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PONTIAC TIFA SERVICE FEE AGREEMENT

(PONTIAC RENAISSANCE ZONE PROJECT)

by and between

CITY OF PONTIAC
a Michigan municipal corporation

and

MICHIGAN MOTION PICTURE STUDIOS, LLC
(f/k/a Motown Motion Pictures, LLC)

a Michigan limited liability company

PONTIAC TIFA SERVICE FEE AGREEMENT

(Pontiac Renaissance Zone Project)

THIS AGREEMENT is executed between the CITY OF PONTIAC, a Michigan municipal corporation (the "City") and MICHIGAN MOTION PICTURE STUDIOS, LLC (f/k/a Motown Motion Pictures, LLC), a Michigan limited liability company, together with its successors and assigns (the "Developer").

RECITALS

- A. The Developer has acquired certain improved real property located in the City (the "Property"), commonly known as 1999 Centerpoint Parkway, Pontiac, Michigan and legally described in Exhibit A to this Agreement.
- B. The City and the Developer have entered into that certain Development Agreement, dated May 4, 2009 (the "Development Agreement") setting forth certain obligations of each with respect to the redevelopment of the Property.
- C. Pursuant to Section 8a(2) of the Michigan Renaissance Zone Act, Act 376, Public Acts of Michigan, 1996, as amended (MCL 125.2681 et seq.) (the "Renaissance Zone Act"), the Board of the Michigan Strategic Fund ("MSF Board") has designated the Property by the MSF Board as a renaissance zone pursuant to the Renaissance Zone Act (the "Zone"); and the Michigan Strategic Fund and the Developer have entered into that certain Renaissance Zone Development Agreement setting forth obligations of the Developer in connection with the Zone (the "MSF Renaissance Zone Development Agreement").
- D. The Developer and the City wish to set forth the terms and conditions governing the payment of the Pontiac TIFA Service Fee (defined below) pursuant to the terms and conditions of the Development Agreement.

NOW THEREFORE, in consideration of covenants and mutual premises contained in this Agreement and in the Development Agreement, the Developer and City agree as follows:

TERMS AND CONDITIONS

ARTICLE 1

DEFINITIONS

The following words and phrases wherever they appear in this Agreement shall be defined as follows:

- 1.1 "City" shall have the meaning set forth in the Recitals above.
- 1.2 "Developer" shall have the meaning set forth in the Recitals above.

- 1.3 "Development Agreement" shall have the meaning set forth in the Recitals above.
- 1.4 "Emergency Financial Manager" or "EFM" shall mean any individual named in accordance with the requirements of MCL § 141.1218 to have the powers to manage and control the finances of the City permitted under Act 72, Public Acts of Michigan, 1990, as amended. The EFM is currently Fred. P. Leeb.
- 1.5 "Facility" shall mean the motion picture studio with film production services, sound stages, education and training facility, animation studio and post-production facilities and other uses constructed at the Property by the Developer as contemplated by the Development Agreement.
- 1.6 "MSF Board" shall have the meaning set forth in the Recitals above.
- 1.7 "MSF Renaissance Zone Development Agreement" shall have the meaning set forth in the Recitals above.
- 1.8 "Pontiac TIFA" shall mean the City of Pontiac Tax Increment Finance Authority.
- 1.9 "Pontiac TIFA Obligations" shall mean the obligations of the Pontiac TIFA as of May 4, 2009 to make payments under those tax-exempt bonds issued by the Pontiac TIFA and other obligations secured in whole or in part by the Tax Increment Revenues from Pontiac TIFA Development Area No. 2, the TIFA development area in which the Property is located, as such tax-exempt bonds and other obligations may be refinanced from time to time.
- 1.10 "Pontiac TIFA Service Fee" has the meaning set forth in Section 2.1 of this Agreement.
- 1.11 "Property" shall have the meaning set forth in the Recitals above.
- 1.12 "Project" shall mean a project generally consisting of the redevelopment of the approximately 400,000 square foot vacant building currently located on the Property and the planned development and construction of an additional approximately 180,000 square feet of space at the Property and the installation of equipment, together intended for use as the Facility.
- 1.13 "Renaissance Zone Act" shall have the meaning set forth in the Recitals.
- 1.14 "Specific Local Taxes" shall have the meaning set forth in the TIFA Act.
- 1.15 "Tax Increment Revenues" shall mean the amount of ad valorem property taxes and Specific Local Taxes paid in lieu of property taxes attributable to levies upon the captured assessed value of real and personal property in the Pontiac TIFA District No. 2, the TIFA district in which the Property is located, and consistent with the TIFA Act.
- 1.16 "TIFA Act" shall mean Act 450, Public Acts of Michigan, 1980 (MCL 125.1801 et seq.), as amended.
- 1.17 "Term" shall have the meaning set forth in Section 3.2 of this Agreement.

1.18 "Zone" shall have the meaning set forth in the Recitals above.

ARTICLE 2

PONTIAC TIFA SERVICE FEE

2.1 Amount. During the Term (and provided the Pontiac TIFA Obligations would be required to be paid from Tax Increment Revenues captured from the Property if the Zone was not in effect) the Developer shall pay to the City an annual amount of Thirty Eight Thousand Dollars (\$38,000.00) (the "Pontiac TIFA Service Fee") without credit or setoff except as set forth in Section 2.3 of this Agreement.

2.2 Payments. The Pontiac TIFA Service Fee will be due in two installments of Nineteen Thousand and 00/00 Dollars (\$19,000.00) each, on February 15 and August 15 of each calendar year (or partial year) during the Term. Installments of the Pontiac TIFA Service Fee shall be payable without demand, commencing on February 15, 2010 and continuing through August 15, 2024 unless the Zone is terminated earlier. In the event that the Developer fails to make payment of any installment of the Pontiac TIFA Service Fee when due and if such default is not cured within five (5) business days after written notice to the Developer, the City may immediately file a lien on the Property to secure the amount in default, together with interest thereon at the statutory rate for past due real property taxes from the applicable due date. Any such lien shall be filed with the Register of Deeds Office for Oakland County, Michigan and shall be subordinate (and shall so expressly provide it is subordinate) to all present and future land contracts, mortgages, deeds of trust and other real property liens incurred in order to finance the acquisition of the Property or to finance the improvements and personal property constructed or installed thereon by the Developer and others, but excluding future construction and mechanics liens unless the same retain priority as a matter of law. Any such lien may only be foreclosed in accordance with the provisions of Section 4.3 hereof. Notwithstanding the foregoing, upon payment of the amount of the Pontiac TIFA Service Fee due the City pursuant to this Section 2.2 (together with any costs or fees under Section 4.3 below), or if no such amount is owed pursuant to Section 2.3, the lien and any other related documents recorded against the Property shall be discharged of record by the City.

2.3 Setoff. During the final three (3) years of the Zone, the Developer may set off from the amount of the Pontiac TIFA Service Fee the amount of any real property and personal property taxes (including Specific Local Taxes) that are included in the Tax Increment Revenues under the TIFA Act, but only to the extent actually paid by or on behalf of the Developer, or otherwise paid with respect to the Property and the Project, during any time period under the Renaissance Zone Act when the credits, deductions and exemptions provided by the Zone are phased out. In addition, if at any time (i) any real property or personal property taxes (including Specific Local Taxes) that are included in Tax Increment Revenues under the TIFA Act are paid with respect to the Property and the Project during the Term or (ii) any payments are made to the City or the Pontiac TIFA pursuant to the MSF Renaissance Zone Development Agreement as a result of the revocation of the Zone or otherwise required under the MSF Renaissance Zone Development Agreement after an event of default by Developer thereunder that are included in Tax Increment Revenues for any years during the Term, then that portion of such payments equal to those millages used to fund the Pontiac TIFA Obligations shall be setoff or credited against

the Pontiac TIFA Service Fee. Any such setoff or credit (partial or total, as applicable) shall be allocated prorata between the installments of the Pontiac TIFA Service Fee. If an installment of the Pontiac TIFA Service Fee has been made before such setoff or credit was available, the City shall pay to the Developer the amount of such offset or credit within thirty (30) days after Developer's written request therefor and receipt by the City of evidence of such setoff or credit, which payment obligation shall survive the termination of this Agreement.

2.4 Zone Termination. If the Zone is terminated the Developer's obligation to pay the Pontiac TIFA Service Fee shall terminate; provided that the obligation of the Developer to pay any accrued amounts under this Agreement and the obligation of the City to pay the Developer any offset or credit under this Agreement shall each survive the termination of the Zone and this Agreement.

2.5 Pontiac TIFA Payment. The City agrees that, during the Term, the City will remit the full amount of the Pontiac TIFA Service Fee to the Pontiac TIFA for the purpose of making a portion of the required payments due under the Pontiac TIFA Obligations as required by the TIFA Act.

2.6 Indemnification of Developer. Other than the Developer's obligation to pay the Pontiac TIFA Service Fee directly to the City, the City agrees that the Developer shall have no direct obligations to the Pontiac TIFA, and the City to the extent legally permissible will hold the Developer harmless from and against any claims made by the Pontiac TIFA against the Developer, the Property or the Project, resulting from the failure of the City to remit the full amount of the Pontiac TIFA Service Fee to the Pontiac TIFA for any reason other than the Developer's failure to pay the Pontiac TIFA Service Fee to the City.

ARTICLE 3

TERM

3.1 Effective Date. This Agreement shall become effective as of January 1, 2010.

3.2 Termination. The term of this Agreement ("Term") shall be coterminous with the term of the Zone. This Agreement shall automatically terminate upon the expiration or earlier termination of the Zone, the termination of the Development Agreement or as otherwise expressly provided in this Agreement and the obligations of the parties under this Agreement shall expire and have no further force or effect, except for those obligations that expressly survive a termination of this Agreement. Each party shall retain its remedies under this Agreement for any breach of such surviving the obligations.

ARTICLE 4

DEFAULTS AND REMEDIES

4.1 Default by Developer. In the event that the Developer fails to cure (i) any monetary or payment default by it under this Agreement within sixty (60) days after receipt of written notice of same, or (ii) any non-monetary default by Developer within ninety (90) days

following written demand (specifying the nature of the default) from City, such failure shall entitle the City to exercise those remedies provided in Sections 4.2 and 4.3 below. If the nature of the non-monetary default is such that Developer needs more time to cure, the Developer may provide City a written request to extend the period to cure for so long as may be reasonably required to cure such default and such request shall not be unreasonably denied.

4.2 Remedies for a Default by Developer. The City's remedies are limited to those set forth in this Section 4.2 and Section 4.3 below and such remedies may only be exercised with respect to any default by Developer not cured as and when required under Section 4.1 of this Agreement (and may not be exercised if the default has been cured after the time period provided for in Section 4.1, but before the City has exercised a remedy). The City may maintain an action to recover any Pontiac TIFA Service Fee following an uncured default by Developer (and while the default is continuing) (including, if the prevailing party in any litigation, reasonable fees and expenses of counsel, consultants and expert witnesses incurred in connection therewith) resulting from such uncured default. Notwithstanding the foregoing, in no event will the Developer be liable for any punitive, speculative or consequential damages alleged by the City. The City may also seek injunctive relief.

4.3 Lien Remedy. The Developer acknowledges and agrees for itself, its successors and assigns, that any lien filed by the City pursuant to Section 2.2 above shall constitute a consensual agreement to encumber real property perfected pursuant to MCL §565.25(3)(c). If the default giving rise to such a lien is not cured as and when required under Section 4.1 of this Agreement, the City may, if such uncured default is then still not cured, enforce collection by foreclosure of any such lien securing payment by the means set forth in the Michigan Foreclosure by Advertisement statute, being MCL §600.3201, et seq., as amended, by judicial foreclosure or by other legal or equitable proceedings as permitted by law. Notwithstanding the foregoing, upon payment of the amount due the City pursuant to Section 2.2 of this Agreement, the enforcement proceedings shall terminate and the lien and any other related documents recorded against the Property shall be discharged by the City upon reimbursement to the City of its reasonable costs of pursuing any enforcement action, including without limitation its filing fees and reasonable attorneys' fees.

4.4 Default by City. In the event that the City fails to cure (i) any monetary or payment default by it under this Agreement within sixty (60) days after receipt of written notice of same, or (ii) a non-monetary default by City within ninety (90) days following written demand (specifying the nature of the default) from Developer, such failure shall entitle Developer to exercise those remedies provided in Section 4.5 below. If the nature of the non-monetary default is such that City may need more time to cure, the City may provide Developer a written request to extend the period to cure for so long as may be reasonably required to cure such default and such request shall not be unreasonably denied.

4.5 Remedies for a Default by City. The Developer's remedies are limited to those set forth in this Section 4.5 and such remedies may only be exercised with respect to any default by City not cured as and when required under Section 4.4 of this Agreement. The Developer may maintain an action to recover any losses, damages, costs and expenses (including, if the prevailing party in any litigation, reasonable fees and expenses of counsel, consultants and expert witnesses incurred in connection therewith) resulting from such uncured default.

Notwithstanding the foregoing, in no event will the City be liable for any punitive, speculative or consequential damages alleged by the Developer. The Developer may also seek injunctive relief.

ARTICLE 5

MISCELLANEOUS

5.1 Binding Nature. This Agreement shall benefit and be binding against the Developer and the City, and their respective successors and assigns. This Agreement and the obligations of the Developer herein shall be obligations running with the Property and this Agreement or a memorandum regarding this Agreement shall be recorded in the Clerk/Register of Deeds Office for Oakland County, Michigan.

5.2 City Consent. Where the consent of the City is required or requested under this Agreement, such consent may be provided by the Emergency Financial Manager so long as the EFM remains in office; and when the EFM is no longer in office, then such consent may be provided by the Mayor of the City unless the approval of the City Council is expressly required by City Ordinance or the City Charter.

5.3 Notices. All notices, certificates or communications required by this Agreement to be given shall be in writing and shall be sufficiently given and shall be deemed delivered when personally served or when mailed by express courier (using overnight delivery with a receipt) or registered or certified mail, postage prepaid, return receipt requested, addressed to the respective parties at the addresses listed below:

If to the City, to:

City of Pontiac
47450 Woodward Ave.
Pontiac, Michigan 48342
Attention: Mayor or BFM
Fax No. (248) 758-3166

With copies to:

City of Pontiac
47450 Woodward Ave.
Pontiac, Michigan 48342
Attention: City Attorney
Fax No. (248) 758-3195

City of Pontiac Tax Increment Finance Authority
47450 Woodward Ave.
Pontiac, Michigan 48342
Attention: Executive Director
Fax No. (248) 857-5713

Miller, Canfield, Paddock and Stone, PLC
101 North Main Street, 7th Floor
Ann Arbor, Michigan 48104
Attention: James W. Govert, Esq.
Fax No. (734) 747-7147

If to the Developer to:

Michigan Motion Picture Studios, LLC
2100 E. Maple Road, Suite 200
Birmingham, Michigan 48009
Attention: Linden D. Nelson
Fax No. (248) 816-5600

With a copy to:

Honigman Miller Schwarz and Cohn, LLP
38500 Woodward Avenue, Suite 100
Bloomfield Hills, Michigan 48304
Attention: Richard J. Burstein, Esq.
Fax No. (248) 566-8431

5.4 Amendment. No amendment or modification to or of this Agreement shall be binding upon any party hereto until such amendment or modification is reduced to writing and executed by the parties hereto after the consent of the City as required by any Michigan statute, City Charter or City Ordinance to such amendment or modification has been obtained.

5.5 Severability. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect the validity of any of the remaining clauses, provisions or sections of this Agreement.

5.6 Time of the Essence. Time shall be of the essence of this Agreement.

5.7 Captions. The captions and headings in this Agreement are for convenience only and in no way limit, define or describe the scope or intent of any provision of this Agreement.

5.8 Entire Agreement. This Agreement, together with the Development Agreement and that certain City Service Fee Agreement being executed on or about the date this Agreement is executed, contain all agreements between the parties regarding the Project. There are no other representations, warranties, promises, agreements or understandings, oral, written or implied,

among the parties, except to the extent reference is made thereto in this Agreement, the Development Agreement and said City Service Fee Agreement.

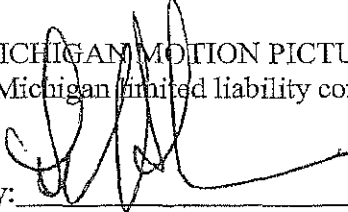
5.9 Applicable Law. This Agreement shall be governed in all respects, whether as to validity, construction, performance and otherwise, by the laws of the State of Michigan and all applicable federal laws of the United States.

[signatures on the following pages]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the dates set forth below.

DEVELOPER

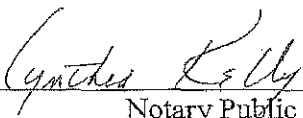
MICHIGAN MOTION PICTURE STUDIOS, LLC,
a Michigan limited liability company

By: 

Linden D. Nelson
CEO

STATE OF MICHIGAN)
)SS
COUNTY OF Oakland)

I hereby certify that on this 22 day of October, 2009, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Linden D. Nelson, the CEO of Michigan Motion Picture Studios, LLC, a Michigan limited liability company, and he/she being authorized so to do, executed the foregoing for the purposes therein contained on behalf of Michigan Motion Picture Studios, LLC as a duly authorized officer.



Notary Public

County, _____
Acting in _____ County
My Commission Expires: _____

CYNTHIA G. KELLY
NOTARY PUBLIC, STATE OF MI
COUNTY OF OAKLAND
MY COMMISSION EXPIRES Jun 13, 2013
SIGNED IN COUNTY OF

[signatures continue on the following page]

CITY

CITY OF PONTIAC
a Michigan municipal corporation

Fred P. Leeb
Emergency Financial Manager

Hon. Clarence E. Phillips
Mayor

STATE OF MICHIGAN)
)SS
COUNTY OF OAKLAND)

I hereby certify that on this 23rd day of October, 2009, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Fred P. Leeb, the Emergency Financial Manager of the City of Pontiac, a Michigan municipal corporation, and he being authorized so to do, executed the foregoing for the purposes therein contained on behalf of the City of Pontiac as Emergency Financial Manager

Stephanie A. Sumner
Notary Public
Oakland County, Michigan
Acting in Oakland County,
My Commission Expires: 9/29/2015

[acknowledgments continue on the following page]

STATE OF MICHIGAN)
)SS
COUNTY OF OAKLAND)

I hereby certify that on this 23rd day of October, 2009, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Clarence E. Phillips, the Mayor of the City of Pontiac, a Michigan municipal corporation, and he being authorized so to do, executed the foregoing for the purposes therein contained on behalf of the City of Pontiac as Mayor.

Stephanie A. Sumner
Notary Public
Oakland County, Michigan
Acting in Oakland County
My Commission Expires: 9/29/2015

Exhibit A

Legal Description of the Property

LEGAL DESCRIPTION

(Per Title Source Inc., Title Insurance and Settlement Services, Title No. 11-03100244 Rev. 2, Effective Jan. 20, 2009)

Land situated in the City of Pontiac, in the County of Oakland, State of Michigan is described as follows:

PARCEL B:

Part of Section 3, Town 2 North, Range 10 East, City of Pontiac, Oakland County, Michigan, also being part of Lots 5, 6 and 7 and part of Beltline Railroad excepted, as platted a part of ASSESSOR'S PLAT No. 110, as recorded in the Liber 52, Page 25 of Plats, Oakland County Records, being more particularly described as follows: Beginning at a point distant $S89^{\circ}45'13''E$ along the North line of Section 3, 71.08 feet and $S02^{\circ}36'47''W$ along the extension of the Easterly line of Centerpoint Parkway (120 feet wide), 67.78 feet from the North 1/4 corner of said Section 3, Township 2 North, Range 10 East, said Point of Beginning being on the South line of South Boulevard (120 feet wide) and Easterly line of said Centerpoint Parkway; thence Due East along Southerly line of said South Boulevard, 1227.83 feet; thence Due South, 165.48 feet; thence $S44^{\circ}00'04''E$, 20.48 feet; thence Due East, 453.05 feet; thence $N74^{\circ}25'44''E$, 16.09 feet to a point on the West line of North Connector Road (36 feet wide); thence Due South along the West line of said North Connector Road, 335.65 feet to a point on the North line of Campus Drive (width varies); thence the following five (5) courses along the Northerly line of said Campus Drive: (1) $N89^{\circ}22'30''W$, 356.31 feet; and (2) 394.03 feet along a curve to the left (radius 443.00 feet, central angle $45^{\circ}02'49''$, chord bearing and distance $S87^{\circ}38'08''W$, 346.52 feet); and (3) $S44^{\circ}34'41''W$, 56.89 feet; and (4) 296.63 feet along a curve to the right (radius 350.00 feet, central angle $48^{\circ}33'32''$, chord bearing and distance $S69^{\circ}52'08''W$, 287.63 feet); and (5) $N87^{\circ}23'13''W$, 250.00 feet to a point on the Easterly line of Centerpoint Parkway (120 feet wide); thence Northerly along Easterly line of said Centerpoint Parkway $N02^{\circ}36'47''E$, 783.39 feet to the Point of Beginning. Containing 22.057 acres of land, more or less.

Commonly known as: 1999 Centerpoint Pkwy, Pontiac, MI 48341

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