

## **WHAT THE MINNESOTA FILM AND TV (MFTV) IS CHARTERED TO DO:**

MINNESOTA FILM AND TV (MFTV) was organized as a film commission, much like the other film commissions throughout the country. Similar to MFTV, these other commissions have specific charters that mandate economic growth through facilitating the production of films, television, advertising and corporate media. Their charters are to provide location scouting, tax incentives, local crew and equipment resources, and marketing for the state at film markets such as the American Film Market and the Cannes Film Festival. Specifically:

1. **REBATES:** As a commission, the MFTV board facilitates rebates to film and TV productions. Regardless of what show or film is being produced in the state of Minnesota, MFTV will rebate 15%-20% of the amount ("qualified production expenses") that a qualified production spends in the state up to a maximum of \$-----. The MFTV rebate program is called "Snowbate."
2. **LOCATION SCOUTING:** They are chartered to assist film productions with location scouting around the state.
3. **PRODUCTION GUIDE:** They are chartered with publishing a list of qualified production resources, from makeup artists and animal trainers, to technicians and equipment.
4. MFTV maintains a staff that works to manage whatever rebate funds they have available, update their website, and expand their online and print production guide of 26 pages.

## **WHY MINNESOTA FILM AND TV (MFTV) SHOULD NOT ADMINISTER THE ASSOCIATION FOR MINNESOTA MOTION PICTURES (AMMP):**

1. MINNESOTA FILM AND TV was organized as a film commission. As with other film commission across the United States, none are facilitating the selective investment of large funds into motion pictures.
2. Because it was organized and conceived as a commission, MFTV is not chartered to engage in selective film financing. In fact, in its 30 year history, MFTV has never been involved in this type of selective film financing and was never endowed to create financial partnerships with film studios.
3. MFTV is not, nor has it ever been, in the field of designing, conducting or overseeing a revenue-generating organization.
4. MFTV, by its own definition and scope of responsibilities, does not have the specific expertise nor the studio established network of relationships required for making selective film investment decisions.
5. MFTV has no proven track record as an organization to execute the financial concept central to the AMMP and its proposed plans.

## **NEXT STEPS**

In their respective spheres of influence, AMMP and MFTV, can serve a developing Minnesota film industry and the overall economy. With a strong rebate program, MINNESOTA FILM AND TV can provide additional, practical incentives and logistics for producers to film in Minnesota. A robust MINNESOTA FILM AND TV does not compete with the ASSOCIATION OF MINNESOTA MOTION PICTURES (AMMP), but rather serves to make Minnesota more viable as a center for motion picture-based economic activity.

Jan. 5, 2013

## **MINNESOTA MOTION PICTURE & ECONOMIC DEVELOPMENT COMMISSION (MMEDC), a 501(c)6**

MMEDC envisions Minnesota's local film businesses, independent contractors in the film industry, and an extensive base of Minnesota vendors deriving widespread economic benefits from motion picture production stimulated by strategic investment.

### **MISSION STATEMENT:**

The mission of MMEDC is to develop and stimulate Minnesota's economic role in the global motion picture industry through the investment of funds provided by the State of Minnesota's Legacy Fund for Arts and Cultural Heritage.

### **MMEDC VISION:**

- Grow Minnesota's economy by co-producing midsize\* motion pictures with secured incentive financing. (<\$20 mil. production budget\*)
- Create jobs in Minnesota's Motion Picture Industry.
- Market Minnesota as a financial participant to major feature film producers and production companies as the premiere location and partner for motion picture production and post-production.
- Connect major motion picture production companies with Minnesota businesses, communities, vendors, talent and crew.
- Connect investors, venture capital funds, and wealth managers with quality Minnesota-based film productions.
- Maintain strong and productive relationships with Minnesota's indigenous production community, and foster their projects to the level of successful applications.

### **COMMISSION OVERVIEW**

The Minnesota Motion Picture & Economic Development Commission (MMEDC) is an investment trade commission dedicated to the Minnesota film community and to the hundreds of Minnesota businesses who will benefit from major motion picture production taking place here in the state.

### **INFRASTRUCTURE**

#### **Staff:**

Executive Director -- Jane Minton

Administrative Associate:

Contract: Bookkeeper, IT, Marketing/Publicist, Web Designer, Web Master

Of counsel: Steve Hellend, Fredrikson & Byron

External Auditor: Lafayette, Melssen & Plath

### **Project Consultant Commission (Proposed)**

Project Consultant Members will each serve a one-year term, with an option of two additional terms, and will be compensated for their expertise, scrutiny and vetting of proposed projects. The Project Consultant Commission, along with the Executive Director, will review and vote on proposed projects.

1. Jane Minton, Staff, Ex Officio
2. Mitch Goldman (former Head of Distribution, New Line Cinema)
3. Ralph Winter (Producer, X-Men, Planet of the Apes, Fantastic Four)
4. Denise Gardner (Entertainment attorney)
5. Robert Schwartz (Producer, Iron Will, Blizzard, Virginia's Run)

### **Board of Directors**

The Board of Directors is responsible for overall policy and direction of the organization, and delegates responsibility of day-to-day operations to the staff, and investments to the Project Consultant Commission. Board Members will be appointed for a two-year term, and will be eligible for two further terms. Board Members will safeguard the mission of the organization, oversee fiscal operations, and develop relationships with new financial entities to nurture future partnerships on film projects.

1. William Carlson, 4400 W. Arm Rd., Spring Park, MN 55384; **Chair**
2. Paul Odlaug, 921 Connor Ave., Maplewood, MN 55109; **Secretary**
3. Bradley Meier, 510 Groveland Avenue, Suite 218, Mpls., MN 55403; **Treasurer**

### **Advisory Board Positions**

Advisory Board members will advise and consult with the commission on a pro bono basis while helping to develop and broaden the private investment community. Advisory Board terms are on-going, and during that time, members will be ineligible to propose projects to the commission.

-----Legislation Starts Here-----

MAJOR MOTION PICTURE PRODUCTION INVESTMENT INCENTIVE PROGRAM; APPROPRIATION.

\$30,000,000 is appropriated in fiscal year 2013 from the Legacy Arts and Cultural Heritage Fund to the Commissioner of the Department of Economic Development (DEED) for an allotment to the Minnesota Motion Picture & Economic Development Commission (MMEDC), a 501(c) 6, for a new film production and investment incentive program. The Minnesota Motion Picture & Economic Development Commission (MMEDC) shall, per its mission, advance production funds to produce feature length films. There is no cap to the amount a project can request.

The MMEDC will create a new program through the Legacy Amendment entitled: **The MMEDC Fund I**. The state program will vest filmmakers or production companies with funding in FY2014 and FY2015. In the name of prudent administration, the investment process will be managed entirely by the MMEDC director, with an auditing of expenditures through the certified public accounting firm of Lafayette, Melssen & Plath and the department of the Minnesota Management & Budget (MMB). The law firm of Fredrikson & Byron will manage and facilitate the contractual work for MMEDC and the State of Minnesota.

MMEDC may use up to six percent (6%) of this appropriation for administration of the investment program, and the MMEDC director will determine the appropriate and practical processing time for these investment decisions, in order to take advantage of real-time production opportunities on a nationwide basis, thus attracting major motion pictures to Minnesota.

The MMEDC Executive Director will administer the fund and its processes. The executive director shall, at her discretion, conduct the following business development activities: 1) attend key industry film festivals and markets, such as Sundance, Toronto, Tribeca and/or SXSW; 2) meet with candidates for investment, 3) and provide informational and strategic seminars (and webinars) both within and outside the State of Minnesota. The executive director shall provide a \$25,000 annual stipend (and travel expenses) to each of the four Project Consultant members, for purposes identical to the scope of work outlined above.

The MMEDC, in its capacity as a 501(c) 6, will act as the fiscal agent of the State of Minnesota, who will, as consideration for this investment incentive program, own a percentage of the adjusted gross revenues of each film project endowed under the program. The MMEDC's ownership and claims on the film revenues will not be lower than or less favorable

than any other creditor or investor claims, and the MMEDC must have preferred position financing. Specifically, the MMEDC capital being invested is "last monies in," providing for complete packaging and due diligence of the production. The MMEDC will be responsible for collecting all film revenues and routing them to the State of Minnesota (Checks made payable to "Minnesota Revenue") on a quarterly basis when received from the motion picture distributors.

The State of Minnesota's recoupment process will be based on each individual investment. When a particular motion picture project investment has been repaid to the State of Minnesota, the MMEDC will retain 50% of the balance of future revenues, with 50% of receipts going back to the State. This allows for the State, once taken off risk on a project, to profit on the investment in a significant way, while the MMEDC builds a financing reserve to continue investing in film projects.

Successful candidates who procure investment from the MMEDC will not be prohibited from receiving aid from other Minnesota film incentive programs such as the "Snowbate" program of the Minnesota Film & TV Board.

All decisions made by the Investment Advisory Board are final, and are not subject to audit or further review by representatives of the State. Investment Advisory Consultants will recuse themselves when there is a conflict of interest.

**LIABILITY:** All motion picture productions will hereby indemnify and agree to hold the State of Minnesota harmless from any and all claims, suits, demands of causes of action arising from film production in the state of Minnesota. Applicants must carry sufficient liability insurance (with a minimum of three million (\$3,000,000) dollars in insured coverage), and name the state of Minnesota as an additional insured.

**INVESTMENT CONTRIBUTION REQUIREMENTS:** To ensure that **major motion pictures** are attracted to Minnesota and that MMEDC's investment in a motion picture is secured, all five of the following eligibility requirements are mandatory:

1. The project must be "shovel-ready" and fully packaged, meaning that the movie must have a final shooting script, final budget, and final schedule with the producer, director, and principal cast on board with contracts in place.

2. All funding must be in place (and documented) with the exception of the amount of funding being requested from the MMEDC. The amount being requested from MMEDC must not be more than fifty percent (50%) of the total direct budget of the movie. MMEDC's funding will typically be less than 50% of the total direct budget.
3. The applicant must have a documented distribution agreement in place for the proposed film by a well-known distributor in the motion picture industry.
4. Applicants must indicate and provide documentation for what Minnesota-based personnel, businesses, locations and other related activities will be utilized in the production of the film project.
5. Applicant will, if awarded investment funds from MMEDC, guarantee credits in the film and on all relevant publicity pertaining to the film that acknowledges the Minnesota Legacy Amendment Fund, The State of Minnesota and the MMEDC.

#### **Who will it serve?**

- Self-financing investment program, with documented financial recoupment for the state's taxpayers.
- Increased indigenous production and completion of movies that will be marketed on a worldwide basis driving Minnesota tourism and branding opportunities.
- Steady employment for freelance film production crew positions and an expansive host of related businesses supplying goods and services to these productions.
- Reinvigorated production and post-production support businesses.
- Incentivized investors, banks and others will participate financially in motion picture production in Minnesota with a structured investment program.
- Minnesota films will act as tourism ambassadors throughout their festival, theatrical, broadcast, web and video-on-demand lives. The typical movie has a 12-year life span.
- Drawing in professional talent from the film industry to further enhance and strengthen Minnesota's production talent.
- Mentorship opportunities for youth and emerging filmmakers.
- Stimulate further investment in and utilization of the rebate and film service programs of the Minnesota Film & Television Board. The MMEDC will act as a synergistic and complementary activity to the different and equally important activity of the Minnesota Film & Television Board.

**Who will administer the program?**

Minnesota Motion Picture & Economic Development Commission (MMEDC), a Minnesota 501(c) 6 commission.