



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.THEMEDC.ORG

DATE: February 3, 2009
TO: Michigan Economic Growth Authority
FROM: Amy Deprez, Packaging Team Manager
Portfolio Management & Packaging
Greg West, Project Specialist
Portfolio Management & Packaging
SUBJECT: Briefing Memo – Motown Motion Pictures, LLC
High-Technology MEGA Credit

COMPANY NAME:

Motown Motion Pictures, LLC
2100 East Maple Road, Suite 200
Birmingham, MI 48009

HISTORY OF COMPANY:

Motown Motion Pictures, LLC, a new business venture, will be both a film studio and a production services company. They anticipate owning a significant interest in (or possibly all of) an animation company and one or more post-production facilities. They have brought together Raleigh Studios, the largest independent studio operator in the United States; the Endeavor Agency, one of the most prominent talent agencies in the film and TV production industry; and three Michigan entrepreneurs to create Motown Motion Pictures.

Raleigh Studios, has a long-term track record with its numerous studio operations in California, Louisiana and an operation under development in Budapest. Raleigh also owns Hollywood Rentals, the largest independent studio and production equipment rental company in the United States. Raleigh will be responsible for managing the studio operations in Michigan.

The Endeavor Agency, is a Beverly Hills, California based talent and literary agency representing actors, writers, authors, producers and directors, primarily for film and television. Endeavor's representation of top talent, both in front of and behind the camera, will greatly assist with the marketing of Motown studio facilities to feature, television and commercial productions.

Motown Motion Pictures, LLC currently has 0 employees in Michigan.

PROJECT DESCRIPTION:

The project includes the creation of a new film studio, production services, animation and post-production services company in Pontiac, Oakland County.

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
Rock Enterprises

PHILIP H. POWER
Vice-Chair
The Center for Michigan

JAMES C. EPOLITO
President and CEO

RICHARD E. BLOUSE JR., CCE
Detroit Regional Chamber

JOHN W. BROWN
Stryker Corporation

DR. DAVID E. COLE
Center for
Automotive Research

JOANN CRARY
Saginaw Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
Hamp Advisors, LLC

PAUL HILLEGONDS
DTE Energy Company

FREDERICK W. HOFFMAN
Chrysler, LLC (retired)

GEORGE W. JACKSON JR.
Detroit Economic
Growth Corporation

BIRGIT M. KLOHS
The Right Place, Inc.

F. THOMAS LEWAND
Bodman LLP

STANLEY "SKIP" PRUSS
Michigan Department of Energy,
Labor & Economic Growth

DR. IRVIN D. REID
Wayne State University

MICHAEL B. STAEBLER
Pepper Hamilton LLP

DENNIS R. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.

TODD A. WYETT
Versa Development, LLC

The development will include 9 sound stages totaling more than 200,000 square feet, nearly 400,000 square feet of support space either for use by Raleigh or for leasing by other companies in the industry, and a training facility.

This project will result in the creation of 3,600 new jobs with an average weekly wage of \$824. Total investment over five years will be approximately \$70,723,000. The company will also offer health care benefits and pay a portion of the benefit costs.

BENEFITS TO STATE:

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will generate a total of 5,139 jobs in the state by the year 2020. Total state government revenues through the year 2020, net of MEGA costs, would be increased by \$178 million (current dollars) due to the presence of this expansion.

BUSINESS CASE:

Motown Motion Pictures, LLC could not consider this project without the approval of the MEGA tax credit, Michigan film production infrastructure credit and support from the City of Pontiac. The primary disadvantage faced in Michigan is that currently there is very little established infrastructure in place to support this industry. In addition, there are also significant training costs associated with this project.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Pontiac supports the Motown Motion Pictures project and anticipates approval of a Renaissance Zone or property tax abatement.

The Michigan Film Office also anticipates the approval of Infrastructure Development Film and Digital Media Incentives.

The MEDC has also approved training funds for the project through its Economic Development Job Training program. The MEDC will provide an employee training grant of up to \$1,000 per job for the new jobs expected to be hired in the first two years of the project. This training grant could be worth up to a maximum of \$300,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

Motown Motion Pictures, LLC is a qualified high-technology business, whose primary business activity is Film and Video, as defined in the Act.

RECOMMENDATION:

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 12 years, for up to 3,600 net new employees over an established employment base of 0, subject to the following:

- Provided that the company creates a minimum of 3,000 jobs, over the employment base of 0, by the end of the tenth year of operations and continues to maintain that number in future years. Failure to do so will result in the remaining years to be forfeited.