

PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

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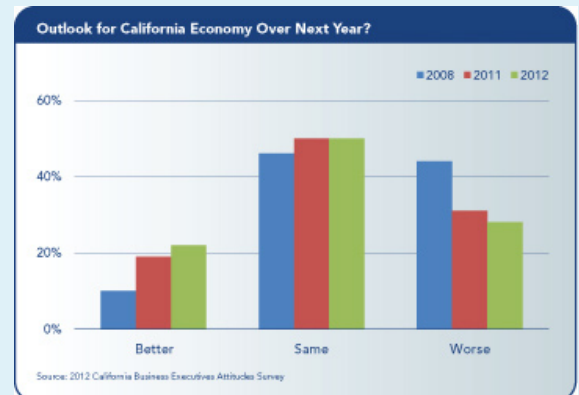
CalChamber Releases Business Climate Survey

The California Foundation for Commerce and Education last month released its 2012 survey of business executives detailing current attitudes about the state's economy, business climate, and budget. The study was sponsored by the California Chamber of Commerce.

Business executives are more optimistic about the state's economy, as well as the prospects for their own businesses. But they continue to have a poor outlook on the California business climate, mainly citing overregulation as the key culprit.

Economic and Business Climate

- Business owners and operators are deeply concerned about the direction California has taken: More than four-out-of-five answered that the state is "on the wrong track," while only 19% believe California is going "in the right direction."
- Business owners are slightly more optimistic about the state's economy and more upbeat about their own business prospects, compared to one year and four years ago, but decidedly more negative over the California business climate.
- While half of business owners said the economy was in poor shape and only 22% said it would improve over the next year that is a somewhat better response than in 2011, when 61% said the economy was in poor shape and only 19% said it would improve.
- Company owners had a brighter outlook on their own businesses. More than two out of five business leaders said their own business outlook will be getting better next year, compared with only 14% who said it will be getting worse, and 45% who said it will stay the same. This optimistic trend has been increasing since 2008, when only 29% said prospects would be better, and in 2011, when 38% said so.
- Nearly a third of businesses reported adding employees over the past year, compared with just a quarter of businesses in 2011. Fewer firms reported reducing their workforces this year compared to last.
- Looking ahead, 31% of businesses plan on adding employees next year, which was a better outlook than businesses gave in 2011, when only 27% planned on adding new employees. Only 15% of employers plan to reduce their workforces next year.



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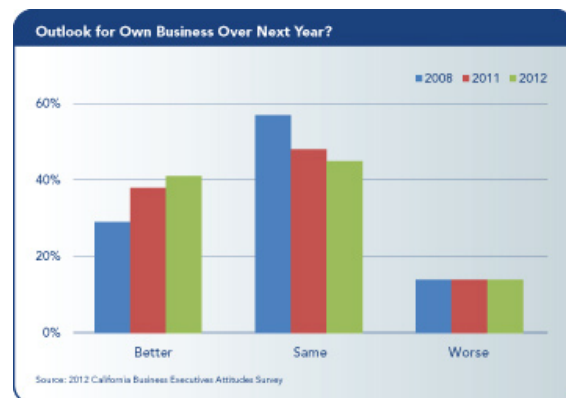
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State Business Climate

- Regarding the business climate, business owners report that it is getting even harder to do business in California than it was one year or four years ago.
- By far and away, employers have identified the biggest challenge to doing business in California as “too much government regulation,” with 64% of respondents saying it’s the first or second biggest challenge.
- High state and local taxes, and the state budget deficit, were in the next level of business challenges, identified by 29% and 22% of business leaders, respectively. High health care costs, high labor costs and the difficulty of hiring and maintaining a qualified work force rounded out the biggest concerns of business leaders.
- Climate, weather and quality of life were identified as the top advantages to doing business in California. The state’s leadership in certain industries (high tech, biotech, ag), its culture of innovation, and access to markets were also noted as being strong advantages.

Go to www.calchamber.com/businessclimate for the entire survey



California Chamber of Commerce Alert

Los Angeles Times' Patrick Goldstein Set As Keynote Speaker for NATO of CA/NV Membership Meeting

We are very pleased to announce that *The Los Angeles Times'* Patrick Goldstein whose column *The Big Picture* covers all aspects of the motion picture industry will serve as the keynote speaker at NATO of California/Nevada's 2012 Annual Membership Meeting on June 13th at AMC's Century City 15 Theatre.

Writing about the studios and the people who run them, films and those who make them, and the myriad other organizations and factors which allow our industry to function, Patrick's insightful coverage monitors the pulse of the movie business. Long a keen observer of our industry, he pulls no punches and calls it like he sees it, without regard to whose feathers might get ruffled. His reporting is timely, thoughtful and relevant and will surely carry over to his presentation at the upcoming Membership meeting.

Other important items to be covered will be industry and political issues as they relate to the movie theatre business in California and Nevada, as well as the highly anticipated announcement of winners in the Association's expanded scholarship program. A record number of applications were filed this year for the chance at winning one of the 25 generous \$10,000 scholarship awards.

The AMC Century City 15 Theatre is located in the renowned Westside outdoor shopping mall of the same name. Guests may want to plan on spending a little time after the meeting exploring the shops in this popular center or enjoying a meal at one of the many fine or casual restaurants.

Look for the next issue of PREVIEWS containing Membership Meeting updates on additional guest speakers and registration details.

A Preview of the 2012 CinemaCon Schedule

As of April 1, 2012.

Please note additions and changes are in bold.

MONDAY, APRIL 23

Buses depart between 6:30AM and 7:00AM	Al Lapidus Memorial Golf Tournament
3:30PM – 5:30PM	Special Seminar: <i>The Disney Institute's Approach to Employee Engagement</i>
6:30PM – 8:30PM	Gala Opening Night featuring a Preview Look of Paramount and DreamWorks Animation upcoming releases.
8:30PM	Opening Night Dinner Reception

TUESDAY, APRIL 24

7:45AM – 9:15 AM	All Industry Breakfast Presentation of Bert Nathan Memorial Award and Ken Mason InterSociety Award
9:30 AM – 11:15 AM	“The State of the Industry: Past, Present and Future” to include a Preview Look of Warner Bros. 2012 Films. Industry Addresses by the MPAA’s Senator Chris Dodd and NATO’s John Fithian. 2012 NATO Marquee Award presentation to Ted Pedas.
11:00 AM – 4:00 PM	CinemaCon Trade Show and Corporate Suites Note: Lunch will be served from 12:30pm – 2:00pm
3:45 PM – 5:45 PM	Walt Disney Studio Motion Pictures and their partners at DreamWorks Studios, Marvel Entertainment and Pixar will host an Exclusive Presentation highlighting the Summer of 2012 and beyond.
6:00 PM – 8:00 PM	Special feature screening from Walt Disney Studios Motion Pictures.
8:15 PM	Post screening studio themed dinner party and reception.

WEDNESDAY, April 25

7:30 AM – 8:30 AM	Continental Breakfast
9:00 AM – 5:00 PM	CinemaCon Trade Show and Corporate Suites
9:00 AM – 10:15AM	Special Technical Demonstrations: Preserving the Quality and Integrity of the Screen Image. Two moderated panels “Laser Light Technology: The New Frontier in Screen Brightness” and “Pirate Eye and the Fight Against Movie Theft”
10:45 AM - 12:15 PM	Seminar Topics: “An Industry Think Tank: Meeting the Expectations of Today’s Savvy Moviegoer” “Building Concessions From The Ground Up: A Panel Discussion on Prioritizing Concessions in New Construction or a Remodel”
12:45 PM – 2:30 PM	“Frankly Speaking: The Digital World of Filmmaking Today, Tomorrow and Beyond” Panel of Filmmakers (to date): Ang Lee and Martin Scorsese
4:00 PM – 5:00 PM	Sony Pictures Entertainment Cocktail Reception
5:30 PM – 7:00 PM	Sony Pictures Entertainment Product Presentation
7:45 PM	“2012 Pioneer of the Year Dinner” honoree Jeffrey Katzenberg

THURSDAY, April 26

8:45 AM – 10:10 AM	Seminar Topics: “Connecting with Today’s Moviegoing Audience: A Panel Discussion on Social Networking and Marketing in the Digital Age” “Exhibitors Speak Out: An Industry Panel Discussion” “Light Levels: Optimizing Screens and Lamps”
9:00 AM – 12:30 PM	CinemaCon Trade Show and Corporate Suites
10:30 AM – 12:00 PM	Twentieth Century Fox Presentation Highlighting its 2012 release schedule.
12:30 PM – 2:15 PM	Luncheon Program
2:30 PM – 4:30 PM	Universal Pictures Presentation Highlighting Summer of 2012 and Beyond.
7:30 PM – 9:00 PM	Big Screen Achievement Awards Presentation
9:00 PM	Gala Final Night Poolside Party and Reception



Interest in 2012 Scholarship Program Reaches All-Time High

Applications for the 2012 NATO of California/Nevada Scholarship Program reached an all-time high between the online and mailed submissions for one of the twenty-five \$10,000.00 scholarship awards.

Liberal use of the eye-catching promotional materials in member theatres generated interest among college bound staff members and those who have begun their secondary or vocational education.

Applications received have been processed by the NATO of CA/NV office and are in the hands of the first judging panel. A secondary panel comprising representatives of member

companies will select the winners in June who will be announced at the annual Membership Meeting set for June 13th at the AMC Century City 15 Theatre.



Top 20 Nevada Theatres

01/06/2012 to 03/28/2012 and 1/7/2011 to 3/29/2011

2012 NV Rank	2011 NV Rank	2012 Nat'l Rank	2011 Nat'l Rank	Circuit	Theatre Name	City
1	1	68	63	Regal Ent. Group	Red Rock Stadium 15 + IMAX	Las Vegas
2	2	159	120	Rave Cinemas	Rave Town Square 18	Las Vegas
3	3	316	272	Cinemark	Las Vegas South Point 16 + XD	Las Vegas
4	4	386	426	Regal Ent. Group	Aliante Station 16 with IMAX	North Las Vegas
5	5	441	428	Cinemark	Las Vegas Santa Fe Station 16	Las Vegas
6	6	496	439	Cinemark	Sparks 14 + XD	Sparks
7	10	609	673	Regal Ent. Group	Texas Station Stadium 18	North Las Vegas
8	8	645	613	Cinemark	Las Vegas Orleans 18	Las Vegas
9	9	684	615	Regal Ent. Group	Green Valley Ranch Stadium 10	Henderson
10	13	720	855	Cinemark	Las Vegas Samstown 18	Las Vegas
11	12	723	759	Cinemark	Reno Parklane 16	Reno
12	7	741	589	Cinemark	Summit Sierra 16	Reno
13	11	753	738	Regal Ent. Group	Sunset Station Stadium 13 with IMAX	Henderson
14	15	882	883	Brenden	Brenden Palms 13 + IMAX	Las Vegas
15	16	944	922	Cinemark	Reno Riverside 12	Reno
16	14	950	870	Galaxy	Galaxy Cannery	North Las Vegas
17	17	971	963	Regal Ent. Group	Village Square Stadium 18	Las Vegas
18	19	1059	1022	Galaxy	Galaxy Fandango	Carson City
19	18	1156	1004	Cinemark	Las Vegas Suncoast 16	Las Vegas
20	22	1255	1283	Regal Ent. Group	Colonnade Stadium 14	Las Vegas

Top 60 Theatres Nationwide

01/06/2012 to 03/28/2012 and 1/7/2011 to 3/29/2011

1 st Qtr. 2012 Rank	1 st Qtr. 2011 Rank	Circuit	Theatre Name	City, State
1	1	AMC	Empire 25 with IMAX & ETX	New York, NY
2	4	AMC	Burbank 30 with IMAX & ETX	Burbank, CA
3	2	Regal Ent. Group	Union Square Stadium 14	New York, NY
4	5	AMC	Garden State 16 with IMAX	Paramus, NJ
5	3	AMC	Lincoln Square 13 with IMAX	New York, NY
6	6	AMC	Tysons Corner 16 with IMAX & ETX	McLean, VA
7	7	Regal Ent. Group	Long Beach Stadium 26 with IMAX	Long Beach, CA
8	13	Cinemark	Egyptian 24 + XD	Hanover, MD
9	8	AMC	Boston Common 19 with IMAX	Boston, MA
10	10	AMC	Aventura Mall 24 with IMAX & ETX	Aventura, FL
11	9	Pacific	Arclight Hollywood	Los Angeles, CA
12	11	Pacific	Grove Stadium 14	Los Angeles, CA
13	12	AMC	Century City 15 with IMAX & ETX	Century City, CA
14	15	AMC	Orange 30 with IMAX & ETX	Orange, CA
15	25	Regal Ent. Group	E-Walk Stadium 13 & RPX	New York, NY
16	40	AMC	Downtown Disney 24 with ETX	Orlando, FL
17	18	Regal Ent. Group	Fresno Stadium 21 + IMAX	Fresno, CA
18	27	Santikos Theaters	Palladium 18 + IMAX	San Antonio, TX
19	14	Cobb	Cobb Dolphin 24 with IMAX & Cinebistro	Miami, FL
20	17	Cinemark	Albuquerque Rio 24 + XD	Albuquerque, NM
21	16	AMC	Northpark 15 with IMAX & ETX	Dallas, TX
22	38	Cinema Service	Warren 14 + IMAX	Moore, OK
23	24	AMC	Del Amo 18 with IMAX	Torrance, CA
24	29	Regal Ent. Group	Sheepshead Bay 14 with IMAX	Brooklyn, NY
25	31	AMC	Hoffman 22 with IMAX	Alexandria, VA
26	21	Regal Ent. Group	Hacienda Crossings Stadium 20 + IMAX	Dublin, CA
27	23	Cinemark	Union City 25 + XD	Union City, CA
28	22	Regal Ent. Group	Irvine Spectrum 20 + IMAX	Irvine, CA
29	41	AMC	White Marsh 16 with IMAX	Baltimore, MD
30	20	AMC	Neshaminy 24 with IMAX	Bensalem, PA

1 st Qtr. 2012 Rank	1 st Qtr. 2011 Rank	Circuit	Theatre Name	City, State
31	19	Pacific	Arclight Sherman Oaks	Sherman Oaks, CA
32	26	AMC	Palisades 21	West Nyack, NY
33	57	AMC	Mission Valley 20 with IMAX	San Diego, CA
34	46	Cinemark	Paradise 24 + XD	Davie, FL
35	30	Cinemark	Palace 20	Boca Raton, FL
36	43	AMC	Clifton Commons 16 with IMAX	Clifton, NJ
37	33	Cinemark	Tinseltown 20 + XD	El Paso, TX
38	62	Kerasotes	ShowPlace ICON	Chicago, IL
39	49	AMC	Gulf Pointe 30 with IMAX	Houston, TX
40	32	Cinemark	Redwood Downtown 20 + XD	Redwood City, CA
41	51	AMC	Mercado 20 with IMAX	Santa Clara, CA
42	45	AMC	Cherry Hill 24 with IMAX	Cherry Hill, NJ
43	69	Regal Ent. Group	Court Street Stadium 12	Brooklyn, NY
44	35	Consolidated Theatres	Cons Victoria Ward Stadium 16	Honolulu, HI
45	36	AMC	Sunset Place 24 with IMAX	South Miami, FL
46	48	Regal Ent. Group	Kaufman Astoria Stadium 14	Astoria, NY
47	39	Regal Ent. Group	Mira Mesa Stadium 17 + IMAX	San Diego, CA
48	28	Cinemark	San Jose Oakridge 20 + XD	San Jose, CA
49	34	Regal Ent. Group	Greenway Grand Palace Stadium 24 & RPX	Houston, TX
50	47	AMC	34th Street 14 with IMAX	New York, NY
51	68	Regal Ent. Group	Majestic Stadium 20 + IMAX	Silver Spring, MD
52	42	AMC	River East 21	Chicago, IL
53	60	AMC	Ontario Mills 30 with ETX	Ontario, CA
54	50	Harkins	Superstition Springs 25	Mesa, AZ
55	59	Harkins	Tempe Marketplace 16	Tempe, AZ
56	56	Cinemark	Tinseltown 22 + XD	The Woodlands, TX
57	61	Pacific	Pacific Theatres Glendale 18	Glendale, CA
58	53	AMC	Santa Anita 16 with IMAX	Arcadia, CA
59	76	AMC	First Colony 24 with IMAX	Sugar Land, TX
60	37	Cinemark	Daly City 20 + XD	Daly City, CA

Top 50 California Theatres

01/06/2012 to 03/28/2012 and 1/7/2011 to 3/29/2011

2012 CA Rank	2011 CA Rank	2012 Nat'l Rank	2011 Nat'l Rank	Circuit	Theatre	City
1	1	2	4	AMC	Burbank 30 with IMAX & ETX	Burbank
2	2	7	7	Regal Ent. Group	Long Beach Stadium 26 with IMAX	Long Beach
3	3	11	9	Pacific	Arclight Hollywood	Los Angeles
4	4	12	11	Pacific	Grove Stadium 14	Los Angeles
5	5	13	12	AMC	Century City 15 with IMAX & ETX	Century City
6	6	14	15	AMC	Orange 30 with IMAX & ETX	Orange
7	7	17	18	Regal Ent. Group	Fresno Stadium 21 + IMAX	Fresno
8	12	23	24	AMC	Del Amo 18 with IMAX	Torrance
9	9	26	21	Regal Ent. Group	Hacienda Crossings Stadium 20 + IMAX	Dublin
10	11	27	23	Cinemark	Union City 25 + XD	Union City
11	10	28	22	Regal Ent. Group	Irvine Spectrum 20 + IMAX	Irvine
12	8	31	19	Pacific	Arclight Sherman Oaks	Sherman Oaks
13	21	33	57	AMC	Mission Valley 20 with IMAX	San Diego
14	14	40	32	Cinemark	Redwood Downtown 20 + XD	Redwood City
15	17	41	51	AMC	Mercado 20 with IMAX	Santa Clara
16	16	47	39	Regal Ent. Group	Mira Mesa Stadium 17 + IMAX	San Diego
17	13	48	28	Cinemark	San Jose Oakridge 20 + XD	San Jose
18	23	53	60	AMC	Ontario Mills 30 with ETX	Ontario
19	24	57	61	Pacific	Pacific Theatres Glendale 18	Glendale
20	18	58	53	AMC	Santa Anita 16 with IMAX	Arcadia
21	15	60	37	Cinemark	Daly City 20 + XD	Daly City
22	20	72	55	Pacific	Winnetka All Stadium 21	Chatsworth
23	22	74	58	AMC	Promenade 16 with IMAX	Woodland Hills
24	29	75	77	Cinemark	Century Tanforan 20 + XD	San Bruno
25	27	78	70	Regal Ent. Group	South Gate Stadium 20 with IMAX	South Gate
26	25	80	64	Regal Ent. Group	Ontario Palace Stadium 22 + IMAX	Ontario
27	26	83	65	Regal Ent. Group	Temecula Stadium 15 + IMAX	Temecula
28	19	87	54	Cinemark	Huntington Beach Bella Terra 20 + XD	Huntington Beach
29	32	91	90	AMC	Metreon 16 with IMAX & ETX	San Francisco
30	30	93	79	AMC	Citywalk Stadium 19 with IMAX	Universal City
31	38	94	113	AMC	East Ridge Mall 15 with IMAX	San Jose
32	35	96	99	Regal Ent. Group	L.A. Live Stadium 14	Los Angeles
33	31	98	88	Cinemark	Century 21 + XD	Pleasant Hill
34	34	101	98	AMC	Fashion Valley 18	San Diego
35	50	105	208	Pacific	Arclight Pasadena	Pasadena
36	46	117	177	Regal Ent. Group	San Marcos Stadium 18	San Marcos
37	43	122	135	AMC	Bay Street 16 with IMAX	Emeryville
38	36	126	109	AMC	Puente Hills 20 with IMAX	Rowland Heights
39	39	132	118	Regal Ent. Group	Aliso Viejo Stadium 20 with IMAX	Aliso Viejo
40	41	135	126	Harkins	Chino Hills 18	Chino Hills
41	28	136	71	Landmark	The Landmark	Los Angeles
42	45	140	171	AMC	Cupertino Square 16 with IMAX	Cupertino
43	44	151	164	AMC	Rolling Hills 20	Torrance
44	42	152	134	Pacific	Arclight Beach Cities	El Segundo
45	33	157	96	Rave Cinemas	RAVE 18 + IMAX	Los Angeles
46	40	160	123	Regal Ent. Group	Valencia Stadium 12 + IMAX	Santa Clarita
47	37	165	112	Cinemark	Milpitas Great Mall 20 + XD	Milpitas
48	47	169	179	Muvico	Muvico Thousand Oaks 14	Thousand Oaks
49	49	171	207	AMC	Galleria South Bay 16	Redondo Beach
50	48	179	198	AMC	Plaza Bonita 14 with IMAX	National City

The Heart and Soul of a Town

The following article reminds us that movie theatres are far more than just a place to watch movies. The article is, in fact, a love story, the story of one small town theatre's intimate relationship with a community and the deep commitment of its owners in fighting for its survival. In thousands of towns across the country, perhaps more so today in smaller ones, the local movie theatre is very much a part of the social fabric which unites and binds its residents. That is clearly the case in Harmony, MN and we know there are lots more Harmonys out there. Let's not forget - - movie theatres are indeed special, and so too are the people that run them. We are happy to share this article with you.

All in the families

For decades exhibiting movies has been a family business. Many regional chains were founded by fathers and brothers and staffed by sons, daughters, and in-laws. The Midwest's Marcus chain of 700 screens originated in 1935 with grandfather Ben and is run by son Stephen and grandson Gregory. More modestly, Smitty's Cinema, a nine-screen movies-and-eats circuit in Maine and New Hampshire, was the brainchild of three brothers.

The smaller the venue, the more likely you'll find a family in charge. The Goetz Theatre of Monroe, Wisconsin, [which I profiled earlier](#), has been in the family from the start. The single-screen Cozy in Wadena, Minnesota, has been run by the Quincers since 1923, with the founder's great-grandson in charge today. Dirk and Jeri Reinauer have the Sunset Theatre in Connell, Washington. Tom and Barbara Budjanek, who bought Pennsylvania's Ambridge Family theatre in 1967, are still running it in 2012.

Families pass theatres to each other. The venerable Roxy in Forsyth, Montana, was bought by a couple in 1967. They sold it to their projectionists, one of whom kept it going with his wife. (The theatre went digital in 2010, just in time for its eightieth birthday.) From 1947 to 1959 the Wayne Theatre in Bicknell, Utah, was operated by a husband and wife. Another couple bought it and ran it until 1994, when they sold it to a third husband and wife. A fourth family acquired it in 2008.

The record for husbands and wives running a single-screener might be held by the little town of Harmony, Minnesota. The JEM Theatre on the main street, closed in 1947, was reopened by Bob and Hazel Johnson in 1961. They ran it for twenty-five years. It passed through the hands of five more couples before Michelle and Paul Haugerud acquired it in 2002.

Paul and Michelle met in San Francisco, where Michelle was working for Bear Stearns and Paul had served in the Navy. In 1994 they moved to Harmony to be near Paul's family. There they raised six children while Paul started a paint and drywall business and Michelle began a career in Web design. "When

we bought the theatre," Paul explained, "we knew it was gonna make no money. We knew it was gonna be basically like doing community service."

To an extent that people living in cities and suburbs may not appreciate, the JEM has held a central place in the life of the town. By 2011, digital conversion threatened to end that.

Harmony, not far from Prosper

With a population of about a thousand, Harmony sits in farm country close to the Iowa border. As *Prairie Home Companion* reminds us every week, people of Norwegian descent are found all over Minnesota. What you may not know is that certain areas are also home to Amish communities. Waves of migration made Harmony a center of Minnesota's Amish culture. Local businesses serve the five hundred households in the town, and tourism brings in some income too. One of the big attractions is Niagara cave, containing fossils pre-dating the dinosaurs. There's also a major biking trail and a fall foliage tour.

The JEM (named, supposedly, for the first letter in the names of the original owner's three children) helped knit the town together, and under the Haugeruds it became a unique institution.

They made a solid team, with Paul's expertise in carpentry and engine repair matched by Michelle's money-management skills. Paul, with no previous theatre experience, learned to thread up the platter projector. "The first few weeks, I would literally sit there with sweat rolling down my face as I pushed the start button. I'd be so nervous I did something wrong." Paul introduced screenings with announcements and jokes. The Haugeruds knew most of their patrons, but at every screening there were fresh faces from nearby towns in Minnesota, Iowa, and Wisconsin.

The JEM screened only on weekends, once each day at 7:30. Paul's and Michelle's day jobs made any other schedule impossible. During football season, Fridays brought in few teenagers, but Saturdays were better and Sundays were quite good. Overall, the 200-seat house averaged around 55 each night. On snowy nights, a few souls still braved the Minnesota winter to come see a movie.

The Haugeruds ran the JEM as a family business. There was no paid staff. The Haugerud kids sold tickets and snacks and helped with cleanup. Friends and volunteers came out as well. Michelle made the pre-show video slides of ads for local businesses. Even with low overhead, the theatre barely broke even. All tickets were \$3. "We've always kept prices low," Michelle explained, "so families that are financially hardshipped can still get their kids out of the house."

Continued on next page

The Heart and Soul of a Town, *Continued from previous page*

Most of the JEM's programs were sub-runs—movies that had opened nationally two or three weeks before. To avoid courier service costs, Michelle and Paul would make midnight drives to pick up prints from other towns. "I'd call and they'd just be breaking down their print from their last show on Thursday," she says. "I'd say, 'I'll be there in fifteen minutes,' and at midnight I'd get the print for Paul to make up on Friday."

Snack concessions are the core of every theatre's income, but even here Paul and Michelle offered deals. They priced their candy at a dollar and a big tub of popcorn at four bucks. Soda was sold in plastic bottles, to allow for recycling and to keep costs down. Instead of getting concession items from theatre suppliers, Michelle bought them in bulk at Sam's Club.

The JEM popcorn developed a following. High schoolers came to pop and bag it for football games. Paul and Michelle encouraged people to bring their own buckets to be filled with corn at a fixed price; some people showed up with shopping bags. The Amish didn't come to the films, of course, but on some days you could see a horse and carriage lingering outside while the driver was buying a supply of popcorn.

The Haugeruds were generous with free passes as well. Over the years, they have donated hundreds of free passes to help local organizations raise money. At other times, Michelle realized, passes are a good form of marketing. "Give out one, and three more people will come along to pay."

The JEM wasn't just for movies. Youth groups held meetings there. Many local kids had their birthday parties there, accompanied by a movie or a videogame. The Haugerud daughters had slumber parties in the auditorium; after a movie, they settled down, if that's the right word for a slumber party, in sleeping bags down front and in the aisles.

Many in Harmony believed that the JEM brought business to town. Julie Barrett, owner of the Village Square Restaurant across the street (and famous for her daily pies) said, "When people go to the movie, they stop at the Kwik Trip, our hardware store is open until 6:30, so you know they might try to kill two birds with one stone when they come to town."

Over the situation hovered the fate facing every small town—the hollowing out of the center by the big-box stores down the road. Pull off any interstate highway, and you'll see that the main streets of small towns have turned into empty storefronts, municipal offices, or struggling boutiques. When the JEM faced the need to go digital, Paul was concerned. "If we take one more thing away it's going to hurt the community. I'm scared to death that main street is going to look like Harmony in the 1980's when I was growing up. It was pretty bare."

Single-screeners

The major distributors and the National Association of Theatre Owners now seem to take for granted that thousands of screens will close over the next few years. Some will fail to convert; others will struggle to pay for the conversion but still fold up. What are the likeliest victims? Those at the bottom of the food chain, the single screens and the "miniplexes" holding between two and seven screens.

These two categories account for over half of all exhibition sites in the US. But they amount to only a small slice of the total number of screens, which is what matters. And the number of small houses is shrinking. During the bankruptcy convulsions of the 1999-2001 period, circuits shed hundreds of screens. Since 2007, the total number of U. S. screens has remained fairly constant, but multiplex and megaplex installations have swollen by 2000 screens. Smaller facilities have lost about the same number—by going out of business.

Hollywood, people like to say, doesn't want to leave money on the table. But more and more the long tail is a waste of resources. Why bother to prepare and ship a DCP to a theatre that yields a box-office take of less than \$300 per day? Many decision-makers among the major distributors would be just as happy to let people in small towns wait a couple of months and catch the film on VOD or disc (rented from a gas station, since the video stores are gone too). As long as the megaplexes publicize the must-see movies, people will know what to buy or rent or stream. If you live in the countryside and you really feel the urge to catch the latest hit, get in your car or pickup and drive an hour to a 'plex. No vehicle? Too young to drive? Wait for the video.

While digital projection allowed the major distributors to consolidate their power, it also offered a way to streamline and downsize exhibition. The 1600 American single-screen venues are especially vulnerable. For the industry, it seems, any part of film culture that preserves some history or takes root in a community is simply a nuisance. Michelle Haugerud puts it simply. "They don't care if we go out of business."

A digital jug

In late spring of 2011 Paul and Michelle decided to try to go digital. A new projection system and sound processor would cost \$75,000. "We've tried to run it by ourselves and keep it independently owned, but it's gotten to the point now where we're looking for some help," Paul said in July. "It was a difficult decision to ask for the community's help," Michelle wrote [on her website](#). "We never wanted to ask for support, but we knew the public deserved to know why we may have to go out of business."

They began a fundraising drive. A young patron named Kirsten Mock decorated an old red juice jug for donations and

Continued on next page

The Heart and Soul of a Town, *Continued from previous page*

put it on the candy counter. Paul and Michelle set up a designated savings account with a local lawyer's name attached to make sure people understood that any donations would go only to the projector. A list was kept of all who put their names on donations, and the money would be refunded if the target sum weren't reached.

The problem was that the JEM, privately owned and operated, wasn't a nonprofit. Donations were not tax-deductible, and local government agencies couldn't normally supply grants or other aid. During 4 July celebrations, however, a "Harmony Goes Hollywood" event featured a room in the Historical Society set up with an old projector and theatre seats, with clippings and photos showing the JEM over the years.

A local woman tipped Twin Cities media to the campaign. It was good timing: The US press was starting to notice the nationwide digital conversion. News outlets and TV stations covered the JEM's crisis. [Minnesota Public Radio](#) picked up the story.

By fall, when the campaign had raised about \$7200 locally, Paul and Michelle found a nearly new projector for \$55,000. They managed to borrow the \$48,000 they needed from a local bank. By shouldering the loan themselves, they showed the public that they were committed, and this gesture boosted donations.

As a result, on 11 November, the JEM screened its first movie on the Digital Cinema Package format, *Dolphin Tale*. On that weekend Paul thanked Kirsten for kicking off the fundraising and gave her a lifetime pass to the JEM. For the older crowd there was Football Monday, when Paul and Michelle projected a Vikings-Packers game. They couldn't charge admission, but they sold tickets for drawings of prizes donated by local businesses.

Even though they had the equipment, Paul and Michelle still needed to pay for it. Later in November, the Trust for a Better Harmony stepped in to help. Enabled by a generous gift from Ms. Gladys Evenrud, the Trust and a Minnesota agency for community development arranged for a flexible loan package. As a result, the JEM now needed only \$28,000, to be paid from community donation. The loan sparked still more offerings to the projection bank account.

New decisions

On 13 January of this year, Paul died.

Commander of the local American Legion, he was cremated with military honors. He left behind Michelle, his six children, his parents, four brothers, and two grandchildren. The town grieved. "There's nothing he wouldn't do to help someone else," a friend said.

Michelle remembers weeks going by in a blur. Friends brought over way too much food. "I had to freeze a lot of it." She decided she simply had to move forward. She had a full-time job and had Peter, Julia, and Sierra at home, but she would keep running the JEM.

In February, a fundraiser was held at Wheelers Bar & Grill. The event had been planned before Paul's death, but now it gained a new urgency and poignancy. Wheelers is named for its big roller rink, where Paul had helped out often. Across the day Wheelers held a silent auction and some bean-bag and darts tournaments. Those, along with food, drink, and music, raised an astonishing \$16,000. That, plus the balance in the digital account, yielded enough to pay off the bank note for the projector. There have been more fundraising events, including a pancake breakfast. Michelle will soon pay the rest of the money owed. Any funds left over will be used for upgrades. Michelle is considering 3D conversion in a year or two.

Things have happened so quickly that Michelle hasn't had time to thank everyone fully on her website, but she adds in a note to me:

It is so overwhelming to think of how the entire community and beyond has come together to make this all happen. I know that even though I am now the owner/ operator of the JEM, this theatre will be here for generations to come. I have had so many thanking me for staying in business. I know this is part due to the conversion and part due to Paul's passing. I am very grateful for Paul's family and my friends for being there helping me through all this.

Last Saturday, *The Hunger Games* drew a robust crowd, mostly groups of boys, groups of girls, and families, with a few elders sprinkled in. Nearly everybody bought concessions. Many carried in buckets for popcorn. The ticket booth was decorated with Easter rabbits and a Darth Vader helmet.

Upstairs, I saw a little room off the projection booth with a porthole. It was Michelle's and Paul's "private screening room," she explained. They would watch the show from an old car seat there.

On the sidewalk outside, Girl Scouts were selling cookies. In the tiny lobby, dozens of construction-paper stars were pinned up, each bearing the name of someone who donated money. Above the booth was hung a framed lobby card for *It's a Wonderful Life*.

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CALENDAR of EVENTS & HOLIDAYS

Good Friday
April 6

Easter Sunday
April 8

Passover begins
April 7

Earth Day
April 22



CinemaCon
April 23-26

Mother's Day
May 13



Armed Forces Day
May 19

Memorial Day observed
May 28

**NATO of CA/NV
Membership Meeting**

**Board of Directors
Meeting**
June 13

Quote of the day

Senator Christopher Dodd, head of the MPAA, was interviewed in the April 13, 2012 issue of the *The Hollywood Reporter* and was asked: *"In addition to issues including piracy, the ratings system and trade, you've said you are intent on improving Hollywood's image. Why?"*

Senator Dodd's answer: "There is so much misunderstanding about this business. Before I started this job, I would have said it's about Oscar night, red carpets, movie stars and glamorous lives. But there are 2.2 million people who get up every morning and work in this business. I think it's unfortunate there isn't a deeper understanding of how important this industry is to this country."