

MINUTES
FRENCH MARKET CORPORATION
REAL ESTATE COMMITTEE MEETING
Wednesday, September 7, 2022, 12:00 p.m.
United States Mint
Education Center
400 Esplanade Ave.
New Orleans, LA 70116

CALL TO ORDER

The meeting was called to order by the Chairperson, Mr. DeLong at 12:01 p.m.

ROLL CALL

Members Present: Mr. DeLong and Ms. McClendon

Members Absent: Ms. Tusa

Staff Present: Ms. Alley, Mr. Gurtner, Ms. Watson, Mr. Smith, Ms. Clark, and Ms. Robison

A. REVIEW AND ADOPTION OF MINUTES – June 21, 2022.

Mr. DeLong moved and Ms. McClendon seconded a motion to accept the minutes of the June 21, 2022 Real Estate Committee meeting.

B. PUBLIC COMMENTS

Ms. Antonia Sorreno's (Alberto's Wine & Cheese Bistro) comment was read into the record:

Good morning Mr. DeLong, her partner's name is Juan Hernandez and they have a small bistro in the French Market. She is aware that there will be a proposal to approve the sale of alcohol from Meals from the Heart Café. Meals from the Heart Café is adjacent to their establishment. Her partner is out of the country due to his mother's passing a few days ago. They are very concerned about the negative impact that the approval may bring to their business, since a good amount of their revenue comes from the sale of wine and beer.

These cafes were originally established as different concepts so that there would be a variety of foods in the Market. Meals from the Heart Café's concept is "healthy food." Therefore, the sale of alcohol should not be a part of their concept. Moreover, they are concerned about price undercutting and overlapping in the selection of drinks. Please vote "no" on this matter. Thank you so much.

All other public comments were made by persons in attendance and addressed at the respective agenda item.

Mr. Stephen Kennedy of 927 Poeyfarre Street, New Orleans, LA 70130 said that he wanted to speak in support of Meals from the Heart's request to permit the sale of alcohol.

New Orleans is a city that depends on the sale of alcohol, food, beverages, etc. It is unfortunate that there is a business adjacent to Meals from the Heart Café that is in competition with them and is speaking in opposition of them, stating that Meals from the Heart Café will undercut their sales. This

is the equivalent of expecting that because McDonald's is located across from Wendy's, one would undercut the others' prices. The thought is illogical. Mr. Kennedy asked that the Committee grant the consideration for Meals from the Heart to sell alcohol.

He knows the Doucettes really well and the family has made a significant impact in the community. Therefore, he believes that their business should be granted the opportunity so that they can stay viable and compete in this market. He hopes that the Committee grants approval of their request. Thank you.

C. NEW BUSINESS

1. Consideration: Meals From the Heart – 1100 N. Peters Street – Farmers Market Bay 11
- Request for Lease Amendment to Permit Sales of Alcoholic Beverage

Meal from the Heart began operating as a Tenant in the Farmers Market in 2009. The Tenant previously requested permission to sell alcoholic beverages in 2017, but they were denied due to restrictions in the City Code that prohibited the issuance of alcoholic beverage licenses in the geographic area surrounding the Flea and Farmers markets.

Subsequent to the Tenant's original request, the City of New Orleans amended the City Code and rescinded the alcoholic beverage licenses in the area bounding the Flea and Farmers Market. This amendment had nothing to do with Meals from the Heart; rather it was part of a comprehensive update of Chapter 10 "Alcoholic Beverages" of the City Code. Thus, the ability to sell alcoholic beverages by restaurants in the Flea and Farmers Markets is permitted subject to the French Market's authorization in the Tenant Lease, and subject to compliance with the standards of the City Code and Comprehensive Zoning Ordinance.

The Tenant is located in Bay 11 and has again requested permission to add alcoholic beverages for consumption on premises to their menu. These beverages will cater to those with dietary restrictions, providing safe substitutes for traditional drinks, including high quality wines, mixers and juices with lower caloric value, as well as dairy free and gluten free options, when possible. The Tenant has operated as a model tenant, particularly during the COVID-19 Pandemic. There were many months when the Tenant was the sole operator at the Farmers Market. They returned immediately to the Farmers Market once the Stay-At-Home Order had been lifted and remained in continuous operation throughout the pandemic, only stopping if they had COVID-19 issues related to their own staff.

The owner is actively involved in their daily operations. They have demonstrated a commitment to their partnership with FMC, with no indication that the addition of alcoholic beverages service will be problematic at this location.

The Tenant has exceeded the annual sales requirement for each lease year under the current Lease Term even with the occurrences of COVID-19 and Hurricane Ida. This is something that is unique to this Tenant of all of our tenants.

The Staff recommends that the Real Estate Committee recommend:

1. Approval of the request to add alcoholic beverage sales for consumption on premises to the list of permitted uses in the Tenant's Lease, subject to the following:

a. The Tenant shall submit an alcoholic beverage menu to the FMC Staff for review and approval. Beverages shall cater to those with dietary restrictions, including safe substitutions for traditional drinks – such as but not limited to beers or bloody Mary's and providing high quality wines, mixers and juices with lower caloric value as well as dairy free and gluten free options, when possible.

b. The Tenant shall comply with the standards and policies of Chapter 10 - Alcoholic Beverages of the Code of the City of New Orleans and the Comprehensive Zoning Ordinance No. 4264 M.C.S., as amended by Ordinance No. 26,413 M.C.S. and subsequent amendments; and

2. The Real Estate Committee forwards its recommendation to the Board of Directors to be placed on the consent agenda at the next Board of Directors meetings.

Public Comments

Mr. Jason Doucette thanked Ms. Alley for the introduction and stated that her introduction summed up a lot of the process that they had gone through. They are a heart-healthy café and would like to stay within those parameters. They have been going through this process for three (3) to four (4) years now.

With that said, he has written the number of reviews the café has, which is about nine hundred (900) reviews. Places such as Muriel's are at about thirty four thousand (34,000) run-ins. Meals from the Heart Café does not have 1/3 of the customers that the other establishments get. Because people have dietary issues, they are more likely to say, "Hey, I've found a vegan gumbo," or "I can eat here if I am gluten free or have some type of restriction." People are more likely to broadcast that information, especially when the food is good; which Meals from the Heart Café appreciates.

With this area being so "touristy" they get different levels of severity when it comes to food restrictions. For instance, in the case of bloody Marys, they have to know that Worcestershire sauce contains anchovies and when researching vegan beignets Mr. Doucette learned that the finishing process for some powdered sugars involve animals, making the product no longer vegan. He had no idea at the time.

They are asked to be that vigilant in understanding everything about their products and they are ready to do so, even with alcohol. They are going to stick with their premise and offer mixers such as fresh-pressed juices (not store bought) that are fresh pressed at their café, including carrot, orange, and pineapple juices. They will also include kombucha from Big Easy Bucha (fermented tea) as a mixture; and seltzers, premium products with lower caloric values to pair with their food. The customers have been asking for this and they feel trusted with this; so they are comfortable in taking this on moving forward. Meals from the Heart Café is asking that the FMC approves their request and they will take it from there.

Ms. McClendon asked Mr. Doucette if their alcoholic drinks will be specialty drinks.

Mr. Doucette said their drinks will be specialty drinks, for the most part. For example, if they mix a drink with kombucha, most people will ask what kombucha is. They then have the opportunity to educate that person on what kombucha is. The drink would be mixed with alcohol, however, it will not be the same as a drink mixed with soda. They will not introduce anything with high fructose corn syrup or trans fats into the café. All of those premises will remain the same.

Mr. DeLong asked Mr. Doucette how they make the beer and wine heart-healthy.

Mr. Doucette said the beer and wine are not necessarily not heart-healthy, the unhealthy aspect is the empty calories that people get. When dealing with beer (which is vegan for the most part), the gluten-free people would have an issue. The gluten-free people usually move to ciders and ciders have more sugar, so they will look for gluten-free beer. These will not be gluten-removed options, because people do not really like gluten-removed beer; so they will have gluten-free beers that give them an option to have a true 100% gluten-free beer.

Distilled products are similar. The FDA has approved people with celiac disease to consume distilled products (even from grain), stating that these products are safe for them. If a customer disagrees with the FDA because they believe that the “big dollars” from alcohol has influenced the FDA, and Mr. Doucette drinks distilled alcohol and has a reaction to it, he will not argue with the customer about how their body feels. Instead, they will have a substituted product and they will tell the customer that they understand.

Mr. DeLong asked Mr. Doucette if they have modeled out at all how he expects the sale of alcohol to affect their bottom line.

Mr. Doucette stated that he has friends who are in the restaurant industry and who have given him some ideas of what he can possibly expect. He is not 100% sure because this is his first restaurant, but based on what his friends have told him, he thinks he has some idea.

Mr. DeLong asked if as far as staff training, because there are different protocols that need to be in place when serving alcoholic beverages; do they have the training already in place, or have they thought about how they would get the training for their staff.

Mr. Doucette stated that they have thought about it because they are a small staff at the moment. Their staff is under nine (9) people and they do understand that there are laws that they need to get a better understanding of, which they will go through the processes and trainings; and they will pass the information down to anyone who they bring in to serve alcohol. They are aware of it and they have to stay on the forefront of the customers who have dietary issues. With that being the case, they will “dot their ‘I’s’ and cross their ‘T’s’ on their side as well.

Ms. Alley stated that the City is going to require that Meals from the Heart Cafe maintain separate figures for alcohol and non-alcoholic beverages and food, which will be subject to audit. The alcohol numbers have to stay under the food and non-alcoholic beverage sales. If they do not, the City will

move them to a different classification, which is considered a bar, which is not permitted in the Market.

Some of the uses in the Market currently are grandfathered in, but they are going to be subject to the new requirements in the zoning code related to standard restaurants. They will have to provide a security plan and do a training for their staff and have exterior cameras, etc. that the average alcoholic beverage outlet now has to have under the new codes to make sure that it works out the way that we hope and think it is going to work out.

Mr. DeLong asked if it does go as well as expected, how it will affect the annual requirement going forward.

Ms. Alley stated that the Staff will look the sales at Meal from the Heart's next lease term; and if their sales have increased, the Staff will adjust it appropriately. We anticipate that their sales will go up; and, while we understand that the adjacent tenant may have some concerns, we invite them to come in and try to update their menu as well, to see if there are opportunities for them to spread out and not sell the same thing that they have been selling for quite some time. We would like to see everyone do a bit of a "re-fresh" and we are hoping helping the adjacent tenant will do that as well.

Mr. DeLong asked if the outreach has started with the neighboring business who posted the public comment.

Ms. Alley stated that the Staff has had conversations with the adjacent Tenant. In the past the Tenant suggested that she has exclusive rights to sell alcohol. It stands to reason that when a person has been the only person doing it for quite some time, they may have forgotten what their lease actually says. The Staff has looked at both leases and there are a lot of cross products. When viewing the neighboring business's lease the Staff saw that she is allowed to sell crepes, and Holy Crepes is in the Market. We do not do exclusivity and we need to have the ability to curate the Market, ourselves. This is not something we take lightly, and alcoholic beverage sales are tricky; but we feel like we are doing this with a tenant who has demonstrated a commitment to wanting to have this and who has a specific lane they can stay in that complements what they are doing.

We are willing to give that a try and we are not willing to open alcoholic beverage sales up to every single tenant because it is not what we want to see. If someone decided they needed a beer, there are three (3) locations directly across the street from the Market where they could buy one, sit down in our Market and drink it; so why shouldn't we allow Meals from the Heart Café to provide something consistent with their program?

Ms. McClendon asked what kind of restaurant is the neighboring business who sent in the public comment.

Ms. Alley stated that the business is a wine, cheese, and tapas themed. They do sell sandwiches and salads as well. Their lease includes a lot of things associated with cheese, crepes, croquettes and those types of items. They have some crossover already in the kind of things they sell. They both sell similar salads so she does not think that there is a clear line between them as being very different. If

there are things that the neighboring business sees now that it wants to bring into its inventory we will take a look. We want them both to be successful and we want the visitors to the Market to have a lot of choices, so we will happily work with them about new things they can do, should they want to.

Mr. DeLong stated that based on everything he heard and given the FMC's long history with this Tenant and their track record of success he put forward a motion and Ms. McClendon seconded that motion for approval of the tenant's request to add alcoholic beverage sales for consumption on premises to the list of permitted uses in the Tenant's Lease, subject to the two provisos, as well as, upon approval for the Committee to forward its recommendation to the Board of Directors to be placed on the Consent Agenda at the next Board of Directors meeting. The motion carried unanimously.

2. Consideration: iNewOrleans, LLC dba iNew Orleans City Tours – 700 Decatur Street – Request For Lease Amendments to Update Leased Area Calculations, Restructure Compensation for Public Restroom Custodian Expenses, and Modify Lease Performance Standards

Ms. Alley reported that the Tenant is located at 700 Decatur Street, at the base of Oscar Dunn Park. The Tenant recently extended their lease in April 2022. In the course of memorializing the Lease extension the Tenant, Mr. Valentino raised three additional issues:

1. The restroom ramp and foyer areas appear to be incorrectly included in the total Leased Site Area. Mr. Valentino requested FMC's architects re-measure the Leased Site.
2. The 2% offset to the original 8% Percentage Rent requirement is not the appropriate mechanism to compensate iNewOrleans for the maintenance and upkeep of the public restrooms, since the value fluctuates with sales volumes over time. Mr. Valentino proposed to restore the percentage rent to 8% and to establish a new section in the Lease addressing the compensation for the restroom maintenance based on actual costs (which the staff included in the report). He also asked that the FMC indemnify iNewOrleans for any liability or injury claims from restroom operations that are not the result of their Gross Negligence.
3. Mr. Valentino expressed concern regarding the current Performance Standard and that their Lease would be terminated should they fail to meet it. He requested that the percentage of sales used to set the rate be reduced to 80% (CPI adjusted) of the previous year's sales rather than 100% of sales (CPI Adjusted), as currently required.

FMC had the site re-measured by Perez Architects and confirmed the gross site area was incorrect and it did include the areas that Mr. Valentino mentioned. It resulted in a reduction in Gross Leased Space of 193 square feet. Additionally, FMC divided the interior and exterior space of the Lease site and propose the base rent structure included in the report, which is consistent with the formula for the adjacent lease space. The FMC Staff agrees with the method proposed restructuring the compensation for the restrooms as indicated in the staff's report.

4. The FMC Staff has no object to the reduction in the performance standard proposed by Mr. Valentino. Performance standards are particularly important in longer term leases, which

provide fewer opportunities for review and termination of leases due to poor performance. At their last Lease extension in April 2022, Mr. Valentino agreed to a shorter lease term of three (3) years, with two (2) three (3) year option, which provides ample opportunity for review should sales fall off due to issues unrelated to the general economy in the area.

(Corrected Staff Recommendation)

The Real Estate Committee recommended approval of the following Lease Amendments:

1. Correct the site measurements throughout the Lease and restructure iNewOrleans Base Rent based on updated Leased Site measurements in the drawings by Perez Architects dated 8/17/2022, as follows:
 - a. 472 Square Feet of Interior Conditioned Space at \$10.26/square foot
 - b. 610 Square Feet of Exterior Unconditioned Space at \$5.13/square foot
2. Restore the Percentage Rent to 8%;
3. Establish the compensation for the restroom maintenance and upkeep within the Lease site at \$52,000 per year to be credited monthly (\$4,333/mo) against the monthly rent calculation;
4. Indemnify iNewOrleans for any liability or injury claims resulting from restroom operations that are not the result of iNewOrleans gross negligence;
5. The Performance Standard shall be set at 80% of the sales of the final year of the prior Lease term, adjusted for CPI, annually;
6. Make these amendments retroactive to the first day of the current Lease Term beginning April 1, 2022; and
7. The Real Estate Committee shall forward its recommendation to the Board of Directors to be placed on the Consent Agenda at the next Board of Directors meeting.

The Staff has been working closely with Mr. Valentino and we hope that we have straightened out off of the oddities in his Lease.

Mr. DeLong asked Mr. Valentino if he believes that the approach described by Ms. Alley match his understanding.

Public Comments

Mr. Valentino (iNewOrleans) said yes.

Mr. DeLong asked Mr. Valentino if he had any other concerns.

Mr. Valentino said he was not aware of any other concerns.

Mr. DeLong asked Mr. Valentino that if the Committee were to recommend all of the aforementioned conditions to the Board would he be ok with all of the recommendations.

Mr. Valentino said yes he is.

Mr. DeLong moved and Ms. McClendon seconded a motion that the Real Estate Committee recommend to the Board the approval of the seven (7) Lease amendments, with the correction to #6 (read into the record), making it retroactive to April 1, 2022. The motion carried unanimously.

3. Consideration: Dirty Coast, LLC- 630 Chartres Street – Review and Selection of Proposal for Lease

Ms. Alley reported that 630 Chartres Street in the Upper Pontalba Building is currently vacant as a result of the abandonment of the Lease by the former Tenant in November 2021. The FMC issued the initial RPF for the space in December 2021 with a February 2022 deadline. While we had several inquiries (mostly from coffee shops) and hoped to quickly lease the site, the December 2021 COVID-19 spike dissuaded prospective Tenants from bidding.

The FMC reissued the RFP in April 2022, with a deadline of May 31, 2022 and we are very excited to receive the proposal we received from Dirty Coast, LLC. They are the single, qualified response. Their proposal is attached to the report. Dirty Coast has also submitted their proposed construction and build-out plan (also attached), with an anticipated investment in upgrades to the unit of \$40,000.00.

The Staff recommends that the Real Estate Committee recommend:

1. Authorizing the Executive Director to enter into a Lease with Dirty Coast LLC, subject to the following:
 - a. The Lease shall provide an initial Lease Term of five (5) years, with one (1) five year renewal;
 - b. All rent provisions (Base, Percentage, Common Area, and Advertising) as well the Performance Standard shall be the same as the prior Tenant as reflected in the Staff report;
2. The Tenant shall submit a final product list to the FMC Staff for review and approval; and
3. The Real Estate Committee forward its recommendation to the Board of Directors to be placed on the consent agenda at the next Board of Directors Meeting.

Public Comments

Dirty Coast Representatives

Price Provenzano (Dirty Coast, LLC) stated that he does product development and is on the creative team with Kat who was also in attendance at the meeting.

Kat S. (Dirty Coast, LLC) stated that she has done a lot of Dirty Coast's previous store openings and has experience "getting the ball rolling" on getting their spaces up to Dirty Coast standards.

Mr. Provenzano stated that Kat was also the previous manager of their most recent French Quarter location, located on Royal Street behind St. Louis Cathedral and they will both be spearheading the overseeing of the renovations and product displays to get the store up and running. They bought a lot of their merchandise to the meeting, but they also had paper versions with photographs of some of their items what would be available for sale if they are approved to be the new tenant for the space on Chartres Street.

The Committee reviewed the items.

Ms. McClendon asked if they anticipated that the annual net income and the income will go up over the next three (3) years.

Mr. Provenzano stated that they are hopeful and they are currently seeing that track now with their other locations and their online retail. They are always having a huge lead up to holiday season and they are looking at that right now and are hoping that with the increase in sales that they saw over time at their Royal Street location, they will just transfer that model into the new location and continue to be successful year after year.

Ms. Alley stated that they closed their Royal Street store and are moving to the French Market site, so we will not be in competition with another location in the French Quarter.

Another Dirty Coast Representative in attendance at the meeting stated that they have a very "New Orleans" story as to why they are moving locations. The reason is that there is a tour company taking over a Voo Doo shop's Lease, which then took over Dirty Coast's Lease.

Mr. Provenzano stated that their Lease at 713 Royal Street ended in July and they are hoping to be in the Chartres Street space as soon as possible if the FMC approves their request.

Mr. DeLong asked how long Dirty Coast was in the 713 space and how long do they think they renovations will take.

Price stated that they were in the space for more than five (5) years. They opened in September 2016. Their contractor told them that the renovations could take a solid two (2) months. They are also going to work around the planned renovations for the courtyard area. Hopefully, they can time it to be completed around the same time and open just before or right after Christmas, or perhaps have a pre-Mardi Gras opening.

Mr. DeLong stated that he appreciates Dirty Coast's business plan and its submission. It is very thorough and useful. For anyone who lives in New Orleans, Dirty Coast does not need to differentiate itself from the "Drunk 1 and Drunk 2" t-shirt shops. The Committee appreciates their product and

having a New Orleans brand is something that reflects the spirit of our city.

The other Dirty Coast representative in attendance stated that the courtyard is not really a part of their normal business plan. The way it is currently set up will work well because they wanted to put in a small, sort of, speakeasy snowball stand that cannot be seen from the street, but where someone can get the concierge, because there is not anything like this in the French Quarter. They would like to utilize the closet that is closed off in the courtyard as a place for a machine, soundproof it, and be able to do snowballs. The space is perfect for the window stand. He has no idea what the history of that space is, what it used to be, how it is set up, or why the little window is there.

Ms. Alley said that they were baking back there before.

Mr. Gurtner stated that the window is original to the building.

Ms. Alley stated that they will take a look as they go through since they have to do the historic restoration, and unfortunately, that will probably take a little longer than the bidding, etc. We thought it was really cool that Dirty Coast weren't just looking to do the retail in the front, but they wanted to seasonally put snowballs in the space so that people can actually come in and sit down.

Kat stated that she thinks snowballs fall under the category of things that people "feel some kind of way" about. New Orleanians are nothing without tradition. When traveling here and wanting a snowball, there are not many options when coming to the French Quarter. She has been a part of a store that has a French Quarter location for the last ten (10) years and she has noticed the need for people coming in and wanting a snowball, but businesses are closed because they are only open for a certain amount of months. She would like to keep this snowball stand open year-round. No one sells ice cream when it is cold outside and it is cold outside in New Orleans for three (3) months total. Having a year-round place to get something that ties you into feeling like you are getting that true New Orleans experience can be a great addition to that location.

Dirty Coast Representative Speaking from Seat stated that they would want to launch the courtyard element soon after they have access to it and once the work has been done. They do not want have the work on it contracted out and have it closed, and after six (6) months push out the concierge. Perhaps if the FMC has an idea of what might be the start they can time it.

Ms. Alley stated that the Staff will help Dirty Coast time it. The FMC's current challenge is that the City's procurement system can be a little bit archaic, so we are having to draw down out of a pool, the last vendor to help us with the last piece of that puzzle and we are now asking the 5th person in our pool. It gets even worse. The 3rd person would have done it but they missed it because of COVID-19. Our Procurement Office is making us loop through nine (9) other vendors before we can comb through it. We will work with Dirty Coast to try to figure out what is the best time to do the work and we can hopefully get the drawings so that Dirty Coast can see exactly what it is.

Part of it will be staging which end of the building we start the work. We are also finishing the column.

Price stated that he understands that the food portion of their space is something down the road, and it may require additional approval or applications. They are just excited to present everything to the Committee and get a new store in the French Quarter as soon as they can.

Ms. Alley stated that we like that they are thinking outside the box.

Mr. Provenzano stated that Kat has been working on the concept for a really long time and when they initially saw the space and opened the doors they knew that none of their other retail locations had any additional relaxation areas or other portions that were not the retail shopping area.

This location is a great space that with their creativity could be something more and a little hidden gem inside the UPB.

Kat stated that she thinks it will be fun to play around with it being a speakeasy vibe, because she thinks that most snowball stands have summertime, bright colors, and all of the things that are silly and are not as stylized. She would like to keep this snowball location as a speakeasy with dark, dual tones and with her research she found that there is really interesting history about snowballs in the history of the French Quarter dating back to the 1940's where there was a shortage of ice which created a black market. All of the ice that was being made was being shipped to hotels and hospitals, and everything left over was going to bars and restaurants. Therefore, if someone had the opportunity to make snowballs, it was more expensive. The article she read on the internet stuck with her. It was a "snowball prohibition" kind of article, which ties into her whole business plan. That article made everything after it happen.

Ms. Alley stated that there are very few people who have actually ever seen the courtyards, even when talking to natives and asking them if they have ever been in there, they say no.

Kat asked what other perfect place than New Orleans. We don't really have a speakeasy. There is a 21st amendment in the French Quarter kind of speakeasy-theme, but there is no true place.

It has been her hopes and dreams for it to be this way. She wants to do "push through a mirror"; it will be a New Orleans local t-shirt store in the front and there will be two double doors that lead to a stylish speakeasy.

Mr. Provenzano stated that they hope to be an FMC tenant for the next five (5) years and beyond, if it works out well for both parties.

Mr. DeLong thanked Dirty Coast for partnering with the FMC. He said that this is a partnership and there are some idiosyncrasies of renting from a corporation of which the City of New Orleans is the sole shareholder. He thanked Dirty Coast for their patience and for choosing the Upper Pontalba Building and making it a more vibrant shopping experience.

Mr. DeLong moved and Ms. McClendon seconded a motion to authorize the Executive Director to enter into a Lease with Dirty Coast, LLC subject to the two provisos mentioned, that the tenant shall submit a product list to the FMC staff for review and approval and that the Real Estate Committee forward its recommendation to the Board of Directors to be placed on the Consent Agenda at the next

Board of Directors meeting. The motion carried unanimously.

4. Consideration – Just Fun Sock, LLC – 504 Saint Peters Street – Request For Lease Amendments to Rescind Change of Use and to Change Trade Name

Ms. Alley reported that the Tenant currently operates Jun Fun Socks at 504 St. Peter Street in the Upper Pontalba Building. Last fall the Tenant was granted an assignment/assumption of an additional Lease from the former Tenant at 910 Decatur Street, LaBeaute. At the time they proposed to relocate their socks specialty store from St. Peter Street to Decatur Street and change the use at the St. Peter Street store to a retail store selling products for pets and pet lovers. However, unfortunately, they ran into supplier issues, with many suppliers having exclusive relationships with nearby businesses, including one particular high-end pet store that was around the corner.

After researching alternative concepts and after several months operating both locations they have requested to retain the original and current use of 504 St. Peter Street as a socks specialty store and to change the trade name of the business to “Socks on the Square”. They propose to differentiate the merchandise and displays from the Decatur Street “Just Fun Socks” location with more themed products at this location. They have provided their sales figures with their presentation (which is in the packet) and we have also included out numbers. We believe that the uses are distinct and spaced enough so that retaining the original use of socks will not negatively impact the Decatur Street location.

The Staff recommends:

1. Approval of the request to rescind the previous change of use and to restore the original use provisions of the Lease, permitting a sock specialty store offering men’s, women’s and children’s socks, sock accessories, slippers and face coverings;
2. Amend Section 1, I. “Tenants Trade Name” to list “Socks on the Square” as the Trade Name; and
3. The Real Estate Committee forward its recommendation to the Board of Directors to be placed on the consent agenda at their next meeting.

There are restrictions in place presently that say you have to be outside of Dumaine Street and the people in the Square tend to circle the Square and the people who come down Decatur seem to do that, but their numbers are amazing. A part of that may be because it is easy and people can buy gifts that are small with good packages and there is a great variety. Anime is also big and they seem to sell a lot of anime themed items. They are in California so they were not able to attend the meeting. The Staff talked about a lot of other concepts with them, but when the staff looked at their numbers (Deandra pulled ours too to compare against theirs) they do incredibly well with socks.

Mr. DeLong asked if they were selling socks in the new place.

Ms. Alley stated that they are selling socks in both places, simultaneously, and are still getting good

numbers. They are going to make the new place they want to put and leave “Just Fun Socks” there, and they will do “Socks on the Square.” The newer place is going to be younger-themed. They also coordinate their items. For example, they would have socks, a hat, and some other thing that all go together; or a couple of things that work well together. They are super creative.

Mr. DeLong said that the numbers work, and asked if there were any concerns about being too homogenous and having too many sock stores.

Ms. Alley stated that everyone is selling a few socks, so we are concerned but they are not locked into this. If they have socks at one location and they can figure out something better in the retail market that works for us once all of the supply chain issues fade, they may come back to us with a different proposal. We did not want to leave them hanging out there without their lease being correct. They have locations in Hawaii, Disney, and other places, so they are always looking for new ideas. We can tell them that this is temporary and we would like them to keep working on it.

They do not even have a sign out yet, but they are still doing really good numbers.

Ms. McClendon asked if both locations specialize in anime-themed merchandise.

Ms. Alley stated that they are going to try to differentiate the products so that they are a little different in each location. Socks on the Square will be less themed in keeping with the shops in at the Upper Pontalba Building and Socks on the Square has local stuff so they will have trouble competing. On Decatur Street in the linear corridor La Beaute sat there for a year and a half not doing anything and this business came in quickly and turned that space over.

Mr. DeLong stated that it gives him a lot of comfort.

Ms. DeLong moved and Ms. McClendon seconded a motion that the Real Estate Committee recommend approval of the request to rescind the previous change of use and to restore the original use provisions of the Lease, permitting a socks specialty store offering men’s, women, and children’s sock accessories, slippers, and face coverings; and to amend section 1.1 of the Tenant’s tradename to list “Socks on the Square” as the tradename; and for the Real Estate Committee to forward the recommendation to the Board of Directors to be placed on the Consent Agenda at the next regular meeting. The motion carried unanimously.

D. ADJOURNMENT

Mr. DeLong moved to adjourn the meeting. The motion carried unanimously.

The meeting adjourned at 12:47 p.m.