

Homegrown Movies: What Would It Take?

Sure it's great when movies like "The Color Purple," "Dirty Dancing," and "Teenage Mutant Ninja Turtles" drop several million production dollars into the North Carolina economy. But when those movies go on to make hundreds of millions in ticket sales and video rentals, none of that money comes back here.

That's the argument of some North Carolina filmmakers who believe that the next logical step for the state is to nurture its own homegrown movie industry. Hollywood is fine, they say, but it's unpredictable.

"We're totally dependent on the whims of the industry," says Craig Fincannon, a Wilmington casting agent who is working on several projects he hopes to produce. "If they all got up tomorrow and decided they didn't

want to work in North Carolina, there would be no work for us here."

North Carolina has several pieces of the puzzle in place: a highly regarded resident crew force, four movie studios and plans for a fifth, and businesses that supply lights, cameras, cranes, props—whatever a production needs.

One missing piece is money. North Carolina filmmakers run into a brick wall when they try to get financial backing for their projects. Banks consider them too risky. Venture capitalists don't know enough about the business, filmmakers say.

At least one North Carolina banker, however, says he would not turn down a film project if the deal was structured so the risk was not excessive. "We would be interested in looking

Natasha Richardson on the set of "A Handmaid's Tale," filmed in Durham.



Karen Tom

at any viable business opportunity, but as you probably know, film is a very speculative business," says Carlos Evans, a NationsBank executive in Charlotte who oversees commercial lending for North and South Carolina.

Evans says only a small number of banks lend for film projects. He says would-be filmmakers must raise a sizable amount of seed money for start-up costs before they are ready to take the deal to banks for production and distribution dollars. The early private investors take an equity share in the project with the promise of a big payoff if the movie hits. Banks typically get involved when the film is a viable project with assurance that it will be made and distributed. Even then, there is no assurance that the film will make any money. To lessen the risk, as many as 20 or 30 films are financed in a package by a number of banks.

A Dearth of Capital

Evans did not slam the door outright on lending for films, but he left it only slightly ajar. "We're interested in making any viable loans that will benefit North Carolina," says Evans. "But to make them bankable, you have to have fairly significant seed capital, and I don't know that the network is in place to provide that in North Carolina."

Venture capitalists who theoretically might be a source of seed money say they are designed for a different purpose than financing movies. "We try to invest in companies, rather than project-style investment," says Charles Closson of the North Carolina Enterprise Corporation in Research Triangle Park. "We're designed to invest in companies when they are one size, get out when they are another size, and hopefully make some money in between."

Bill Arnold, head of the North Carolina Film Office, says there is a history to the search for North Carolina investors to underwrite film production. He recalls that as early as 1986, Dino De Laurentiis invited three of the state's top bank executives to Wilmington to meet with a major international movie financier. The financier proposed that the banks kitty up \$10 million each, which he would match, to start financing movies in the state. "Dino felt that if

North Carolina were in a position to finance films the way L.A. does, the whole industry would just move here," Arnold says.

The bankers listened politely and went back home. The next year, the De Laurentiis Entertainment Group declared bankruptcy. The movie fund never happened.

Access to Distribution

Still, not everyone believes lack of financing is the chief obstacle to a start-to-finish film industry for North Carolina. Walter Wilkinson, a venture capitalist with Kitty Hawk Capital in Charlotte, says the real roadblock is lack of access to the distribution network that generates most of the profits for films. "There is an infrastructure for financing," says Wilkinson. "It's in New York and Los Angeles."

Wilkinson says a well-conceived North Carolina film project could be financed from existing sources. "If someone could make a good movie on a cost-effective basis, I think the money would support them here," he says.

But don't tell that to Kim DeCoste and her husband, Jeff Leighton, who are trying to raise \$2 million through a limited partnership for their film, "Summer's End." The Raleigh couple have more than 20 years experience in the movie industry between them. They have produced a short film, "Goodnight, Alden," that has received critical acclaim at film festivals around the country.

Written by Leighton, "Summer's End" is the story of an Amerasian girl who comes to North Carolina to find her American half-brother. Leighton and DeCoste think it could be the kind of break-through film that, like "Sex, lies and videotape," creates opportunities for other independent filmmakers. "The idea is if somebody can pave the way, dig the groove, whatever you want to call it, and have a success, then it will become easier, and we can build on that," DeCoste says.

So far, they've generated a lot of interest but little money. They point to other states, such as Florida, that have formed public-private partnerships to support indigenous filmmaking. DeCoste believes that the North Caro-

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lina financial community eventually will have to get involved as well.

Some of the state's major players in the motion picture industry, however, remain skeptical about a role for North Carolina financiers. "I don't think we've got an organization or panel of people qualified to judge the quality or merits of a particular project, much less access to a distribution network," says Kent Swaim, manager of Carolco Studios in Wilmington. Florida, he says, also has had little success in raising private funds for filmmaking. "I'm not sure they've raised a nickel to go into that fund yet," Swaim says.

Besides problems with obtaining financing, there are other gaps that discourage start-to-finish film production in North Carolina, Swaim says. "We're very limited in post-production facilities," says Swaim. Filmmakers may shoot a picture in North Carolina, he says, but the post-production work of editing and scoring (adding a soundtrack), still must be done elsewhere. "A lot of investment is required in post-production. Unless you've got tremendous volume rolling through there, you just can't be competitive price-wise."

And Swaim says most of the creative talent involved in producing pictures still lives in California. Putting the finishing touches on a movie can take six months to a year, he says. "If you're talking about a big project out of Hollywood, they're going to go back to Hollywood to cut the picture," Swaim says.

A Filmmaking School in N.C.

Still, there are those who dream of an indigenous film industry for North Carolina—one in which movies could be conceived, financed, and completed, and most of the profits could stay in North Carolina. One piece of the dream is a full-fledged filmmaking school at the North Carolina School of the Arts. The school plans a state-of-the-art facility, with the first students enrolling in the summer of 1993.¹ The school has chosen Sam Grogg, a veteran filmmaker, as its first director. Grogg's credits include "A Trip to Bountiful" and "Kiss of the Spider Woman."

Borden Mace, a retired filmmaker and a consultant to the School of the Arts, says the film school will help expand the pool of creative talent and provide editing and scoring facilities

so movies can be made from start to finish in North Carolina. Students will concentrate on filmmaking, rather than criticism or theory, much as do the five leading film schools: The American Film Institute, UCLA, and Southern California in Los Angeles; and NYU and Columbia University in New York.

The film school, Mace says, could provide technical support and talent for full-scale movie production in North Carolina. He envisions a creative network that would produce popular films with high artistic value on a much smaller budget than is the case with the typical Hollywood blockbuster.

Mace believes joint financing could be arranged for such movies, with North Carolina investors taking their returns off the top and the other investors taking the greater risk in hopes of a bigger payoff. Later, as North Carolina investors learn more about the movie industry, they may be comfortable with moving into the riskier positions and reaping greater rewards, Mace says. "The financing of any entertainment is a problem, but it's not an insurmountable problem if the product is hot enough," says Mace. "That's why the new North Carolina School of Filmmaking will concentrate on screen writing and development backed up with production."

The state, with a minimal investment, has shown that it can compete in the movie business by becoming one of the leading sites in the nation for location shoots, and historically has produced for export a great deal of creative talent, Mace says. "We've demonstrated that it's a viable economic development field for the state," says Mace. "It's time we now moved into the next phase, and the next phase is complete production in North Carolina, including financing."

DeCoste, the independent filmmaker, agrees. States are battling among themselves to become the next Hollywood, she says. "I think this is a way North Carolina could kind of quietly win the war."

—Sharon Overton and Mike McLaughlin

FOOTNOTE

¹The school has been approved by the University of North Carolina Board of Governors. Funding requests from the General Assembly are pending for \$7 million for a new building, and for operating expenses of \$800,000 in 1993-94 and \$1.2 million in 1994-95, says Jim Newlin of the legislature's Fiscal Research Division.