MINUTES
FRENCH MARKET CORPORATION
REAL ESTATE COMMITTEE MEETING
Tuesday, November 28, 2023
1:30 p.m.
Union Passenger Terminal
1001 Loyola Avenue
2nd Floor Conference Room
New Orleans, LA 70113

CALL TO ORDER

The meeting was called to order by the Chairperson, Mr. DeLong at 1:30 p.m.

ROLL CALL

Members Present: Mr. DeLong, Ms. McClendon, and Ms. Burns

Staff Present: Ms. Alley, Ms. Watson, Ms. and Clark

A. REVIEW AND ADOPTION OF MINUTES – March 22, 2023.

Ms. Burns moved and Ms. McClendon seconded a motion to accept the minutes of the March 22, 2023 Real Estate Committee meeting. The motion carried unanimously.

B. PUBLIC COMMENTS

Public comments on an agenda item was acknowledged when the item was discussed**.**

C. NEW BUSINESS

1. Consideration – Receipt/Presentation Commercial Real Estate Appraisal

Ms. Alley reported that at the July 26, 2023 Board of Directors meeting, the FMC Board of Director authorized FMC Executive Director to enter into a contract with The McEnery Company to provide a real estate appraisal for the commercial properties under FMC's management. Those properties include:

Upper Pontalba Building – Ground Floor Commercial Units
Oscar Dunn – Commercial Units
Colonnade Building A
Colonnade Building B
Colonnade Building C
Colonnade Building D
Colonnade Building E
Farmers and Flea Markets
Musical Legends Park

The McEnery Group has presented FMC Staff with a Draft Appraisal Report for the Board's review. The Staff has reviewed the document and made preliminary comments.

Following the McEnery Company's presentation of the information included in the Draft Appraisal Report, the FMC Staff requests authorization to post the Draft Appraisal Report on the FMC's website. Further, the Staff requests the Committee defer consideration of the Draft Appraisal Report until the next scheduled Real Estate Committee meeting to allow interested parties time to review the draft report

in advance of consideration at the next Committee meeting.

Baldwin (McEnery Company Representative) presented a summary of the McEnery Company's real estate appraisal, which included the McEnery Company's analysis, considerations, and assumptions made during the site visit, property-by-property, to the Committee.

Public Comments

Ms. Marilyn Doucette (Owner, Meals from the Heart Café) stated that she heard that there will be rent increases. She understands the need for the increase, considering the rise of costs globally; however, they are "maxing" their customers out; but there has to be a drop at some point. When considering the numbers, she is hoping that within that scope of the appraisal, the FMC/McEnery has talked to the restauranteurs and business owners to find out what the expenses are, because it is ok for one business to pull out because everyone wants to get into the District. She has been here for fifteen (15) years and has seen the turnaround. It is never pretty. After a tenant leaves, the next tenant comes in for a couple of months, and then that tenant leaves. She asked what that says about the Market and its ability to maintain and retain.

She said that there has not been any changes in the façade of the District (which is deteriorating), including her space and Café Du Monde. She is asking that the entire picture is looked at and include what the expenses are, because as restauranteurs their margins are very low. She does not make any money, but she is employing citizens and training people, and those people go elsewhere.

Mr. Shakor (Owner, Gallery Cayenne) asked what website the appraisal would be posted to.

Ms. Rhonda Findley (Pop City) stated she did some research and found most tenants, if not all, are percentage rent tenants. When looking at what encapsulates a percentage rent tenant, a business becomes a partner with the landlord. It is looked at as a symbiotic partnership where there is cooperation and understanding, because the more business a retailer or restauranteur gets benefits the landlord; therefore, cooperating and working together is an essential part of that.

The common area fees are a part of that cooperation because the tenant pays into that. She hopes that the Real Estate and Marketing Committees could come together so that the French Market Corporation could sponsor an offsite event for another entity. It is a known that when events happen on property, and to a spoken scale and is in agreement with that partnership, sales go up. The previous day, Ms. Findley's store did $307 in sales and they did $637 on Sunday. She hopes that there will be more room for discussion or a charrette with shopkeepers; because they are not seeing the foot traffic in some instances and they need to be more involved in a way that is manageable to bring more traffic to the French Market District. She knows that the visitor numbers are down and the hotel occupancy is up; however, it is not for because they are not open or does not having quality products. Their neighbors also have their doors open and are doing similarly.

Ms. Findley thinks it is fine to increase the rental rates, but with that increase she would look at the expectations of the landlord (the entity, not the people in the position), and there needs to be a little openness and cooperation. If her store is open "twenty four (24)/seven (7)" and there is no foot traffic in the city, and if New Orleans & Company is not able to get the people in, there could be a Williams Sonoma or West Elm situation. She thanked the Committee for the opportunity to speak.

Mr. DeLong moved and Ms. McClendon seconded a motion to direct the FMC Staff to post the Draft Appraisal Report on the FMC's website; and that the Committee defer consideration of the Draft Appraisal Report until the next scheduled Real Estate Committee meeting to allow interested parties time to review the draft report in advance of consideration at the next Committee meeting. The motion carried unanimously.

2. Consideration – Aunt Sally's Praline Shop, Inc. – 810 Decatur Street - Request to Renew Lease

Ms. Alley reported that the Tenant is located in 810 Decatur Street in the corner unit of Colonnade Building A at the Dumaine Street breezeway. The Tenant is requesting early renewal with a proposed ten (10) year Lease Term and no renewal options. The Tenant's previous Lease Term was also a ten (10) year term with no renewals.

The Tenant did exceeded the annual sales requirement for the entirety of their original term. The Tenant has met the annual sales requirement for each Lease Year under the current Lease Term with the exception of 2020 and 2021 Lease Years primarily due to the COVID-19 Pandemic and Hurricane Ida. The Tenant is currently projected to exceed the sales requirement under the current Lease for the current Lease Year. The total sales reported from February 2023 through September 2023 are almost hitting their annual requirements. We are anticipating that they will achieve those sales at the end. The Tenant proposes to renovate the current location and indicates that they intend to make approximately $150,000.00 in improvements. The Staff believes that given the history of long lease terms, excellent sales performance, and the proposed investment in the location, the 10 year requested Lease Term is justified.

The Staff Recommends:

1. The Real Estate Committee recommend approval of the Tenant's request to renew their Lease for a ten (10) year Lease Term, with no renewal options, subject to the following:
2. A minimum performance standard of $2,859,479.19 shall be included in this Lease;
3. The Tenant shall submit all proposed renovations to the FMC Staff for review and approval prior to the commencement of any work;
4. The Tenant shall execute an amended and restated Lease based on the current commercial lease form; and
5. 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.

Public Comments

Mary-Jo Webster (CEO, Aunt Sally's Praline Shop, Inc.) stated that she has been told that they have had a bad address since 1940. They would like to be with the French Market Corporation for another eighty (80) years. Aunt Sally's structure as a company is diversified. They have a big wholesale and a big digital commerce business. Their flagship store is at 810 Decatur Street and they want to continue to invest in that, and they want to be a long-term part of the French Market Corporation. They are a family, locally, and women-run and owned company. They have shareholders who they have to pay dividends to twice a year.

Last year, Ms. Webster recommended to the Aunt Sally's Board that rather than pursuing build-outs elsewhere, they should reinvest in the 810 Decatur Street location because it can continue to be a long-term continued flagship store for the company and the family who owns it. Aunt Sally's Board of Directors was very strongly supportive of the idea. They have encumbered the funds for this purpose.

It would have been irresponsible to consider doing the improvements with only thirteen (13) months in the space; so they are looking to get some assurance that they can renew the Lease for ten (10) years and make the renovations. They are looking at not moving any walls. There will be all new fixtures, lighting fixtures, and wall treatments, but they are undecided on floor treatments; although they may have an asbestos issue on the floors (but that is undecided). They are looking at how they can better engage their customers with the cooking process, itself. Currently, customers can look through the window and some of the smell comes through; and they have challenged their designers to really improve on this. It is one of their priorities.

They would like to make the shop more walkable and appropriate to their brand (which is rustic, raw ingredient and distressed wood) rather than metal and glass. Their corporate headquarters is on St. Charles Ave. where their wholesale operation is.

Ms. Alley offered for Aunt Sally's to currently accept the ten (10) year renewal; and after looking at the proposal and the renovations are complete, add an extension.

Ms. Webster said the store will have to shut down for at least 2 weeks if they get a builder who works sort of around-the-clock. Ideally, they would be able to get it done, summer 2025.

Ms. Burns moved and Ms. McClendon seconded a motion to approve the Tenant's request to renew their Lease for a ten (10) year Lease Term, with no renewal options, subject to a minimum performance standard of $2,859,479.19 to be included in this Lease; the Tenant submitting all proposed renovations to the FMC Staff for review and approval prior to the commencement of any work; the Tenant executing an amended and restated Lease based on the current commercial lease form; and the Real Estate Committee forwarding 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.

3. Consideration – Alberto's Tapas LLC – 1100 S. Peter Street, Bay 11 - Request for Change of Use to Permit Additional Alcoholic Beverage Sales with Meals

Alberto's began operating as a Tenant in the Farmers Market in 2008. The Tenant currently holds and has held a liquor license, which permits the sale of low and high content alcoholic beverages in conjunction meals. The applicant currently sells only wine and beer and requests to add specific mixed drinks to their menu. Her beverage include hot cider, gin and tonics, hard lemonade, screwdrivers, bloody Marys, Moscow mules, frozen margaritas, and hurricanes. Alberto's is in a small space in the Farmers Market.

The City changed the City Code several years ago. Alberto's used to be a grandfathered in space; but now that the City Code has changed to allow alcoholic beverages in conjunction with meals, the only thing that is governing and prohibiting her from expanding her menu is her lease. We recently allowed the Tenant next door to add some alcoholic beverages to their use because it was consistent with their theme. Alberto's has come up and worked with Marketing, added more things, and is using more advertising and social media. She is asking to be able to sell the above mentioned items.

The Staff recommended approval and included the provision in the City Code which makes them have to stay within the Chapter 10 regulations, which dictate the amount of sales that make them stick to the over 50% sales for food and non-alcoholic beverages.

The Real Estate Committee recommends:

1. Approval of the request to add the following alcoholic beverage items for consumption on premises to the list of permitted uses in the Tenant's Lease: hot cider, gin & tonic, hard lemonade, screwdrivers, bloody Marys, Moscow mules, frozen margaritas, and hurricanes.

2. 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

3. 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.

Ms. Burns moved and Ms. McClendon seconded a motion to approve the request to add the following alcoholic beverage items for consumption on premises to the list of permitted uses in the Tenant's Lease: hot cider, gin & tonic, hard lemonade, screwdrivers, bloody Marys, Moscow mules, frozen margaritas, and hurricanes; that 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 that 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. The motion carried unanimously.

4. Consideration – Meals from the Heart – 1100 N. Peters Street, Farmers Market Bay #11 - Request for Compensation for Lost Sales

Ms. Alley reported that on February 1, 2023, Meals from the Heart reported that a delivery truck struck the A/C condenser platform above Tenant's service entrance doorway, which resulted in structural failure to the welded joints of the iron beam A/C condenser platform and the architectural louvers.

The damage required FMC to 1) internally assess damage, 2) install temporary shoring, 3) engage a competent contractor, 4) engage an architect to design structural drawings for permitting purposes, 5) obtain permits and 6) make repairs. During the time it took to make the repairs, FMC Staff was regularly in touch with Meal's From the Heart, who regularly expressed their concerns regarding the urgency associated with these repairs. As soon as was permitted, FMC strategically scheduled the repairs on the slowest days of the week, before fall business increased, including dates before and after Labor's Day and holidays, eliminating those, to reduce impact to the from the Tenant's business operations.

The Tenant now requests compensation for lost sales for the three (3) days that the Leased Premises was unusable due to A/C platform repairs. While the damage to the platform did not immediately render the leased premises unusable, the repairs required that the A/C condensing units be disconnected and removed from the condenser platform. The platform had to be repaired, then condensing units were reinstalled and returned to service. The repairs began on September 5th, 2023 and were completed on September 7th, 2023. This required that the Tenant cease operations for three days due to the extreme heat during that time period.

The Staff reviewed the provisions of the Tenant's Lease and granted the Tenant base rent abatement for the three (3) days the Leased premises was rendered unusable, as per Section X. MAINTENANCE AND REPAIRS B. Landlord's Duties. Although Section XIII of the Tenant's Lease waives the abatement of rent to effectuate repairs, the disconnection of the A/C units made the Leased premises unusable by the Tenant. We believe that Section XV specifically provided us with the authority to abate the base rent (which it specifically calls for) while those eased premises were unused.

The tenant now comes to the Board to request compensation for lost sales. Section XXVI of the Lease specifically states, "…Notwithstanding anything to the contrary in this Lease, in no event will Landlord be liable to Tenant for loss of business or profits or other consequential damages." The Lease does not guarantee any Tenant's revenue or any loss thereof due to interruption of a tenant's operations for any reason.

Rather, Section XVI of the insurance provision of the Lease requires that the Tenant maintain Business Interruption Insurance, specifically for these types of events.

Based on the information in the Lease and the fact that the FMC Staff addressed the damage to the structure in a manner that was in compliance with the terms of the Lease, secured the damage and made the repairs in a reasonable manner while regularly communicating with the tenant; and that the terms of the Lease are clear on this matter.

We believe that granting the Tenant lost sales specifically conflicts with the terms of the Lease, and would set a dangerous precedence.

The FMC Staff recommends:

1. The Real Estate Committee recommend denial of this request.
2. The Real Estate Committee forward their recommendation to the Board of Directors to be placed on the consent agenda of the next regularly scheduled meeting, and
3. The Committee advise the Tenant to seek necessary compensation from its required Business Interruption Insurance Carrier.

Public Comments

Ms. Marilyn Doucette (Owner, Meals from the Heart Café) stated that she understands the Lease and the exception (even in contrast) and that there was a misunderstanding. It is not about the money, it is about the principle. She had to ask if she would be compensated and she did not state how much she should be compensated for. She thought the roof was damaged and not the condenser platform. If she had said nothing, the platform could have fallen and seriously hurt someone. The incident happened in April 2023 and Ava _____ was the person constantly in Ms. Doucette's ear telling her that the damage was getting worse. N'Gai works very well with them and he has been very responsive.

Because the damage continued to get worse, she was concerned about it hurting someone. The condenser began to smell and the temperatures were extreme. The correspondence she received said "Tenants Roof Repairs" and she thought the roof would be fixed, however, it was the platform. She said the damage happened in April so the repairs could have waited until the weather got cooler. The kitchen is just over 100 sq. ft. and she has two elderly individuals who work in the kitchen with six burning stoves. She has a pass through window, but with the external heat, it would have given the workers no

reprieve. She has to keep two A/C units going.

Ms. Doucette said the exception is that she continuously alerted the FMC that the platform was a danger, and the platform still poses a danger because large trucks will hit it again (which is her assumption because it has happened more than one time). Her unit was the worst that the damage has happened to. Someone on her staff could have died if she insisted that they work. Loss of use is not easy to acquire for her business. She can get fire and general liability insurance, but loss of use is very difficult, although not impossible; but for sales she has to be practical.

She said that no one asked her how much money she was requesting. She is reasonable. Ms. Doucette thought that the work could have been postponed, so why was the work scheduled at that time when the damage happened in April and braces to the platform were erected. She would have asked if the work could be delayed; but she assumed it was the entire roof. After writing a few times she got a response stating she would be compensated $66.

She does not care about the money, she cared about right and wrong…morals. She spent about $1700 on labor that day and lost around the same amount on sales, based on last year, and sales are even better this year.

Mr. DeLong moved and Ms. Burns seconded a motion to deny Meals from the Heart's request for reimbursement, to explore different ways to make the area safe and to highlight the overhang to the drivers; and to forward the Committee's recommendation to the Board of Directors to be placed on the consent agenda of the next regularly scheduled meeting. The motion carried unanimously.

D. ADJOURNMENT

Ms. Burns moved to adjourn the meeting. The meeting adjourned at 2:53 p.m.