Frequently Asked Questions

547 St Ann Commercial Space

1. When is the application deadline?
Applications must be received by the Louisiana State Museum by Thursday, October 15, 2026.

2. What happens if my business is selected for consideration?
Applicants selected for consideration will be asked to present their business concept at the Irby Finance Committee meeting currently scheduled for Thursday, October 22, 2026, at one of the Louisiana State Museum's French Quarter properties. Final approval must be made by the Louisiana State Museum Board of Directors at a properly noticed meeting.

3. What is percentage rent?
Percentage rent is based on the tenant's monthly gross sales. The standard percentage is 8% of monthly gross sales, less the monthly minimum base rent already paid for that month. Percentage rent will never be less than zero.
For example, if 8% of a tenant's monthly gross sales equals $8,000 and the tenant has already paid $6,500 in monthly minimum rent, the percentage rent due would be an additional $1,500. ***See Appendix A for more detailed information***.

4. Is percentage rent charged in addition to the base rent?
Yes, but only when 8% of monthly gross sales exceeds the monthly minimum rent already paid. The tenant may also be responsible for common area expenses and other charges provided for in the lease.

5. What counts as "gross sales"?
Gross sales generally include sales of merchandise, goods, property and services made in or from the leased premises. The lease also includes certain telephone, mail, website, e-commerce and other orders associated with the tenant's business or the leased premises. Certain refunds, merchandise transfers, returns to suppliers and applicable sales taxes are excluded.

6. How large is the available space?
The commercial space at 547 St. Ann Street is approximately 2,970 square feet and is located on the ground floor of the Lower Pontalba Building.

7. What types of businesses is the Louisiana State Museum looking for?
LSM seeks businesses offering products or services that are unique and preferably have a local, New Orleans or Louisiana flavor. Merchandise must be high quality,

and original handicrafts and professional workmanship are given preference. The proposed business must also be compatible with the historic character and safety of the property and surrounding neighborhood.

8. Can I apply if I already operate another business nearby?
Generally, space will not be leased to an applicant who owns, operates or controls another retail establishment within one mile of the Lower Pontalba Building. An applicant may submit a written request for an exception, which is subject to Board approval.

9. Are there requirements for how the space is used?
Yes. A minimum of 70% of the store area must be reserved for sales purposes. Proposed improvements must be appropriate to the historic character of the Lower Pontalba Building and are subject to LSM approval. The tenant is also responsible for complying with applicable local, state and federal requirements, including the Americans with Disabilities Act.

10. Who is responsible for renovations and improvements?
The tenant is responsible for the cost of its interior and exterior improvements. Plans and specifications must be submitted to and approved by LSM before work begins.

11. Are pets allowed in the commercial space?
No. Pets are not permitted in the leased premises. This restriction helps protect the historic building and maintain appropriate conditions for the property and its occupants. Service animals are permitted as required by applicable law.

12. What financial information must I provide?
Applicants must demonstrate sufficient financial resources to complete proposed improvements and operate the business. At minimum, applicants must provide a current, independently certified financial statement and/or audit. Tenants are also required to provide an independent audit or certified financial statement annually.

13. What needs to be included in the application?
The packet calls for the completed application forms along with supporting materials such as information or images showing proposed merchandise, improvement plans, a business plan, marketing materials or strategies, financial documentation and documentation showing the applicant is in good standing with the Louisiana Secretary of State, as applicable.

14. How are applications evaluated?
Among other considerations, the Board evaluates the applicant’s financial qualifications; the compatibility of the proposed business with the historic integrity, structure and safety of the property; its relationship to other commercial leases in

the building; and its impact on the historic character of the neighborhood.

15. Does being selected or approved guarantee that I will receive a lease?
No. Receipt, review or even approval of an application does not obligate LSM to enter into a lease. If an approved applicant and LSM cannot reach agreement on lease terms within 30 days, LSM may begin negotiations with another applicant.

16. Where should questions about the application be sent?
All questions and notices must be submitted in writing to Rosy Wilson, McEnery Company, at rosy@mceneryco.com. Questions must be submitted at least two weeks before the application deadline, and responses will be posted at least one week before the deadline.

Appendix A – Explanation of Percentage Rent Structure

Percentage Rent functions within lease structure: how costs and benefits are allocated across the agreement:

> **Separation of Expenses and Services:** Percentage Rent does not fund or cover landlord services, property maintenance, or operational expenses. All routine building operations, repairs, and landlord obligations are fully accounted for and covered by Base Rent and CAM charges.
> **Location Performance Premium:** Instead of serving as a fee for services, Percentage Rent represents a performance premium for securing an asset within the French Quarter's high-traffic infrastructure and built-in customer base.
> **Shared-Risk Partnership Model:** By incorporating Percentage Rent, the State accepts a lower, safer fixed Base Rent than a standard lease would require. This structure protects the tenant's cash flow during lower-volume periods, with the state sharing in the upside only when location performance drives sales beyond the agreed threshold.
> **Vieux Carré Commission (VCC) Constraints*:** Due to strict historic preservation regulations enforced by the Vieux Carré Commission, the state is legally restricted from altering the building structure or adding custom physical upgrades in exchange for Percentage Rent payments.

In a state-owned French Quarter building, Lease Terms (Modified Gross) separates what you pay for from how the space performs.

- **Base Rent** secures the physical square footage.
- **CAM** covers your direct share of the building's operating costs.

- **Percentage Rent** is entirely separate—it is a **location premium**, not a service fee.
- Percentage rent does not fund or "cover" any specific property operations, maintenance, or landlord services.

In Summary for Q&A on Museum| Lower Pontalba Website and Agent's conversation with Prospect/Applicant:

- **The State Shares Their Risk:** Explain that percentage rent is a partnership mechanism. By accepting percentage rent, the state agrees to a lower, more affordable guaranteed base rent. This protects the tenant's cash flow during slow alignment periods, while the state only collects a premium when the French Quarter's foot traffic actively drives the tenant's high sales volumes.
- **Clear Operational Boundaries:** Remind them that operational upkeep is already accounted for. Their CAM charges specifically fund the building's day-to-day operations. Percentage rent is strictly a profit-sharing mechanism for the real estate asset itself, meaning the state cannot divert those funds into individualized tenant perks.
- **Vieux Carré Restrictions:** As a state-owned property in a historic district, building modifications are strictly regulated by the **VCC (Vieux Carré Commission)**. Even if the state wanted to provide "extra" physical upgrades or structural perks in exchange for high percentage rent payments, historic preservation laws legally prevent them from altering the building.
- **In commercial real estate, percentage rent does not "cover" an expense line item; it is the cost of purchasing access to the state's premium customer volume.**

How lease divides costs and value into three distinct areas:

- **Base Rent:** Covers the exclusive right to occupy the physical square footage.
- **CAM Charges:** Covers the tenant's share of day-to-day operational and building maintenance expenses.
- **Percentage Rent:** Represents a **location performance premium**.

What the tenant receives in exchange for percentage rent is access to a premium, high-traffic French Quarter asset at a reduced fixed financial risk, but percentage rent does not fund or "cover" any specific property operations, maintenance, or landlord services.