

ARPA State and Local Fiscal Recovery Funds GRANT AGREEMENT

This ARPA Grant Agreement (“Agreement”) is made this 7th day of September, 2022, between the City of Edina, a Minnesota municipal corporation ("CITY"), and JSG Company, LLC, a Minnesota limited liability company ("GRANTEE").

RECITALS

- A. CITY has been allocated \$4,932,493 of federal stimulus funding by the U.S. Department of the Treasury as Coronavirus State and Local Fiscal Recovery Funds under CFDA No. 21.027 (“ARPA Funds”) and Section 603(b) of the Social Security Act, as amended by Section 9901 of the American Rescue Plan Act (“ARPA”).
- B. CITY has duly established its American Rescue Plan Act State and Local Fiscal Recovery Funds Program (the “Program”) and is bound to follow all guidelines and rules approved by the City Council and published by the U.S. Department of the Treasury regarding ARPA funds (the “ARPA Implementation Plan – Round 1”).
- C. GRANTEE’s business which owns the Edina Theater property located at 3911 West 50th Street Edina, Minnesota (the “Property”), suffered economic injury due to the COVID-19 pandemic in excess of \$900,000.00. This negative economic impact was due to the extended closure of the Edina Theater and eventual lease termination by the previous tenant and operator after many months of unpaid rent, unpaid fees and charges due to the GRANTEE and unfinished maintenance obligations at the Property.
- D. After conducting an extensive search for new operators willing to enter into a lease in spite of the economic uncertainty related to the COVID-19 pandemic, GRANTEE has entered into a Lease dated February 11, 2022 with a new theater operator: Brainerd Entertainment LLC dba Mann Theatres (the “Operator”). The Operator also suffered economic injury due to the COVID-19 pandemic. Based on the lease terms, the Operator is primarily responsible for restoration of the Property while the Grantee is primarily responsible for the stabilization of the Property. These investments are estimated to be \$2.6 million.
- E. GRANTEE’s business was identified in a public engagement process and was recommended for funding by CITY staff, and CITY has approved a grant to the GRANTEE in the amount of \$149,000.00 (the “Grant”) to pay a portion of the costs of qualifying expenditures under the Grant Guidelines in Exhibit B (the “Qualifying Expenditures”), in connection with the stabilization, restoration and reoccupancy of the Property (the “Grant Activities”).
- F. The City has confirmed eligibility of the GRANTEE as shown in Exhibit A.
- G. The City has prepared Grant Program Guidelines as shown in Exhibit B.

H. The CITY and GRANTEE have negotiated the terms of the Grant, and now desire to memorialize such terms in this Agreement.

ACCORDINGLY, to induce CITY to make the Grant to GRANTEE, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Grant Amount. Subject to and upon the terms and conditions of this Agreement, the Program Guidelines, and the Grant Guidelines (together, the “Grant Documents”), CITY agrees to grant to GRANTEE the sum of one hundred forty nine thousand and no/100ths Dollars (\$149,000.00). Proceeds of the Grant shall be disbursed for the Grant Activities approved pursuant to the Grant Documents in accordance with Section 2 hereof.
2. Disbursement of Grant Proceeds.
 - (a) All Grant proceeds shall be paid to GRANTEE in accordance with the terms and conditions of the Grant Documents. Notwithstanding anything to the contrary herein, any costs of the Grant Activities exceeding the amount to be reimbursed under this Agreement shall be the sole responsibility of the GRANTEE.
 - (b) Grant proceeds shall be disbursed to the GRANTEE after the date of closing on the Grant and after invoices have been submitted to the City to confirm that the Qualifying Expenditures directly incurred by the GRANTEE or indirectly incurred through the Operator between March 17, 2020 and December 31, 2022, to achieve the Grant Activities are at least \$149,000.00. The CITY is aware that much of the Grant Activity will be managed, coordinated and pre-paid by the Operator.
 - (c) Disbursement of grant proceeds are subject to the conditions of this Agreement. The disbursement will be made subject to all requirements and conditions precedent that exist prior to or as of the date of disbursement:
 - a. The CITY has received from GRANTEE, without expense to CITY, an executed copy of this Agreement;
 - b. GRANTEE is in compliance with the terms of the Grant Documents.
3. Representations and Warranties. GRANTEE represents and warrants to CITY that:
 - (a) GRANTEE is duly authorized and empowered to execute, deliver, and perform this Agreement and to receive the Grant from CITY.

- (b) The execution and delivery of this Agreement, and the performance by GRANTEE of its obligations under the Grant Documents, do not and will not materially violate or conflict with any applicable provision of law and do not and will not materially violate or conflict with, or cause any default or event of default to occur under, any material agreement binding upon GRANTEE.
 - (c) The execution and delivery of this Agreement has been duly approved by all necessary action of GRANTEE, and this Agreement has in fact been duly executed and delivered by GRANTEE and constitutes its lawful and binding obligation, legally enforceable against it.
 - (d) GRANTEE warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of Grant proceeds and that any duly authorized representative of CITY shall, with reasonable advance notice, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of GRANTEE pertaining to the Grant until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of this Grant for a minimum of 5 years after all funds have been expended.
 - (e) GRANTEE warrants that to the best of its knowledge, it has fully complied with all applicable state and federal laws reasonably relevant to this Agreement and will continue to comply with all state and federal statutes throughout the terms of this Agreement. If at any time GRANTEE receives notice of noncompliance from any governmental entity, GRANTEE agrees to take any necessary action to comply with the state or federal law in question.
 - (f) GRANTEE warrants that it will use the proceeds of the Grant made by CITY solely for the Grant Activities, and that GRANTEE shall provide to CITY in writing, a report by January 20, 2023, with all required information outlined in the Grant Guidelines.
4. No Business Subsidy. The parties agree that the Grant is not a business subsidy as defined in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the “Business Subsidy Act”), because the assistance is less than \$150,000. Additionally, the assistance is being provided for the sole purpose of renovating old or decaying building and the Grant is equal to or less than 50 percent of the total cost of the expenses by GRANTEE (at least \$298,001.00) for the Grant Activities.
5. Event of Default by GRANTEE. The following shall be Events of Default under this Agreement:

- (a) Failure to initiate the Grant Activities by December 31, 2022;
 - (b) Failure to complete any part of the Grant Activities by January 20, 2023, unless this date is explicitly extended in writing by the CITY;
 - (c) any representation or warranty made by GRANTEE herein is false when made;
 - (d) any material breach or failure of GRANTEE to perform any material term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of thirty (30) days after CITY has given written notice to GRANTEE specifying such default or breach, unless CITY agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, CITY will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by GRANTEE within the applicable period and is being diligently pursued until the Event of Default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder).
6. CITY's Remedy upon GRANTEE's Default. Upon an Event of Default by GRANTEE and after provision by CITY of written notice, CITY shall have the right to suspend or terminate its performance under this Agreement. In addition, GRANTEE will be ineligible for future grants under the Program.
7. Indemnification.
- (a) GRANTEE shall and does hereby agree to indemnify against and to hold CITY, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against CITY by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.
 - (b) This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the payment by CITY of any portion of the Grant.
 - (c) Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which GRANTEE is entitled under law.

8. Government Data.

In accordance with Minnesota Statute Section 13.599, all information provided by the GRANTEE may become public. The name and address of GRANTEE and the amount awarded is public. All other data submitted by GRANTEE is private or nonpublic data until completion of the evaluation process, which is defined by statute as when the CITY has completed negotiating the grant agreement with the selected applicant.

After the CITY has completed the evaluation process, all remaining data submitted by the GRANTEE is public with the exception of trade secret data as defined and classified in Minn. Stat. § 13.37, Subd. 1(b). A statement by a GRANTEE that any portion of their submission is copyrighted or otherwise protected does not prevent public access to the application or its contents. (Minn. Stat. § 13.599, subd. 3(a)).

If a GRANTEE submits any information that it believes to be trade secret information, as defined by Minnesota Statute Section 13.37, the applicant must:

- Clearly mark all trade secret materials at the time it is submitted,
- Include a statement attached to its submission justifying the trade secret designation for each item, and
- Defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless CITY, its agents and employees, from any judgments or damages awarded against the CITY in favor of the party requesting the materials, and any and all costs connected with that defense.
- This indemnification survives CITY's award of a grant agreement. The applicant agrees that this indemnification survives as long as the trade secret materials are in possession of CITY. The CITY will not consider the prices submitted by the responder to be proprietary or trade secret materials.

CITY reserves the right to reject a claim that any particular information in an submission is trade secret information if it determines the GRANTEE has not met the burden of establishing that the information constitutes a trade secret. CITY will not consider the budgets submitted by GRANTEES to be proprietary or trade secret materials. Use of generic trade secret language encompassing substantial portions of the application or simple assertions of trade secret without substantial explanation of the basis for that designation will be insufficient to warrant a trade secret designation.

If a grant is awarded to an GRANTEE, CITY may use or disclose the trade secret data to the extent provided by law. Any decision by the CITY to disclose information determined to be trade secret information will be made consistent with the Minnesota Government Data Practices Act (Minnesota Statutes chapter 13) and other relevant laws and regulations.

If certain information is found to constitute trade secret information, the remainder of the submission will become public; in the event a data request is received for information, only the trade secret data will be removed and remain nonpublic.

9. Miscellaneous.

- (a) Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by GRANTEE and CITY. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.
- (b) Assignment. This Agreement shall be binding upon the parties, their successors and assigns. All rights and powers specifically conferred upon CITY may be transferred or delegated by CITY to any of its successors and assigns. GRANTEE's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by CITY; except that if such assignment is made to an affiliate or subsidiary of GRANTEE or to Brainerd Entertainment, LLC dba Mann Theatres for work performed at the Property, GRANTEE may assign any of its rights or obligations to such affiliate or subsidiary upon written notice to the CITY.
- (c) Governing Law. This Agreement is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.
- (d) Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.
- (e) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To CITY: Edina City Hall
 4801 West 50th Street
 Edina, MN 55424

Copy to: City Attorney
 Campbell Knutson, P.A.
 860 Blue Gentian Road, Suite 290
 Eagan, MN 55121

To GRANTEE: JSG Company, LLC
Attn: Suzanne Haugland
5850 Opus Parkway, Ste 108
Minneapolis, MN 55343

- (f) Termination. This Agreement shall terminate when all obligations have been satisfactorily fulfilled, including the CITY's receipt of GRANTEE's written report on GRANTEE's expenditure of Grant proceeds as described in paragraph 3(f) of this Agreement. Notwithstanding the foregoing, the following provisions shall survive the expiration or cancellation of this Agreement: Governing Law, Government Data, paragraph 3(d) relating to records management and audits, and Indemnification.
- (g) Independent Contractor. Nothing is intended nor should be construed as creating or establishing the relationship of a partnership or a joint venture between the parties or as constituting GRANTEE as the agent, representative, or employee of the CITY for any purpose. GRANTEE is and shall remain an independent contractor under this Agreement.
- (h) Nondiscrimination. GRANTEE shall not exclude any person from full employment rights nor prohibit participation in or the benefits of any program, service or activity on the grounds of any protected status or class including but not limited to race, color, creed, religion, age, sex, disability, marital status, sexual orientation, public assistance status, or national origin. No person who is protected by applicable federal or state laws against discrimination shall be subjected to discrimination.
- (i) Entire Agreement. This Agreement, together with the Grant Documents, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Grant.
- (j) Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

[Signature pages follow.]

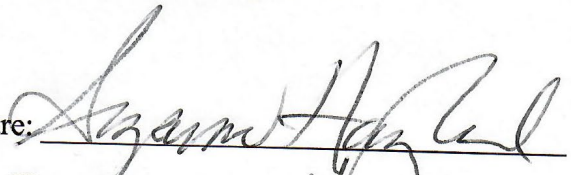
IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first written above.

CITY OF EDINA

By: _____
James B. Hovland, Mayor

[SIGNATURE PAGE TO GRANT AGREEMENT – CITY]

GRANTEE: JSG Company, LLC

Signature: 
Name: SUZANNE HAUGLAND
Title: PRESIDENT

[SIGNATURE PAGE TO GRANT AGREEMENT – GRANTEE]

EXHIBIT A

Edina Theater - ARPA Beneficiary Grant Information

1. **Identify the COVID-19 public health or economic impact on a specific business (beneficiary): Edina Theater.** Edina Theater closed early on in the pandemic due to the governor's orders and remain closed during the first year of the pandemic, following the trend of many US theaters. Facing changed consumer trends and limited movie options due to COVID-19 impacts¹, the industry has faced ongoing challenges exacerbated by the pandemic, with unemployment spiking at nearly 40%², significantly higher than the national averages. Edina Theater was ultimately abandoned and vacated by the previous operator (Landmark Theater) in Spring 2021. Upon departure, the previous operator was far behind in rental payments as well as some tax and utility payments. The theater building incurred significant physical impairment as the operator removed critical operational infrastructure upon departure and did not complete required maintenance and repairs. The damages caused by the abandonment of the theater building by its previous operator, both financially and physically, created an environment of compounding economic harm for the property owner specifically, preventing the repair and safe reopening of the facility, directly resulting from the COVID-19 pandemic³. In addition, the cost to safely re-open the facility continues to increase due to rising maintenance and repair costs caused by COVID-19 induced supply chain issues.
2. **Design a response that addresses or responds to the impact.** In order to reasonably respond to the economic harm caused by the COVID-19 pandemic on the property owner and to restore the viability of the facility to attract a new operator, the goals set in place by the City of Edina are to:
 - a. **Design appropriate assistance that directly responds to the COVID-19 induced hardships.** To mitigate the impacts of the pandemic, the assistance will be utilized for the stabilization of the property so that foreclosure and liens are avoided. The assistance will be contingent on the property owner and new operator revitalizing the vacant facility in a manner that allows for safe re-opening recognizing the benefits of fewer people congregating in close proximity (social distancing), sanitation measures, and proper ventilation. This work will require physical improvements to the facility as well as deferred maintenance and repairs of the facility due to the previous operator's damages and abandonment.
 - b. **Ensure the assistance does not outweigh the direct economic harm caused by the pandemic.** This is achieved by verifying the negative economic impact on the Edina Theater and limiting the ARPA assistance to not exceed the total losses and costs to repair the facility.
3. **The City Council has allocated (up to) \$200,000 in American Rescue Plan Act SLFRF funds for this program.**

¹ <https://www.wpr.org/marcus-closes-17-theaters-it-reopened-amid-coronavirus-pandemic>

² <https://www.bls.gov/iag/tgs/iag512.htm>

³ <https://www.bizjournals.com/twincities/news/2021/06/03/edina-cinema-closed-permanently.html>

Definitions:

1. **Small business:** JSG Company, LLC is woman owned, has less than 500 employees and is SBA Section 3 531 I20 – Lessor of Nonresidential Building (except mini-warehouses) – size standard in millions of dollars: **\$30.0** or less. This small business supports the movie theater industry through its ownership of building that is exclusively designed to be used as a movie theater. The property also contains two ancillary retail spaces which are not a party to this grant agreement.
2. **Other impacted industry:** In order to designate an impacted industry beyond the travel, tourism or hospitality sectors, that industry must have experienced at least an 8% employment loss from pre-pandemic levels⁴. When looking at Minneapolis-St. Paul-Bloomington employment data available specifically for the months Dec 19-Feb 20 and Sept-Nov 21, the Information Industry (of which Movie Theaters are included⁵) experienced a 9.3% employment loss when seasonally adjusted⁶.
3. **Disproportionate impact:** In this specific instance, there are two main justifications to classify this as a disproportionately impacted small business.
 - a. **The business operates as part of an impacted industry and is suffering more than the average business in this industry.** The movie theater industry experienced significantly more severe and long-lasting effects of the COVID-19 shutdowns and return to normal compared to other industries (unemployment peaking at almost 40% compared to 17% nationally) and is an impacted industry. Specialized buildings are required to operate theaters and traditional theater floor plans and operations are inherently more risky for the public due to close quarters and the difficulty to social distance. Instead of actively responding to the changes needed, the previous operator abandoned the facility and caused significant physical damage and financial injury to the property owner. As other theaters in the Twin Cities metro reopened as early as August 2020, Edina Theater facility remained closed in 2020, 2021 and into 2022⁷.
 - b. **The business is small, women-owned and has not been able to take advantage of other grant programs.** The State of Minnesota created a COVID-19 response program to address the negative economic impact of the movie theater industry state-wide in 2021 as it was widely recognized that the industry was suffering due to the pandemic. In this particular instance, the property owner is a small, woman-owned enterprise that was not able to participate in the existing State of Minnesota Movie Theater Relief Grant program⁸ and was not able to readily re-use the facility for

⁴ Overview of the Final Rule p. 24 <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf>

⁵ NACIS <https://www.naics.com/naics-code-description/?code=512131>

⁶ Seasonally Adjusted Monthly Employment Statistics for Information Industry for Minneapolis-St. Paul-Bloomington <https://mn.gov/deed/data/data-tools/current-employment-statistics/>

⁷ Edina Southdale AMC reopened <https://minnesota.cbslocal.com/2020/08/20/i-missed-it-a-lot-amc-theaters-reopens-5-twin-cities-locations/>

⁸ Minnesota Convention Center and Movie Grant Funding Map <https://mn.gov/deed/business/financing-business/deed-programs/emergency-programs/theater/convention-movie-fund-map.jsp>

another purpose. In addition, even though the previous operator applied for financial assistance from the State of MN to pay past-due rent and other expenses, none of that assistance was ultimately received by the previous operator and no past-due amounts were received by the property owner.

Instead, when the previous operator abandoned the site, removed equipment and damaged the facility upon their departure, and caused undue hardship on the facility and property owner by not paying rent and fees owed and not completing required maintenance on-site, the property owner, JSG Company, LLC did not have any revenue generating from the primary economic driver on the site, was not able to perform the deferred maintenance, and was not able to make necessary improvements to the site to accommodate safe-reopening. In addition, the continued burden of trying to locate a new operator due to the uncertainty of the economic climate due to COVID-19 on the industry caused additional economic harm to JSG Company, LLC.

The business, a stable and productive enterprise pre-pandemic, is unable to overcome the extreme negative economic impacts of the COVID-19 pandemic without assistance. If the theater does not re-open, the jobs tied to the location will not ever return; the entire impacted industry suffers if venues disappear and professional opportunities become scarce.

Appropriate Use of ARPA funds:

1. **Aid limited to business operating prior to the pandemic.** ⁹ JSG Company, LLC was in business and in successful operation prior to January 1, 2020.
2. **Small business grant** to mitigate financial hardship such as declines in revenues or impacts of periods of business closure¹⁰ that will be used for a) implementation of COVID-19 prevention and mitigation in public spaces, and b) deferred maintenance and other operating costs and expenses for safe reopening without risk of foreclosure or liens.
3. **Impacted industries:** Uses of funds can also include aid to travel, tourism, hospitality, and other impacted industries to implement COVID-19 mitigation and prevention measures to enable safe reopening.¹¹
4. **Disproportionately impacted small business:** Recipients may identify small businesses that have been disproportionately impacted by the public health emergency and design and implement a program that responds to the source of that disproportionate impact.¹² The final rule provides a broader set of enumerated eligible uses for disproportionately impacted small businesses... Recipients may use SLFRF funds to assist these businesses with certain capital investments, such as rehabilitation of commercial properties¹³.
5. **Capital expenses are eligible COVID-19 mitigation measures** in small businesses, nonprofits, and impacted industries (e.g. developing outdoor spaces). ¹⁴

⁹ SLFRF Final Rule pg 161 <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

¹⁰ SLFRF Final Rule pg 145 <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

¹¹ SLFRF Final Rule pg 64 <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

¹² SLFRF Final Rule pg 146 <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

¹³ SLFRF Final Rule pg 151 <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

¹⁴ SLFRF Final Rule pg 61 <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule.pdf>

Determination:

The property owner (JSG Company, LLC) and new tenant/operator (Brainerd Entertainment, LLC dba Mann Theatres) entered into a new lease based in part on the financial support pledged by the City of Edina. This support created confidence for both parties to make significant commitments and investments to revitalize and re-open the facility. The property owner is better able to recover from the economic injury incurred and the new tenant/operator is better able to make a \$2.6+ million investment in the facility at a time when the economic environment is riskier than normal. This grant funding will allow the Edina Theater facility at 3911 West 50th Street to be re-opened for business by year-end 2022.

The City of Edina is providing grant funding to mitigate negative economic impact of the COVID-19 pandemic for the property owner and offset the financial hardship for JSG Company, LLC to weather the period of closure directly due to the COVID-19 pandemic and its ongoing economic impact. JSG Company, LLC incurred more than \$900,000 in lost revenue due to the previous long-term tenant breaking lease and abandoning the property after causing on-site damage following the shut-down of movie theaters during the early days of the COVID-19 pandemic. JSG Company, LLC has suffered not only lost revenue, but also sustained damage that must be repaired prior to re-opening. In addition, in light of new COVID-safety standards and precautions, the lease had to be adapted to ensure that the new tenant/operator was able to operate a successful business while incurring approximately \$2.6 million in costs to provide an enhanced level of safety for the general public.

EXHIBIT B

*City of Edina American Rescue Plan Act: State and Local Fiscal Recovery Funds
Round 1 (2021)
Targeted Assistance to Businesses / Edina Theater*

GRANT PROGRAM GUIDELINES (as of 9/7/2022)

Small businesses and the local organizations that support small businesses were hit hard by the pandemic. Resources are needed urgently to support the efforts of local establishments to weather the economic effects of the pandemic and invest in new and revised ways of connecting with members and customers to ensure future economic wellbeing.

Category: Direct Assistance to Businesses

Program Title: Small Business Targeted Support

Grantee: JSG Company LLC, 5850 Opus Pkwy #108, Minnetonka, MN 55343

Contact: Suzanne Haugland

Organization ID Number: 41-1422375

Organization Type: Limited Liability Company / MN Registered/Active/In Good standing

Designation: Beneficiary

Award Program: Reimbursable Grant

Award Amount: \$149,000

Award Performance Period: February 11, 2022 – January 20, 2023

Award Budget Period: March 17, 2020 – December 31, 2022

Program Description:

Offset the negative economic impact of the pandemic and incentivize the reopening of Edina Theater by investing in the rehabilitation and repair of the facility. The City will work directly with the property owner to reimburse for COVID-19 mitigation improvements and offset other related maintenance and operating costs for the property necessary to weather the period of closure and negative economic impact due to unpaid rent, unpaid fees and charges and unfinished maintenance obligations at the property by the previous tenant.

Terms:

- I. **Qualifying Expenses / Eligible Uses.** Funds may be used for the following purposes at the **Edina Theater location, 3911 W 50th Street, Edina, MN:**
 - a. Physical plant COVID-19 mitigation costs incurred between January 1, 2021 and December 31, 2022 including:
 - i. Social distancing and COVID mitigation improvements in the Concessions area, Bathrooms, and other common spaces within the facility (some examples of improvements include: touchless faucets, toilets, and installed equipment; renovations of common spaces that facilitate social distancing; specialized flooring to encourage social distancing; physical barriers)

- ii. Seating In new arrangement that increase space between seated patrons
 - iii. Other Covid-19 related expenses approved in advance by the City of Edina
- b. Maintenance and operating expenses incurred between March 17, 2020 and December 31, 2022 to stabilize and maintain the property in leasable condition free from liens, damage and defects. These reimbursable expenses may include costs such as mortgage payments, utility costs, waste hauling costs, maintenance contracts and other service contracts necessary to keep the property in good condition.

2. Reporting Requirements

- a. **Reimbursement Requests** are required and should include a total amount being requested and supporting documentation (invoices, receipts, or additional documentation of eligible expense incurred). The reimbursable costs prior to the February 2022 lease must be documented as expenses of JSG Company, LLC and must be directly connected to the Edina Theater facility. It is recognized that most of the building renovation costs are being directed and managed by the tenant (Brainerd Entertainment LLC dba Mann Theatres). As such, some of the submitted receipts and Invoices may be in the name of the tenant (and forwarded to JSG Company, LLC). Only Invoices and receipts directly connected to the renovations of the Edina Theater facility will be considered satisfactory. Documentation for any other facility will not be acceptable.
- b. A **Final Report** is required and should be submitted by January 20, 2023. Information required to be submitted includes:
- i. Brief narrative of how the funds were able to mitigate financial hardship due to the COVID-19 pandemic; including list of improvements to the facility funded through the program
 - ii. Number of new jobs created and number of days open to the public in 2022
 - iii. Amount of private investment required to reopen the facility as of December 2022
- c. **Submissions.** Reimbursement Requests and the Final Report should be submitted via email to Bill Neuendorf at bneuendorf@edinamn.gov

3. Fund Disbursement.

Once JSG Company LLC has submitted a reimbursement request to the City of Edina, City staff shall review the request and approve reimbursements for eligible expenses. The grant reimbursements will be sent via check directly to:

JSG Company LLC
5850 Opus Pkwy #108
Minnetonka, MN 55343

4. Program Compliance and Internal Controls.

As a beneficiary of Federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the City of Edina, the GRANTEE is responsible for any and all compliance requirements and reporting for the use of SLFRF funds and shall work with the City of Edina to ensure compliance with all statutes. All grant program reporting requirements shall be submitted directly to the City of Edina. The City shall submit all federally required reports directly to the Department of

Treasury relating to this program. Grantee shall retain all supporting documentation related to eligible expenses for a period no shorter than 5 years after all funds have been spent.

5. Program Acceptance.

Both the City of Edina and the GRANTEE shall sign a Grant Agreement as the formal acceptance of the grant program and acceptance of SLFRF funding.