DATE: February 27, 2017

TO: Governor Rick Snyder

FROM: Jenell Leonard
Michigan Film Commissioner

SUBJECT: FY 2016 Michigan Film & Digital Media Office Annual Report

Pursuant to Michigan Business Tax Act (2007 of 36) Section 455 (MCL 208.1455) the Michigan Film & Digital Media Office (MFDMO) is required to submit an annual report summarizing activities and program spending for the previous fiscal year. Please find attached the annual report that fulfills this requirement.

Additionally, Section 1033 of Public Act 268 of 2016 requires the MFDMO to report on additional activities of the office. This information is included in this report as a courtesy to you and includes the MFDMO FY 2016 Strategic Plan Achievements in Review.

Please feel free to contact the MEDC Office of Legislative Affairs at 517.335.1847 with any questions.

Cc: Steve Arwood, President, Michigan Strategic Fund
    Senator Jack Brandenburg, Chair, Senate Finance Committee
    Representative Jim Tedder, Chair, House Tax Policy Committee
    Ellen Jefferies, Director, Senate Fiscal Agency
    Mary Ann Cleary, Director, House Fiscal Agency
Michigan Film Incentives

As of December 21, 2011, the Film and Digital Media Production Assistance Program transitioned from a tax credit program, co-administered by the Michigan Film Office and the Department of Treasury, to a cash-rebate incentive program solely administered by the Michigan Film Office. As of July 10, 2015, the cash rebate program was eliminated in accordance with MCL 125.2029h and the Michigan Film Office no longer has the ability to approve new incentive applications. However, projects approved prior to the elimination of the program may be issued Certificate of Completion Requests to claim their cash-rebate incentives. The Film Office online dashboard can be found at http://www.michiganbusiness.org/mifilmanddigital/film/ (see "Former Incentive Program/Dashboard") and is updated quarterly with data from approved Certificate of Completion Requests.

Note:
Throughout the term of the cash-rebate program, Paramount Pictures had multiple preapproved applications and agreements with the Film Office, representing a total of $41,965,635 in eligible incentives. Per the production company’s request, the Michigan Film Office amended existing agreements to allow the production company to reallocate half of the dedicated funds, $20,982,817, to “Transformers 5”. Per the amended agreement, the remaining $20,982,817 is to be returned to the state general fund. This restructuring meets all criteria for a qualified production in terms of expenditures and personnel hired in Michigan.

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Effective date</th>
<th>End date</th>
<th>Total Michigan Spend**</th>
<th>Award Amount</th>
<th>Description</th>
<th>Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformers 5 - Part 1 (fka Beverly Hills Cop IV, 2014-07)</td>
<td>12/20/2013</td>
<td>12/20/2016</td>
<td>TBD</td>
<td>$13,500,000</td>
<td>Feature Film</td>
<td>Wayne, Oakland and Washtenaw counties</td>
</tr>
</tbody>
</table>

Total: $50,836,082 $20,981,818

*The amended agreement reallocated incentives not to exceed $20,982,817

*The amendment to this project agreement, which was fully executed before the elimination of the incentive program, occurred on 2/12/2016. The amended agreement states that the production company (Paramount Pictures) expected to incur eligible expenditures in Michigan between March 1, 2016 and December 31, 2016.

**Application estimated a total of $50,836,082 to be spent in Michigan. Totals will not be confirmed until Certificate of Completion Requests have been processed and spending verified.
As of December 21, 2011, the Film and Digital Media Production Assistance Program has been operating within the scope of Section 29 of the MSF Act and no longer has the ability to approve new film tax credit applications under Section 455 of the Michigan Business Tax (MBT) Act. However, previously approved projects may be issued a post-production tax credit certificate after the project is complete. There were no post production tax credit certificates issued in FY 2016. As of December 31, 2016, a total of $288,782,670.19 in film tax credits have been paid out by the state, with $30,964,606.59 in potential film tax credits that remain eligible to be claimed under the tax credit program.

Michigan Film Incentives - Cash Rebate Program

In FY 2016, eight projects were issued an approved Certificate of Completion Request (COCR) under the new film incentive program. These are listed in the table below. Under Section 29 of the MSF Act, projects approved in 2012 and thereafter are reported in an online dashboard found at http://www.michiganbusiness.org/mifilmanddigital/film/ (see "Former Incentive Program/Dashboard"). The dashboard is updated with actual data on a quarterly basis as COCRs are approved. These incentives are cash assistance under appropriated funding. In FY 2016, the total administrative expenses were $894,587.67.

<table>
<thead>
<tr>
<th>Project</th>
<th>Production Company</th>
<th>Type of Project</th>
<th>Total Michigan Spend by Production Company</th>
<th>Amount of Financial Assistance (Incentive Paid)</th>
<th>Duration of Financial Assistance</th>
<th>Persons Employed in State as FTE</th>
<th>Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only Lovers Left Alive</td>
<td>Bad Blood Films Inc.</td>
<td>Motion Picture</td>
<td>$2,286,988</td>
<td>$129,994</td>
<td>3 years</td>
<td>4</td>
<td>Detroit, Hamtramck</td>
</tr>
<tr>
<td>1-to-1 Fan</td>
<td>Pixofactor, LLC</td>
<td>Interactive Game</td>
<td>$209,032</td>
<td>$61,001</td>
<td>3 years</td>
<td>3</td>
<td>Southfield</td>
</tr>
<tr>
<td>Sage &amp; Milo (aka Superman v Batman: Dawn of Justice)</td>
<td>Crown City Pictures</td>
<td>Motion Picture</td>
<td>$189,013,936</td>
<td>$35,000,000</td>
<td>3 years</td>
<td>518</td>
<td>Detroit, Pontiac, Metamora, River Rouge, Oxford, Lake Orion, Shelby</td>
</tr>
<tr>
<td>ISRA 88</td>
<td>ISRA 88, LLC</td>
<td>Motion Picture</td>
<td>$577,551</td>
<td>$110,357</td>
<td>3 years</td>
<td>4</td>
<td>Romeo, Oakland Township</td>
</tr>
<tr>
<td>Sage &amp; Milo Post Production (aka Superman v Batman: Dawn of Justice Post Production)</td>
<td>Crown City Pictures</td>
<td>Post Production</td>
<td>$9,729,027</td>
<td>$1,961,035</td>
<td>3 years</td>
<td>13</td>
<td>Pontiac</td>
</tr>
<tr>
<td>The Funeral Guest</td>
<td>Funeral Guest Films LLC</td>
<td>Motion Picture</td>
<td>$364,046</td>
<td>$98,493</td>
<td>3 years</td>
<td>2</td>
<td>Lansing, Holt</td>
</tr>
<tr>
<td>Moontrap 2: Target Earth</td>
<td>MT2 Productions LLC</td>
<td>Motion Picture</td>
<td>$491,305</td>
<td>$130,512</td>
<td>3 years</td>
<td>2</td>
<td>Waterford, Oxford, Detroit, Sterling Heights, Huntington Woods, Clawson</td>
</tr>
<tr>
<td>A Craftsman’s Legacy</td>
<td>Hammer in Hand Productions LLC</td>
<td>Motion Picture</td>
<td>$454,919</td>
<td>$56,985</td>
<td>3 years</td>
<td>0</td>
<td>Charlotte, Big Rapids, Pontiac, Boyne Falls, Mancelona, Harbor Springs, Cheboygan</td>
</tr>
</tbody>
</table>

**Totals** $203,126,804  $37,548,377
For over 30 years, the Michigan Film & Digital Media Office (MFDMO) has positioned Michigan as a worldwide production destination for the film, digital media and creative industries. Often the first point of contact, the MFDMO provides the following services, creating a competitive business climate to attract domestic and international production activity from out of state and grow creative industries business of Michigan residents. These services are offered free of charge to any and all professional and student productions.

Launched a new website in September 2016. The MFDMO website is a one stop shop for all individuals working or seeking work in the creative industries. Also, the website provides detailed information for those with a general interest in the operation of the office and the services provided. A new feature of the website is the addition of a job portal for those seeking/hiring for jobs in the creative industries. The website also has resources for educators, students, filmmakers and game developers.

Searchable online directory which features 3,959 crew and vendors that provide support services for the film and digital industries.
Searchable online directory which houses over 6,110 locations/properties throughout the State of Michigan. Locations Directory is utilized as a source for film and television productions, commercials, still photography shoots and miscellaneous events.
Office provides customizable location packages and up to two days of complimentary location scouting services primarily leveraged by outside productions that are surveying states across the nation for best fit. The office refers productions to professional resident location managers/scouts.
Assist in-state and out-of-state clients on permitting issues at the municipal, county, state and federal levels of government.
MFDMO maintains a presence on Facebook and Twitter. Maintain 10,920 followers on Facebook and 3,400 followers on Twitter.

The report below includes the projects that requested assistance of the MFDMO, a listing of the services provided for each project and an estimate of investment leveraged.

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Project Name</th>
<th>Investment Leveraged (private investment)</th>
<th>Services Provided by MFDMO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feature Film (incented)</td>
<td>Batman v Superman: Dawn of Justice</td>
<td>$207,062,963</td>
<td>Private Investment leveraged through incentive program through two applications. Location and permitting assistance; cast &amp; crew postings; social media, website and newsletter promotion. Also promoted a film location tour mobile application the office had commissioned through Warner Bros. The mobile app had users engaging with film locations in the City of Detroit and also drove users to nearby points of interest throughout the city.</td>
</tr>
<tr>
<td>Feature Film (incented)</td>
<td>Transformers</td>
<td>Est. $50,836,082</td>
<td>Private Investment leveraged through incentive program. Location and permitting assistance; cast &amp; crew postings; social media, website and newsletter promotion.</td>
</tr>
<tr>
<td>Feature Film (incented)</td>
<td>God Bless the Broken Road (part 1)</td>
<td>Est. $2,742,716</td>
<td>Private Investment leveraged through incentive program. Location and permitting assistance; cast &amp; crew postings; social media, website and newsletter promotion.</td>
</tr>
<tr>
<td>Project Type</td>
<td>Project Name</td>
<td>Investment Leveraged (private investment)</td>
<td>Services Provided by MFDMO</td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------------------------------------</td>
<td>-------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Post-Production (incented)</td>
<td>God Bless the Broken Road (part 2)</td>
<td>Est. $4,968,522</td>
<td>Private Investment leveraged through incentive program. (see above)</td>
</tr>
<tr>
<td>TV series</td>
<td>Detroitors</td>
<td>Est. $10-12 million</td>
<td>No incentive provided for TV series; spearheaded and developed public-private partnership (now known as the Detroit Film Initiative) with City of Detroit and local vendors that resulted in the production locating in Michigan as opposed to New York; cross-jurisdictional location and permitting assistance; promoted on social media and newsletter; developed internship program with City of Detroit (Mayor’s office) to recruit interns for the production while providing talent development opportunities for youth.</td>
</tr>
<tr>
<td>Workshop</td>
<td>Talent in Advertising – MI Production Alliance</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Festival</td>
<td>Soo Film Festival</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Feature Film (incented)</td>
<td>Elder Island</td>
<td>Est $249,085</td>
<td>Private Investment leveraged through incentive program. Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Event</td>
<td>Moving 24 FPS: Dance and Film Weekend</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Workshop</td>
<td>The Filmmaker - Motion Picture Institute</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Video Game (incented)</td>
<td>Tuebor - Strength in Numbers</td>
<td>Est $760,283</td>
<td>Private Investment leveraged through incentive program. Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Feature Film</td>
<td>Stash</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Student Competition</td>
<td>Mosaic Film Experience</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>TV series</td>
<td>Big Brother Casting Call</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Documentary Film</td>
<td>Unzipped - Cast/Crew Call</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>TV series</td>
<td>Innovation Nation w/ Mo Rocca</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Web Series</td>
<td>Northbound - The Northstar Saga</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Conference</td>
<td>Meaningful Play - MSU Gaming Conference</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>TV series</td>
<td>House Hunters</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>TV series</td>
<td>Rehab Addict</td>
<td>$1,847,350</td>
<td>Private Investment leveraged through incentive program. Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>DocuSeries</td>
<td>LI.V.E. the Show - Crew Call</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Book</td>
<td>313ONELOVE - Book Launch</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Student Film</td>
<td>Compass Film Academy Capstone Auditions</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>DocuSeries (Incented)</td>
<td>Street Cred - Auditions</td>
<td>Est $226,750</td>
<td>Private Investment leveraged through incentive program. Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Event</td>
<td>Motor City Comic Con</td>
<td>unknown</td>
<td>Promoted on social media, website and newsletter</td>
</tr>
<tr>
<td>DocuSeries</td>
<td>Pleasant Peninsula’s - Adventure Series</td>
<td>unknown</td>
<td>Promoted on social media, website and newsletter</td>
</tr>
<tr>
<td>Feature Film</td>
<td>Ruth - Props Request</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Project Type</td>
<td>Project Name</td>
<td>Investment Leveraged (private investment)</td>
<td>Services Provided by MFDMO</td>
</tr>
<tr>
<td>--------------</td>
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<td>-------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>DocuSeries</td>
<td>Mother &amp; Midwife Productions</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Student Film</td>
<td>Married on a Monday - Casting Call</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Film Competition</td>
<td>Rock Hard Film Fast - Call for Entries</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Festival</td>
<td>Michigan Student Film Festival</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Event</td>
<td>Detroit ACM SIGGRAPH - Various Events</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Feature Film</td>
<td>Who Will Move the Stone</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Event</td>
<td>Modern TV's Film &amp; TV Industry Mixer</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Festival</td>
<td>Hamtramck Music Festival</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Festival</td>
<td>Kalamazoo Teen Filmmaker Festival</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Event</td>
<td>Central Michigan International Film Festival</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Workshop</td>
<td>Stratton Camera Workshop</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Education Institution</td>
<td>Interlochen Academy Auditions</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Event</td>
<td>Start Garden's 5x5 Nights</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Documentary Film</td>
<td>The Michigan Ice Film</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Event</td>
<td>Intro to Coding - Girl Develop It/Grand Circus</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>TV series (incented)</td>
<td>Togetherness</td>
<td>Est $276,667</td>
<td>Private Investment leveraged through incentive program. Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Mobile App (incented)</td>
<td>Santa Spycam - BelieveIN, LLC</td>
<td>$289,773</td>
<td>Private Investment leveraged through incentive program. Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Festival</td>
<td>Thunder Bay International Film Festival</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Event</td>
<td>Creative Connect &quot;How's Your Pitch?&quot;</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Documentary Film</td>
<td>Exported From Michigan</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Feature Film</td>
<td>Home Again</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Festival</td>
<td>Riverside Saginaw Film Festival</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Festival</td>
<td>East Lansing Film Festival</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>TV series</td>
<td>America's Got Talent - Detroit Auditions</td>
<td>unknown</td>
<td>Promoted socially</td>
</tr>
<tr>
<td>Feature Film</td>
<td>Superior</td>
<td>unknown</td>
<td>Promote on social media, website and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $500)</td>
<td>Made in Michigan Festival</td>
<td>$7,225</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $1,000)</td>
<td>Saugatuck Shorts Film Festival</td>
<td>$5,000</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $5,000)</td>
<td>Ann Arbor Film Festival</td>
<td>$385,783</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $5,000)</td>
<td>Capital City Film Festival</td>
<td>$100,000</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $2,500)</td>
<td>Trinity International Festival</td>
<td>$5,000</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $5,000)</td>
<td>Courageous Persuaders Award Ceremony</td>
<td>$123,800</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $7,500)</td>
<td>Cinetopia Film Festival</td>
<td>$377,000</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $45,000)</td>
<td>Artprize</td>
<td>$3,595,000</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $15,000)</td>
<td>Digital Summit Detroit</td>
<td>$1,000,000</td>
<td>Promote on social media and newsletter</td>
</tr>
<tr>
<td>Event (MFDMO sponsorship of $3,000)</td>
<td>Hell's Half Mile Film Festival</td>
<td>$48,592</td>
<td>Promote on social media and newsletter</td>
</tr>
</tbody>
</table>
In addition to general services provided by the MFDMO, the office also manages multiple short-term and continuous special projects, driven by a comprehensive strategic plan released by the MFDMO in May 2015. The plan included immediate and long-term goals and recommendations to bridge gaps among the creative industries, promote the Pure Michigan business and tourism campaign, improve transparency to the public and legislature and ultimately ensure that taxpayer dollars are being used wisely. The recommendations and special projects are categorized in terms of Talent Development, Digital Media, Education, Promotion, Transparency and Customer Service.

While the landscape of the MFDMO has changed drastically since the release of this plan with the end of the film incentive program, the MFDMO has been working diligently to implement as many recommendations as possible in FY 2016. The MFDMO is pleased to report that over 68 percent (26 of 38) of the recommendations have been completed, since May 2015, and many will have continued implementation marks in the months and years to come. Please find a listing of the completed recommendations at this link: http://puremi.ch/2loOHZL.

*Estimates in private investment are based off of incentive applications. Totals are not be confirmed until Certificate of Completion Requests have been processed and spending verified.*