

## Agenda Item Details

Meeting	Jun 25, 2021 - Bryan City Council Special Meeting
Category	4. Regular Agenda - This agenda consists of items requiring individual consideration by Council.
Subject	B. Consideration of a Management Agreement between the City of Bryan and EPMC, L.L.C., for family entertainment operations at the Queen Theater, located at 110 S. Main Street, and the Palace Theater, located at 105 S. Main Street, Bryan, Brazos County, Texas
Type	Action
Preferred Date	Jun 25, 2021
Absolute Date	Jun 25, 2021
Fiscal Impact	Yes
Dollar Amount	300,000.00
Budgeted	No
Budget Source	Seed funding from the City of Bryan General Fund, and future revenues from operation of the Queen and Palace Theaters
Goals	Economic Development Quality of Life

### Summary:

The Queen Theater and the Palace Theater are two iconic and historic venues owned and maintained by the City of Bryan, located on Main Street in the heart of a now thriving Historic Downtown Bryan. The City has owned the Palace Theater since 1987, and operated it as an open-air performance venue and event space since the mid-1990's. Renovated in 2018 through efforts of the Downtown Bryan Association (DBA) and many community volunteers, the Queen Theater was conveyed to the City in December 2020. Theater operations within the Queen remained closed during the pandemic as staff explored options to reopen the iconic and historic venue to the public, ensuring its continued care and maintenance, and promoting its appeal as an important Bryan tourist attraction.

At this special meeting, the City Council can consider a Management Agreement with EPMC, LLC, a company owned by the Schulman family, to operate both the Queen and Palace Theaters. Under the Agreement, the City of Bryan retains ownership of the properties, and EPMC will operate the facilities with the goal of ensuring activity in both venues multiple days per week.

The Schulman family's history with both the Queen and Palace Theaters dates back almost one hundred years. In 1926, Abraham and Morris Schulman moved to Bryan, bought and operated the Dixie Theater on Main Street, and two years later, opened the Palace Theater. In 1939, the Queen Theatre was rebuilt and reopened by Edna Schulman. The Queen operated as a movie theater until the mid-1970s. The Schulman family donated the Queen Theatre to a Downtown Bryan revitalization group in 1991, and eventually the DBA purchased the theater in 2010. The Palace Theater originally served as an opera house and as Bryan City Hall, with the first motion picture being shown in 1911. In 1926, Morris Schulman was awarded the lease to the building and purchased it in 1928. The Palace served as one of the most popular entertainment venues in Bryan for the next 50 years.

The proposed Management Agreement allows EPMC to make modifications to the interior of the venues to provide high-quality premium entertainment experiences capable of showing first run movies. Once open under EPMC management, the Queen will be able to show movies, host live performances, and be rented out. The Palace will be modified to provide greater flexibility as a rental facility, while also hosting public events, concerts, and movies. Food and beverage service will be available at both venues.

Below is a summary of terms in the Management Agreement:

- 6 year term with ability to extend for another 5 year term
- EPMC agrees to provide management services, including film contract and rentals, handle all concession and restaurant operations, box office operations, projection booth operations, facility equipment selection, facility maintenance, marketing and advertising, accounting, IT management, general management, and administration associated with employees
- City and EPMC will each fund \$35,000, for a total of \$70,000, into the initial Operating Fund
- Minimum Operating Fund balance of at least \$25,000 must be maintained
- EPMC will work to open both theaters within 120 days of agreement and cannot be closed for more than 7 consecutive days, excluding weather days
- City will pay EPMC \$25,000 per month for the Management Fee, reimbursement for capital expenditures and carrying costs for the capital
- City will be reimbursed \$300,000 annually from the Operating Fund for the Management Fee and built-in reimbursement for capital
- If \$300,000 is not available in any given year, it will be paid at the end of term in one lump-sum
- EPMC will plan and deliver all up front capital improvements needed to run both theaters, including new screens, new projection booths, sound systems, prep kitchen and upgraded concessions at the Queen, remove seats and level seating at the Palace, and replace the canopy at the Palace
- City may terminate for lack of performance, breach, or negligence

EPMC's goal is to complete the improvements and reopen the Queen and Palace by this October.

**Staff Analysis and Recommendation:**

Staff recommends approval of the Management Agreement. The Schulman family has a century-long of history operating entertainment venues in the City of Bryan. They are passionate about coming back to their hometown and reengaging these historic venues

with events of all kinds for local residents, Texas A&M students, faculty, former students, and visitors from throughout the region. The Schulmans understand the movie and family entertainment industry, how it has evolved during the pandemic, and bring a wealth of expertise to guide strategic enhancements to the venues.

The City will retain ownership of the properties and enhancements upon completion of the agreement, with the goal of the operation covering costs at the end of the term. Enhanced patronage of these venues will provide economic development benefits with added sale taxes, local business patronage, and other tourism impacts.

**Options:**

1. Approve Management Agreement
2. Modify terms of Management Agreement, which may require consideration at a future City Council meeting
3. Deny Management Agreement and provide direction to staff

**Attachments:**

1. Management Agreement and attachments (on file for viewing in City Secretary's Office)