importance of the council communicating with the members of the House and Senate.
- b. Chairman Emery King asked that Marc Prey and Danialle Karmanos work closely with Bill Black to update information consistently through Janet Lockwood.
- c. Tim Magee suggested getting facts and figures together after the first of the year to communicate with the legislators.
 - i. Ken Droz discussed the current economic impact report he is working on with MEDC and a Michigan State University economist to incorporate everything from actual expenditures, ancillary businesses, potential tourism, etc.

X. New Business

- a. Bob Brown discussed financing avenues here in Michigan and encouraged anyone who was interested in more information to talk to him.
- b. Hopwood DePree agreed with Jim Bernstein's previous statement on communicating information to the line producers in Los Angeles and discussed the option of getting a list of questions together for treasury to be presented at the next council meeting.
- c. Bob Brown proposed putting together a marketing piece to address the issues we are hearing, specifically credibility and accuracy.
 - i. Chairperson King asked Bob Brown and Hopwood DePree to put that together.
- d. Chairman King discussed the value on an appropriate and discreet level to have members of the council on set to see how the incentives are working.
- e. Chairman King asked if there were any additional comments and if there were any opinions on having meetings bi-monthly versus quarterly.
 - i. Bill Black spoke to Lame Duck session and motioned that the council should meet in January which was duly supported.
 - ii. Chairman King proposed either January 8, 9, 15 or 16 for the next meeting date.

XI. Public Comment

- i. Val Moskalik of the Motion Picture Institute of Michigan discussed the growing number of students they have had since the

- incentives passed and asked the council for help with confusion with Michigan Works.
- ii. Mark Adler of Michigan Production Alliance urged the council to be as proactive as possible and not reactive.
 - iii. Ken Higby of Genre Film Partners announced a fund of \$20 million of which two thirds of would go towards making films in Michigan.
 - iv. Doug Alchin from Okemos, Michigan provided testimonial on his involvement as an actor in four films since the incentives passed in april. He thanked the council for their work and stressed the getting the word out to people in the state about how important this incentive is.
 - v. Brian McBrien of One Stop Prop announced that the company would be up and running by December 1st, 2009 and said he was eager to talk to anybody about spreading the word and training opportunities.
 - vi. Jean Claude-Lewis of Beneath the Underdog remarked that local producers are having issues with receiving funding and was looking for options to generate funding here in Michigan, possibly having quarterly meetings to bring in financiers and educate them of the opportunities in Michigan.
 - vii. Kathy McKee of Creative Artists Network is building an extras database for the state of Michigan specializing in diversity and minorities. She remarked how powerful the incentive is and a great opportunity for the state of Michigan.
 - viii. Chris Carden of Macevision suggested having a list of the producers, directors and production companies available on the website. He also discussed his position as a teacher at the College for Creative Studies and his belief that art can easily be taught and transitioned into the film industry.

XII. Adjournment (2:08 p.m.)

- a. The next Michigan Film Office Advisory Council is tentatively scheduled for mid January with date and location to be determined.

Respectfully submitted,

Emery King, Chairman

Prepared by:

Jackie Wressell