

MEMORANDUM

DATE: April 14, 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 – Unity Studios, Inc.
High-Technology MEGA Credit

COMPANY NAME:

Unity Studios, Inc.
4720 W Magnolia Blvd.
Burbank, CA 91505

HISTORY OF COMPANY:

Unity Studios, Inc. is a new venture and will be a self sustained community of television, film and new media production facilities, complete full-service pre and post production equipment, shops and a media trade school. The studio will address all aspects of media creation.

Unity Studios currently has 0 employees in Michigan.

PROJECT DESCRIPTION:

The Unity Studios project includes the creation of a new film, television and media production studio in Allen Park, Wayne County. The studio will provide production services including stage rentals, grip, electric equipment, production vehicles, editorial equipment, camera equipment, post sound facilities, music record facilities, animation design facilities and a media school. In addition, Unity Studios will produce and facilitate the distribution of its own product. At full operation, the studio, adjoining businesses and subsequent film and television productions will employ up to 3,000 new employees.

This project will result in the creation of 83 direct new jobs with an average weekly wage of \$1,069. Total investment over five years will be approximately \$146 million. 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 121 jobs in the state by the year 2021. Total state government revenues through the year 2021, net of MEGA costs, would be increased by \$11.6 million (current dollars) due to the presence of this expansion.

BUSINESS CASE:

This project could not be considered without the approval of the MEGA tax credit, Michigan film production infrastructure credit and support from the City of Allen Park. Unity Studios will need to put vendors and all aspects of film production support into place before multiple steady productions can commit to long term tenures. In addition, a work force trained specifically for the film industry will also need to be created. Unity's media school's 1st year budget is approximately \$2 million. This amount would be significantly lower if the project were located in a state that already had established film infrastructure in place. Unity Studios is considering Shreveport, LA as an alternate location.

OTHER STATE AND LOCAL ASSISTANCE:

The City of Allen Park and Wayne County support the Unity Studios, Inc. project and anticipate approval of a Renaissance Zone.

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 \$83,000.

QUALIFYING HIGH-TECHNOLOGY ACTIVITY:

Unity Studios, Inc. 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 83 net new employees over an established employment base of 0, subject to the following:

Provided that the company creates a minimum of 83 jobs, over the employment base of 0, by the end of the seventh 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.