



## OFFICE OF INSPECTOR GENERAL JEFFERSON PARISH

KIM RAINES CHATELAIN  
INSPECTOR GENERAL



### **PUBLIC LETTER TO PARISH COUNCIL: DONATING PUBLIC FUNDS AND PROPERTY, PUBLIC IMPROVEMENTS WITHOUT PUBLIC BID and LACK OF TRANSPARENCY JPOIG 2024-0001 September 19, 2024**

The Jefferson Parish Office of Inspector General (JPOIG) is authorized pursuant to the Jefferson Parish Code of Ordinances (JPCO) §2-155.10(11)(f) to engage in prevention activities to include “the prevention of fraud, waste, abuse and illegal acts; review of legislation; review of rules, regulations, policies, procedures, and transaction...” Public Letters are intended to communicate the elements of proposed, pending and/or existing legislation, rules, regulations, and policies, to assess their effectiveness, and to consider their impact on government accountability and operations.

### **SUMMARY**

The Parish is poised to expend \$26.5 million on public buildings without following Public Bid laws, with the possibility of another \$12 million. These buildings have been and will be occupied by entities with no proven ability to meet financial obligations absent additional Parish funding. The Parish is incurring expenses and will incur more to maintain these buildings, all while receiving no equivalent consideration in return. This was achieved by the Parish incrementally passing legislation authorizing the use, development, and funding all while denying the public key information to understand the outcome: garages, brewpub, and taco restaurant constructed with public funds which the Parish does not/may not own or operate.

In 2000, the Parish Council authorized the formation of Jefferson Redevelopment Inc. (JRI), a public benefit corporation, and Jefferson Facilities Inc. (JFI), an economic development corporation. The Parish then entered into a Cooperative Endeavor Agreement (CEA), leasing properties to JRI, which subleased them to JFI. JFI was responsible for securing \$9.3 million to build a garage, expecting the revenue from the garage to cover the debt. The garage’s revenue did not satisfy debt, resulting in the Parish paying \$11.8 million so far, with another \$4.4 million expected, bringing the total to \$16.2 million to satisfy JFI’s debt. JRI owns the garage. The Parish will not own the garage until 2031 when JFI’s debt is paid.

Between 2023 and 2024, the Parish Council amended its CEA with JRI and JFI to authorize a Multi-Use Development on Parish property, committing \$10.3 million to JFI to construct two leasable spaces, which will be leased to Port Orleans Brewing Company for a brewpub and taco restaurant. The true breadth and scope of what will be constructed with the \$10.3 is unclear. A future \$12 million garage is also expected.

The framework for past and planned projects raises significant concerns about fraud, waste, and abuse. The legal safeguards designed to ensure public accountability and transparency – such as

Public Bid laws, Public Lease laws, and Open Meeting laws – were circumvented. The Louisiana Public Bid law was enacted to protect citizens from public officials entering contracts for construction of public buildings based upon favoritism or that involve exorbitant or extortionate prices. Similarly, the Louisiana Public Lease law was enacted to ensure the public receives optimal return of revenue generated from public properties by providing for competitive bidding process for all interested individuals. Finally, the Open Meeting laws were enacted to protect citizens from public officials making decisions in secret without opportunity for meaningful input from the public. The JPOIG raises significant concerns regarding the true nature and outcome of the Parish's CEAs with JRI and JFI. Key concerns are:

**Gratuitous contracts:** The CEAs and related lease documents between the Parish, JRI, and JFI are gratuitous because the Parish is not receiving equivalent value. The Parish leased property to JRI and JFI and receives no revenue. The property and improvements have been pledged to secure the debt of JFI. Now, the Parish will build a brewpub and taco restaurant from which it will receive no revenue. The CEA's and related lease may violate the Louisiana Constitution, Article VII, Section 14(A) which prohibits the loan, pledge, or donation of public funds and public property.

**Circumvention of Public Bid and Lease laws:** The Parish paid for the construction of a garage – \$11.8 million thus far and an expected \$4.4 million in the future – without complying with the Public Bid laws. The Parish has committed \$10.3 million to pay for the construction of a Multi-Use Development and will not comply with Public Bid laws. Commercial space in the Multi-Use Development will be occupied by a for-profit business, Port Orleans, Brewing Company, without the Parish complying with the Public Lease laws.

**Risk of Financial Loss to the Parish:** The Parish faces substantial financial risk with the Multi-Use Development project and related contracts with JRI, JFI, and Port Orleans Brewing Company's entities because the agreements do not include any performance metrics or guaranteed base rent from Port Orleans, and there is no provision for a return to the Parish from JRI or JFI.

**Open Meetings laws:** Discussions, planning, and negotiations for the construction of a Multi-Use Development, to include a brewpub and taco restaurant, involving a Councilmember, JFI representatives, and Port Orleans Brewing Company representatives began as early as 2021. Rather than present the full scope of the concept and project to the public in a transparent manner, it was presented piecemeal across four Council meetings, three occurring within 7 months. This obscured – or possibly deceived – the public about the true nature of the project: a commercial building constructed with public funds for the benefit of a single business, Port Orleans Brewing, Company, with no equivalent return in revenue to the Parish. Factually inaccurate or uninformed statements were made by Parish officials during Council meetings which served to further mislead and confuse the public about the project. The Open Meeting laws are intended to prevent private meetings of public bodies where only the end result is presented to the public, while key discussions occur behind closed doors.

## LEASE OF PARISH PROPERTY TO JEFFERSON REDEVELOPMENT, INC. (JRI) and JEFFERSON FACILITIES, INC. (JFI)

On 10/18/2000, the Parish Council adopted Resolution 92524 to facilitate the development, design, construction, financing, and operation of a parking facility within the Jefferson Parish courthouse campus. The resolution was a response to the growing need for additional parking spaces in downtown Gretna around government buildings.<sup>1</sup> The resolution authorized the creation of a public benefit corporation and an economic development corporation and to subsequently enter into the following agreements:

- Cooperative Endeavor Agreement (CEA): A CEA between the Parish and the newly created public benefit corporation and economic development corporation.
- Ground Leases: A 30-year ground lease between the Parish and the public benefit corporation, and a 30-year sub-lease between the public benefit corporation and the economic development corporation for Parish owned properties used as parking lots: (1) the “Tract” of property adjacent to the 24th Judicial District Courthouse; (2) Tract 2, bounded by Derbigny Street, Weyer Street, Third Street and Fourth Street; (3) Tract 3, the “Hibernia lot,” and (4) Tract 4, the “Courthouse Lot,” adjacent to the 5th Circuit Court of Appeal.<sup>2</sup>

Finally, Resolution 92524 authorized the Parish to “lease 200 parking spaces” from a newly constructed garage “at a cost equal to \$400,000 per year or such lesser amount as necessary to pay any given year’s loan repayment” on the loan secured by the economic development corporation to construct the garage.<sup>3</sup>

### Jefferson Redevelopment, Inc., a Public Benefit Corporation

Jefferson Redevelopment, Inc. (JRI) was organized as a Louisiana non-profit corporation on 05/23/2001. JRI was established as a public benefit corporation under the governance of a Board of Directors appointed by the Jefferson Parish Council.<sup>4</sup> The corporation’s original Articles of Incorporation provided that the board’s structure, including the number of directors, their qualifications, and procedures for meetings and voting would be detailed in the corporation’s by-laws.<sup>5</sup>

---

<sup>1</sup> Resolution 92524, adopted 10/18/2000, provides:

**WHEREAS**, the Parish has expanded and continues to expand governmental, courthouse, and penal facilities in and about the Jefferson Parish Courthouse Campus for the purpose of creating facilities with which to fulfill its governmental responsibilities and to foster economic growth; and

**WHEREAS** the shortage of such facilities has created parking congestion for the public, and for citizens, residents, businesses, and for the employees and personnel of the Parish of Jefferson stymieing economic development and access to governmental services; and

**WHEREAS** the Parish desires to remedy such parking congestion by facilitating the creation and operation of new parking facilities in or about the Jefferson Parish Courthouse Campus....

<sup>2</sup> Resolution 142638, adopted 08/23/2023.

<sup>3</sup> Resolution 92524, adopted 10/18/2000.

<sup>4</sup> Resolution 92524 authorized the formation of “Jefferson Development, Inc.”, a public benefit corporation formed pursuant to La.R.S. 41:1215 *et seq.* “Jefferson Redevelopment, Inc.” was organized by Wayne C. Sandoz. On January 24, 2001, the Parish Council, via Resolution 94087, recognized the change in name from Jefferson Development, Inc. to Jefferson Redevelopment Inc. (JRI).

<sup>5</sup> Jefferson Redevelopment, Inc. Articles of Incorporation, 05/23/2001.

## Jefferson Facilities, Inc., an Economic Development Corporation

Jefferson Facilities, Inc. (JFI) was organized as a Louisiana non-profit corporation on 01/26/2001. JFI was established as an Economic Development Corporation under the governance of a Board of Directors appointed by the Parish Council, with directors serving terms that corresponded to the term of the Parish President, subject to removal at the Parish President's discretion.<sup>6</sup>

## 2001 Cooperative Endeavor Agreement and Ground Leases for Parking Lots

On 08/01/2001 the Parish, JRI, and JFI entered into a Cooperative Endeavor Agreement (CEA). The CEA outlined the terms under which the Parish would lease land to JRI, and JRI would sublease land to JFI for the construction of a parking garage. The garage was expected to accommodate at least 700 vehicles, 200 of which the Parish agreed to lease. The agreement was predicated upon JFI securing financing from the Louisiana Community Development Authority (LCDA) to construct the garage.<sup>7</sup> Under the terms of the CEA, the Parish, JRI, and JFI agreed that:

- The Parish would lease land to JRI for a period of thirty (30) years for the construction of facilities by JFI.
- The Parish would approve a sublease of the same land from JRI to JFI.
- JFI would design, build, maintain, and operate a parking garage of no less than 700 spaces for use by the public and by the personnel and employees of Jefferson Parish.
- The Parish would lease 200 parking spaces in the parking garage and would “make lease payments equal to the amount of any shortfall in debt service owed on the revenue bonds issued by” the LCDA for JFI.<sup>8</sup>
- JRI would own the garage until the bonds were paid in full, after which JRI would transfer ownership to the Parish.<sup>9</sup>

On 08/01/2001, the Parish entered a 30-year ground lease with JRI. JRI agreed to pay the Parish \$1 per month for the term of the lease.<sup>10</sup> On that same day, JRI entered a 30-year sublease with JFI for the same property. JFI agreed to pay JRI \$1.00 per month for the term of the lease.<sup>11</sup>

JFI obtained financing for construction of the garage from LCDA of \$9,315,000 via Series 2001 Bonds at an average yield of 4.55% and due in varying installments through 2031. JFI built a garage

---

<sup>6</sup> Jefferson Facilities, Inc. Articles of Incorporation, 01/26/2001.

<sup>7</sup> Resolution 92524, adopted 10/18/2000. The Louisiana Community Development Authority (LCDA) was created in 1991 to allow participating political subdivisions to finance environmental projects. The enabling state legislation was amended in 1997 to expand membership to include economic development, industrial development, and public infrastructure projects within the list of authorized projects. La. R.S. 33:4548.1 et seq. <https://louisianacda.com>

<sup>8</sup> While Resolution 92524 authorized the Parish to lease 200 parking spaces at a **cost equal to \$400,000 per year or such lesser amount**, the executed CEA obligates the Parish to “lease with JFI for 200 parking spaces in the Facilities in consideration for the obligation of the Parish to make lease payments equal of the amount of **any shortfall in debt services** owed on the revenue bonds” irrespective of the amount. *See* Cooperative Endeavor Agreement by and among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., dated 08/01/2001.

<sup>9</sup> Cooperative Endeavor Agreement by and among the Parish of Jefferson and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc. dated 08/01/2001.

<sup>10</sup> Jefferson Parish and Jefferson Redevelopment, Inc. Ground Lease, Sec. 2.1 Term and Sec. 3.1 Rent, dated 08/01/2001.

<sup>11</sup> Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sublease, Sec. 2.1 Term and Sec. 4.1 Rent dated 08/01/2001.

on the property adjacent to the 24th Judicial District Court building which, until such time as the bonds are paid, is owned by JRI.

The parking garage became operational in August 2002.<sup>12</sup> JFI outsourced the operations of the garage incurring management fees from August 2002 through June 2023 of \$790,495.

### **2007 Amendment to Cooperative Endeavor Agreement - Garage Expansion and Construction of Emergency Operations Center (EOC)**

On 04/25/2007, the Parish Council adopted Resolution 107780 authorizing an amendment to the CEA with JRI and JFI. The purpose was to facilitate the expansion of the garage completed five years earlier and to construct a new Emergency Operations Center (EOC) building.

On 05/16/2007, the Parish, JRI, and JFI entered the “First Amendment” to the CEA. The CEA outlined the construction of additional facilities: an addition to the garage and the construction of an EOC building. The Parish constructed the garage addition and EOC building on property subject to a lease to JRI and sublease to JFI.

The Parish completed construction on the garage addition, and it was in use by 2010. The Parish completed construction of the EOC building, and it was in use by 2011.

### **Public Funds Used to Support Construction of Garage and EOC**

Revenue realized by the garage did not support the debt incurred by JFI for its construction. Since its formation in 2001, JFI generated only \$115,796 in profit.<sup>13</sup>

In 2012, JFI refinanced the debt with the approval and concurrence of the Parish and JRI. On 11/15/2012, JFI entered into a loan agreement with the LCDA for \$7,615,000 (Series 2012 Bonds) to refinance the Series 2001 Bonds. Subsequently, Series 2012 Bonds were issued. They were 18-year revenue bonds at a variable interest rate between 1.000 percent and 5.000 percent and due in varying installments through 09/01/2031.<sup>14</sup> On 11/01/2012, the Parish, JRI, and JFI executed the following amendments to provide for the bond refinancing:

- 2001 CEA – 2nd Amendment
- Sublease – 1st Amendment
- Ground Lease – 1st Amendment
- Facilities Lease Agreement – 1st Amendment

The Parish paid 97% percent of JFI’s debt obligation to LCDA for the first two years. For the remaining 18 years, the Parish paid 100% of JFI’s debt obligation to LCDA. In total, the Parish has spent \$11,784,827 in principal and interest payments toward JFI’s debt to LCDA. On average it spent \$589,241 per year. This is \$189,241 more than what the Parish Council authorized on 10/18/2000.<sup>15</sup> Assuming regular installments, the 2012 bonds will be paid in full in the year 2031 at an additional

---

<sup>12</sup> Jefferson Facilities Inc. Audited Annual Financial Statements for the Year-Ended June 30, 2002.

<sup>13</sup> This profit number does not include interest expense on the bonds that was paid by the Parish.

<sup>14</sup> Jefferson Facilities Inc. Audited Annual Financial Statements for the Year-Ended June 30, 2013.

<sup>15</sup> \$589,241 - \$400,000 = \$189,241.

cost of \$4,363,589.<sup>16</sup> Beginning in 2005 and continuing through 2023, the Parish annually budgeted for the repayment of JFI's debt from the Parish general funds and appropriated \$11.4 million.

At its own expense, the Parish expanded the garage which is owned by JRI.<sup>17</sup> Further, the Parish constructed the EOC building. These improvements were made on Parish property leased to and controlled by JFI and JRI. The Parish agreed to the improvements "being subject to the Mortgage and other security interest granted" for the benefit of the bondholders to secure Bonds.<sup>18</sup> See Table 1 below showing planned outcome and actual outcome of Parish's CEA and Ground Leases with JRI and JFI.

Table 1

What was planned?	What is the outcome?
<ul style="list-style-type: none"> <li>• Parish leases property to JRI</li> <li>• JRI leases property to JFI</li> <li>• JFI secures financing</li> <li>• JFI builds garage of not less than 700 spaces</li> <li>• JFI pays debt from garage revenue; Parish to pay short fall up to \$400,000</li> <li>• JRI to own garage until bonds paid in full</li> </ul>	<ul style="list-style-type: none"> <li>• Parish leases property to JRI</li> <li>• JRI leases property to JFI</li> <li>• JFI secures loan of \$9,315,000 through bonds</li> <li>• JFI builds garage of 666 spaces</li> <li>• Parish pays JFI's debt; debt payments exceed \$400,000/ per year</li> <li>• JRI owns garage until bonds are paid in full</li> <li>• Parish paid to expand garage on property leased to JFI</li> <li>• Parish paid to build EOC on property leased to JFI</li> </ul>

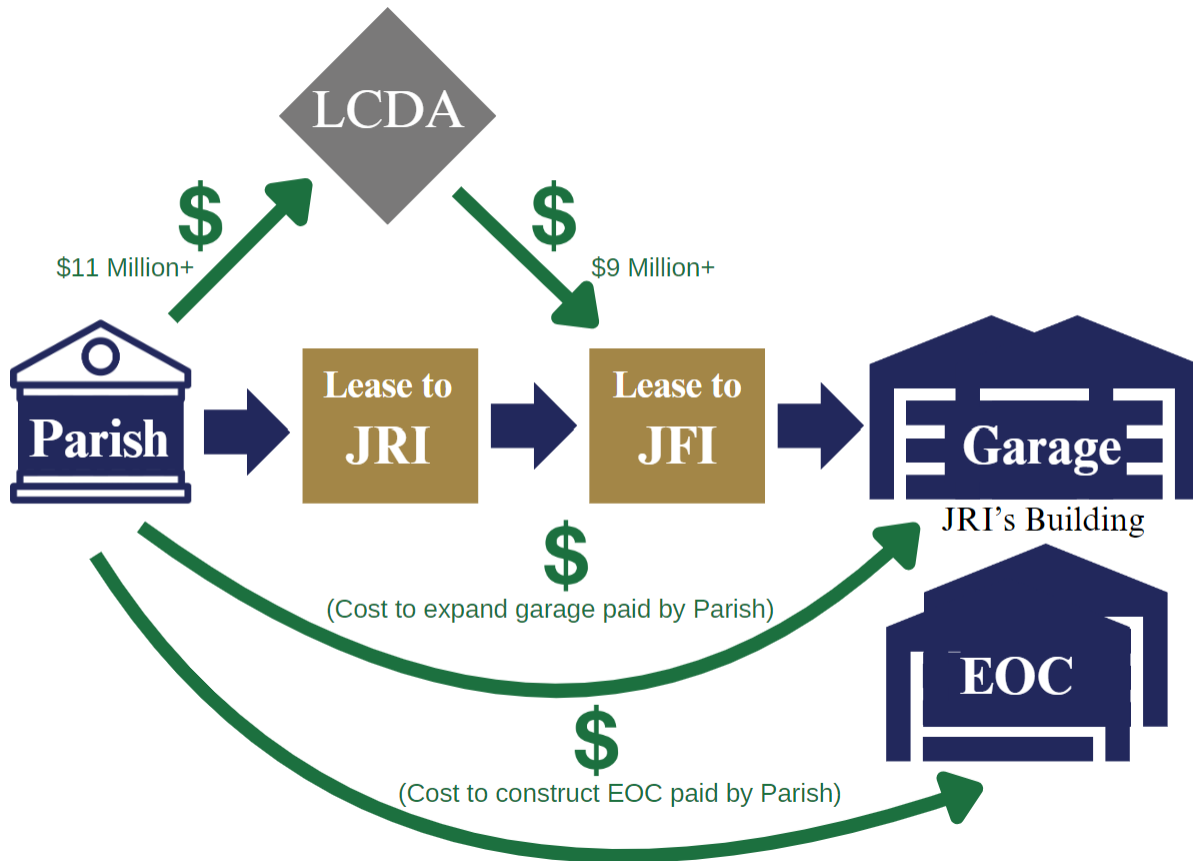
<sup>16</sup> Jefferson Facilities Inc. Audited Annual Financial Statements for the Year-Ended June 30, 2023.

<sup>17</sup> Jefferson Facilities, Inc. Audited Annual Financial Statement for the Year-End June 30, 2008.

<sup>18</sup> First Amendment to the Cooperative Endeavor Agreement by and among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc. Section 2.04. Construction of Additional Facilities. May 16, 2007.

See Figure 1 below depicting the relationships between the Parish, JRI, and JFI under the lease agreements for Parish property to JRI and JFI and the associated expenditure of public funds by the Parish for JFI's bond debt to LCDA.<sup>19</sup>

Figure 1



<sup>19</sup> For ease of reference, the JPOIG describes the debt owed to as LCDA. The debt is associated with bonds issued through LCDA. Payments on bond obligation are made to the bond Trustee, Bank of New York, and not LCDA.



## KINGFISH DEVELOPMENT PROJECT – CONSTRUCTION OF BREWERY ON TRACT 4

Between May 2023 and December 2023, the Parish amended the CEA with JRI and JFI on three occasions (3rd Amendment, 4th Amendment, and 5th Amendment) and approved a separate CEA with JFI. On 10/24/2023, the Parish Council adopted Resolution 143039 authorizing leases between JFI and the Port Orleans Gretna Beer, LLC and Port Orleans Brewing Company Restaurant Gretna, LLC for “retail space in the Mixed-Use Development located on Tract 4 – The Courthouse Lot at no direct cost to the Parish.”<sup>20</sup> On 12/06/2023, the Parish Council adopted Resolution 143294 authorizing an amendment to the 2001 CEA to give JFI \$8.6 million to construct the “Mixed-Use Development.”<sup>21</sup>

### Cooperative Endeavor Agreement – Parking Improvements (\$34,000)

On 08/10/2022, the Parish Council adopted Resolution 140213 approving a CEA with JFI “to provide for the design of the improvements to the Kingfish parking located at 200 Huey P. Long Avenue, Gretna, Louisiana 70053 at a cost not-to-exceed Thirty-Four Thousand Dollars (\$34,000).” The purpose for the CEA was “to assist in providing parking lot improvements to the citizens of Jefferson Parish.”<sup>22</sup>

The proposed resolution appeared on the Addendum Agenda for the Parish Council as Item #78. It was one of several items adopted *in globo*.<sup>23</sup>

On 08/18/2022, the Parish executed the CEA with JFI to “design the improvements to the Kingfish Parking lot” at a maximum amount of \$34,000.<sup>24</sup>

### 2023 Third Amendment to Cooperative Endeavor Agreement – Mixed-Use Development

On 05/17/2023, the Parish Council adopted Resolution 142061 approving a Third Amendment to the CEA and a Second Amendment to the original Ground Lease by and between the Parish, JRI, and JFI. The identified purpose for the amendments was described as:

... in order to further governmental services and to stimulate economic development and commercial activity, the Parties desire to amend the CEA, Ground Lease Agreement and Sublease Agreement to permit the construction of a Mixed-Use Development on Tract 4 – Courthouse Lot. The Mixed-Use Development will include a multi-story parking structure and two leasable commercial structures...<sup>25</sup>

---

<sup>20</sup> Resolution 143039, adopted 10/24/2023.

<sup>21</sup> Resolution 143294, adopted 12/06/2023.

<sup>22</sup> Resolution 140213, adopted 08/10/2022. Funding for CEA Account No. 45850-4085-7670 (58510.050) (Jefferson Facilities – Courthouse Complex – King Fish Parking Lot Improvements).

<sup>23</sup> The *in globo* adoption of items means the Parish Council took legislative action across numerous resolutions at one time rather than individually. There is no public hearing on each item. Rather, public comments are received at the beginning of the Council meeting.

<sup>24</sup> Cooperative Endeavor Agreement Between the Parish of Jefferson and Jefferson Facilities, Inc. Section 1.0 Services/Deliverables, dated 08/18/ 2022.

<sup>25</sup> Resolution 142061, adopted 05/17/2023.



The Resolution also authorized a fifteen (15) year extension on existing leases “to facilitate the development, design and construction of a Mixed-Use Development on land owned by the Parish.”<sup>26</sup>

The item appeared on the Addendum Agenda for the Parish Council as Item #144. It was one of several items adopted *in globo*.

On 08/29/2023, the Parish Council, JRI, and JFI executed the Third Amendment to the 2001 CEA:

[The] Parish, JFI and JRI hereby acknowledge and agree to the construction of the Mixed-Use Development on Tract 4-Courthouse Lot of the Land. The Mixed-Use Development will include a multi-story parking structure and two (2) leasable commercial spaces. **The Mixed-Use Development shall be owned by Parish;** however, Parish agrees that in consideration for the performance by JRI and JFI set forth in the Cooperative Endeavor Agreement, the Ground Lease Agreement and the Sublease Agreement, Parish will lease the Mixed-Use Development constructed on Tract 4 Courthouse-Lot to JRI until August 1, 2046. The Parish further agrees to acknowledge and approve any necessary sublease of the commercial space in the Mixed-Use Development by JRI to JFI to effectuate the project.<sup>27</sup>

On 08/29/2023, the Parish Council and JRI executed the Second Amendment to the Ground Lease Agreement and an amendment to the sublease agreement. According to the amended Ground Lease Agreement:

The Facilities will be owned by JRI and upon payment in full of the Series 2012 Bonds, JRI shall transfer ownership of the Facilities to the Parish. When ownership of the Facilities is transferred to Parish upon payment of the Series 2012 Bonds, Parish agrees, in consideration for the performance by JRI and JFI set forth in the Cooperative Endeavor Agreement, the Ground Lease Agreement, and the Sublease Agreement, that Parish shall continue to lease the Land described in Article I of the Ground Lease Agreement, and all improvements thereto, including the Facilities, and the Mixed-Use Development, to JRI until August 1, 2046.<sup>28</sup>

According to the amended sublease agreement, the term was extended to the later of the date that the Series 2012 Bonds are paid in full (expected on 09/01/2031) or 08/01/2046.<sup>29</sup> JFI was granted the right and accepted the obligation to:

... **design, build, maintain and operate at its sole cost and expense**, a Mixed-Use Development which shall comprise a multi-story parking structure and two leasable

---

<sup>26</sup> Resolution 142061 adopted 05/17/2023.

<sup>27</sup> Third Amendment to the Cooperative Endeavor Agreement by and Among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc. Section 3. Construction of Mixed-Use Development, dated 08/29/2023 (Bold supplied).

<sup>28</sup> Resolution 142061 adopted 05/17/2023. Exhibit B Second Amendment to Ground Lease Agreement. Section 2. Article 2. Section 2.1 Term of Sublease.

<sup>29</sup> Resolution 142061 adopted 05/17/2023. Exhibit C First Amendment to Sublease Agreement. (Note: This Amendment is identified as the “First Amendment.” However, a First Amendment was drafted in November 2012.

commercial structures (referred to as the Mixed-Use Development) on Tract- 4 Courthouse Lot.<sup>30</sup>

Additionally, JFI, at its own expense, also agreed to:

maintain or cause to be maintained the Mixed-Use Development in good order, during the term of this Sublease, and agrees to make or cause to be made all necessary repairs or restorations for Lessee to use and enjoy the Mixed-Use Development during the term of this Sublease. Lessor shall have no obligation to maintain, repair, restore, or replace the Mixed-Use Development during the term of this Sublease.<sup>31</sup>

### **2023 Fourth Amendment to Cooperative Endeavor Agreement (\$425,000)**

On 08/23/2023, the Parish Council adopted Resolution 142638 approving a Fourth Amendment to the CEA to provide JFI with \$425,000 to “facilitate the development, design and construction of a Mixed-Use Development on land owned by the Parish.” The purpose for the amendments was described as:

the public purpose of the Mixed-Use Development on Tract 4 – Courthouse Lot is to provide recreational and cultural programs to increase tourism and economic development in the Parish of Jefferson and the Parish has a reasonable expectation of receiving the benefit and value of increased tourism and economic development and increased enjoyment for the citizens of Jefferson Parish which is at least equivalent to the Four Hundred and Twenty-Five Thousand Dollars (\$425,000) provided for in this Agreement.<sup>32</sup>

The proposed resolution appeared on the Addendum Agenda for the Parish Council as Item #16. It was one of several items adopted *in globo*.

On 09/07/2023, the Parish, JRI, and JFI entered the Fourth Amendment to the CEA which provided:

In consideration of the Obligations of JFI to manage and design the construction of a Mixed-Use Development on Tract 4 – Courthouse Lot, which will include a multi-story parking structure and two leasable commercial structures, the Parish hereby agrees to pay JFI a maximum amount of Four Hundred and Twenty-Five Thousand Dollars (\$425,000). Payment will be made in accordance with Code of Ordinances, Jefferson Parish, Louisiana §2-295.1.iii.<sup>33</sup>

Under the terms of the CEA, JFI must “use the Four Hundred and Twenty-Five Thousand Dollars (\$425,000) to pay for the design and construction of the Mixed-Use Development on Tract 4 Courthouse Lot.”<sup>34</sup>

---

<sup>30</sup> Resolution 142061 adopted 05/17/2023. Exhibit C First Amendment to Sublease Agreement. Section 3. Article 3. Section 3.1 Construction of Facilities (Bold supplied).

<sup>31</sup> Resolution 142061 adopted 05/17/2023. Exhibit C First Amendment to Sublease Agreement. Section 4. Article 5. Section 5.2 Maintenance and Repairs.

<sup>32</sup> Resolution 142638 adopted 08/23/2023. The Resolution further provides that funding for the agreement “shall be charged to Account No. 44530-4007-7670(45325-108).

<sup>33</sup> Fourth Amendment to the Cooperative Endeavor Agreement, Sec. 2, dated 09/07/2023.

<sup>34</sup> Fourth Amendment to the Cooperative Endeavor Agreement, Sec. 2, dated 09/07/2023.

## **2023 Fifth Amendment to Cooperative Endeavor Agreement (\$8.6 Million)**

On 12/06/2023, the Parish Council adopted Resolution 143294 approving the Fifth Amendment to the CEA and to provide JFI with an additional \$8,635,000 to “facilitate the development, and construction of the two leasable retail spaces in the Mixed-Use Development on Tract-4-Courthouse Lot.”<sup>35</sup>

The proposed resolution appeared on the Agenda for the Parish Council as Item #122. It was one of several items adopted *in globo* as part of Consent Agenda Two.

On 03/08/2024, the Parish, JRI, and JFI entered the Fifth Amendment to the CEA which provided:

In consideration of the Obligations of JFI to manage the development and construction of the two leasable spaces in the Mixed-Use Development on Tract 4-Courthouse Lot, the Parish hereby agrees to pay JFI an amount not to exceed Eight Million Six Hundred and Thirty-Five Thousand Dollars (\$8,635,000.00). Payment will be made in accordance with the Code of Ordinances, Jefferson Parish, Louisiana, Section 2-295.1(b)(2).<sup>36</sup>

## **2024 Sixth Amendment to Cooperative Endeavor Agreement (\$1.25 Million)**

On 09/10/2024, the Parish Council adopted Resolution 144958 approving the Sixth Amendment to the CEA and to provide JFI with an additional \$1,250,000 to “to facilitate the development, and construction of two leasable retail spaces in the Mixed-Use Development on Tract-4 Courthouse Lot.”<sup>37</sup>

The proposed resolution appeared on the Agenda for the Parish Council as Item #68. It was one of several items adopted *in globo* as part of Consent Agenda Two.

## **Leases to Port Orleans Brewing Companies**

On 10/24/2023, the Parish Council adopted Resolution 143039 approving commercial leases with Port Orleans Brewing Companies, i.e. Port Orleans Gretna Beer, LLC and Port Orleans Restaurant, LLC for the (not yet constructed) Mixed-Use development. Resolution 143039 came after the Parish Council approved the Fourth Amendment to the CEA providing JFI with \$425,000 to “manage and design and construction of a Mixed-Use Development on Tract 4 – Courthouse Lot,” but before the Parish approved the Fifth Amendment to the CEA providing JFI with \$8,635,000. A year later, the Parish Council approved the Sixth Amendment to the CEA providing JFI with an additional \$1,250,000.

The proposed resolution was first noticed on the Parish Council Agenda for its meeting of 10/18/2023 as Item #116. The item was “Deferred – Date to be determined”. The lease contracts were not published with the 10/18/2023 Council Agenda. The Parish Council subsequently noticed a special

---

<sup>35</sup> Resolution 143294 adopted 12/06/2023. The Resolution further provides that funding for the agreement “shall be charged to Account No. 44530-4007-7670(45325.108).

<sup>36</sup> Fifth Amendment to the Cooperative Endeavor Agreement by and among The Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., Sec. 2, dated 03/08/2024.

<sup>37</sup> Resolution 144958 adopted 09/10/2024. The Resolution further provides that funding for the agreement “shall be charged to Account No. 44530-4007-7670(45325.108).

meeting for 10/23/2023. The lease contracts were not published with the 10/23/2023 Council Agenda until the morning of the meeting. The proposed resolution appeared as Item #0. Present at the Council meeting, there were representatives from Port Orleans as well as others who addressed the Council, to include the following:

- Jerry Bologna, Jefferson Economic Development Corporation (JEDCO)
- Tommy Discon, Port Orleans Brewing Company
- Don Noel, Port Orleans Brewing Company
- Paula Peer, Trapolin-Peer Architects, PAC

The Parish Council adopted a resolution to approve leases between JFI and Port Orleans Brewing Companies, (POB): POB Gretna Beer, LLC and POB Restaurant Gretna, LLC.

On 10/13/2023, JFI entered into two commercial lease agreements. Both agreements are virtually identical. The first commercial lease is with POB Gretna Beer, LLC and the second is with POB Restaurant Gretna, LLC. Under the terms of the leases, the Port Orleans' entities agree:

1. **Term:** Both commercial leases contain an initial 10-year term. Each commercial lease "reconduct[s] for three (3) consecutive five (5) year terms after the conclusion of the initial lease term."<sup>38</sup> Ultimately this results in two 25-year leases.
2. **Permitted Use:** That the leased premises may be used for a brewery, distillery, bar, restaurant, retails sales, club services, and any other purposes that it is properly permitted and that does not conflict with state and local laws.<sup>39</sup>
3. **Rent:** That lessee will pay a base monthly rental installment as follows: (a) for the first 30 months of the Rent Term, a sum equal to three percent (3%) of Gross Revenue, and (b) for the remainder of the Rent Term, a sum equal to six percent (6%) of Gross Revenue.<sup>40</sup>

POB Gretna Beer also pays for a barrel system which is described as a permanent brewing equipment such as 10-bbl. Vessel & platform system, 6 each 10bbl, fermenters, tubeless boiler, pro chiller and 4 serving bright vessels that will be installed by Landlord in the building.<sup>41</sup>

In addition to percentage of gross revenue, POB Gretna Beer, will pay for the use of the barrel system the sum of one thousand Dollars (\$1,000) a month beginning with the first term rent payment, and this shall be included in the base rent. All rent payments will be due on the 15<sup>th</sup>

---

<sup>38</sup> Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 2. Term; option to renew. Dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Section 2. Term; option to renew, dated 10/13/2023.

<sup>39</sup> Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 3. Permitted use, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 3 Permitted Use, dated 10/13/2023.

<sup>40</sup> Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent. Dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 4 Rent. October 13, 2023.

<sup>41</sup> Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent, dated 10/13/2023.

of the following month. Both commercial agreements define gross revenues as sales for beer, wine, liquor, food, facility rentals, consignment, and gaming.<sup>42</sup>

4. **Sublease/Assignment:** Lessee may not sublease any part of Premises without obtaining Landlord's prior written consent.<sup>43</sup>
5. **Maintenance and repairs.** Landlord is responsible for the maintenance and repair of premises other than routine maintenance, maintenance of HVAC system, and termite control.<sup>44</sup>

The lease terms also permit the Lessee to "mortgage its leasehold estate in the Leased Premises and grant a security interest in all Lessee's personal property associated with the premises." "Leasehold mortgage" encompasses any mortgage or security arrangement through which Lessee's interest in the premises is pledged to secure a debt.<sup>45</sup>

Further, the lease terms provide that the Lessor "warrants to Lessee that, as of the effective date of this Lease, the Leased Premises is not subject to any mortgage, deed of trust, or other lien." Under the terms of the Fifth Amendment to the CEA between the Parish, JRI, and JFI, the Parish is providing \$8.6 million to construct a Multi-Use Development. It will be built on Parish property which is subject to a mortgage in favor of bond holders to secure the debt by JFI on the original garage construction.<sup>46</sup>

---

<sup>42</sup> Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 19. Reporting Requirements, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 19. Reporting Requirements, dated 10/13/2023.

<sup>43</sup> Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 11. Sublease/Assignment, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 3. Sublease/Assignment, dated 10/13/2023.

<sup>44</sup> Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Section 16. Maintenance and repairs, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Section 16. Maintenance and repairs, dated 10/13/2023.

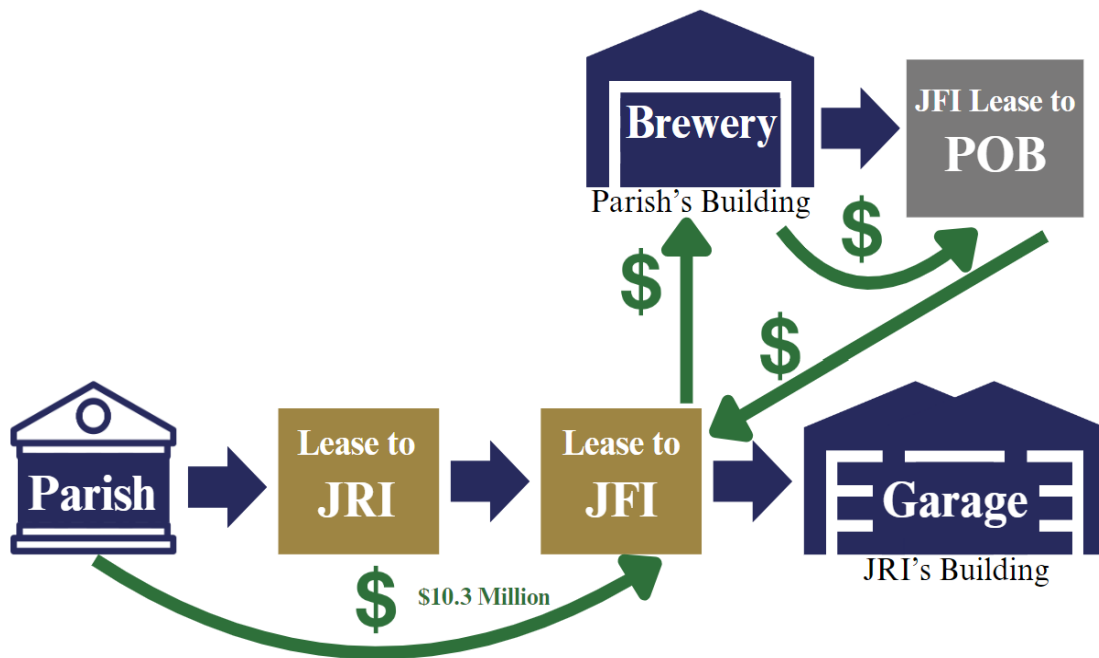
<sup>45</sup> Commercial Lease Agreement between Jefferson Facilities, Inc. and POB Gretna Beer, LLC. Section 14. Mortgage of lease hold estate, dated 10/13/2023. Commercial Lease Agreement between Jefferson Facilities, Inc. and POB Restaurant Gretna, LLC. Section 14. Mortgage of lease hold estate, dated 10/13/2023.

<sup>46</sup> Commercial Lease Agreement between Jefferson Facilities, Inc. and POB Gretna Beer, LLC. Section 14. Mortgage of lease hold estate, dated 10/13/2023. Commercial Lease Agreement between Jefferson Facilities, Inc. and POB Restaurant Gretna, LLC. Section 14. Mortgage of lease hold estate, dated 10/13/2023.

The Parish committed more than \$10 million dollars towards “designing” a Multi-Use Development but constructing only “two leasable spaces.”

What was planned?	What is the outcome?
• Parish gives JFI \$34,000 to design improvements to parking lot	• Outcome of \$34,000 unknown
• Parish gives JFI \$425,000 to design and construct a Multi-Use Development	• Outcome of \$425,000 unknown
• Parish gives JFI \$8,635,000 to develop and construct “two leasable retail spaces.”	• Outcome of \$8,635,000 unknown
• Parish gives JFI \$1,250,000 to develop and construct “two leasable retail spaces.”	• Outcome of \$1,250,000 unknown

*Figure 2*



Page 14 of 35

## **JPOIG CONCERN #1: DONATING PUBLIC FUNDS AND PUBLIC PROPERTIES WITHOUT EVIDENCE OF RECEIVING EQUAL VALUE**

The JPOIG is concerned that the Parish has donated public properties and public funds to a non-profit entity without receiving or expecting to receive at least equivalent value. The Louisiana Constitution Article VII, Section 14 (A), Prohibited Uses, provides:

Except as otherwise provided by this constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

The purpose of this constitutional provision is “to protect the electorate from the possibility that a politically powerful individual or interest could importune the legislature or other governmental entity into making a donation of [public] assets of the State.”<sup>47</sup> While Article VII, Section 14(C) permits cooperative endeavors for a public purpose, the Louisiana Supreme Court has ruled that cooperative endeavor agreements must also meet the general standard for non-gratuitous alienation of public funds or property established by Section 14(A).<sup>48</sup>

When presented with the question, Attorney Generals have consistently opined that government must show evidence demonstrating that it has a reasonable expectation that the benefits to government are at least equivalent to the amount of public assets being provided so as not to be prohibitive under Article VII, Sec 14.<sup>49</sup> When government receives only a nominal amount in exchange for giving up use of its land to a non-profit, then the exchange is gratuitous on its face and violates Article VII, Section 14(A). The Louisiana Attorney General developed a three-pronged test to determine if an expenditure is permissible:

[I]n order for an expenditure or transfer of public funds to be permissible under Art. VII, Sec. 14(A), the public entity must have the legal authority to make the expenditure and must show: (i) a public purpose for the expenditure or transfer that comports with the governmental purpose the public entity has legal authority to pursue; (ii) that the expenditure or transfer, taken as a whole, does not appear to be gratuitous; and (iii) that the public entity has a demonstrable, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds.<sup>50</sup>

This test was developed based upon the Louisiana Supreme Court decision *Board of Directors of the Industrial Development Board of the City of Gonzales, LA, Inc. v. All Taxpayers, Property Owners, Citizens of the City of Gonzalez*, No. 2005-2298 (La. 2006) 938 So.2d 11.

---

<sup>47</sup> *In re Members of Class of Descendants of Former Owners of Cheniere Ronquillo*, 01-1548, p. 4 (La. App. 4<sup>th</sup> Cir. 4/24/02), 817 So.2d 324,327.

<sup>48</sup> *Board of Directors of the Industrial Development Board of the City of Gonzales v. All Taxpayers, et al*, 2005-2298 (La. 9/6/06), 938 So.2d 11 (citing *City of Port Allen v. Louisiana Risk Management, Inc.* (La. 1983) 439 So.2d 399,402).

<sup>49</sup> La. Atty. Gen. Op. No. 07-0134, 05/14/2007; La. Atty. Gen. Op. No. 12-0082, 08/10/2012; La. Atty. Gen. Op. No. 07-0060, 05/16/2007.

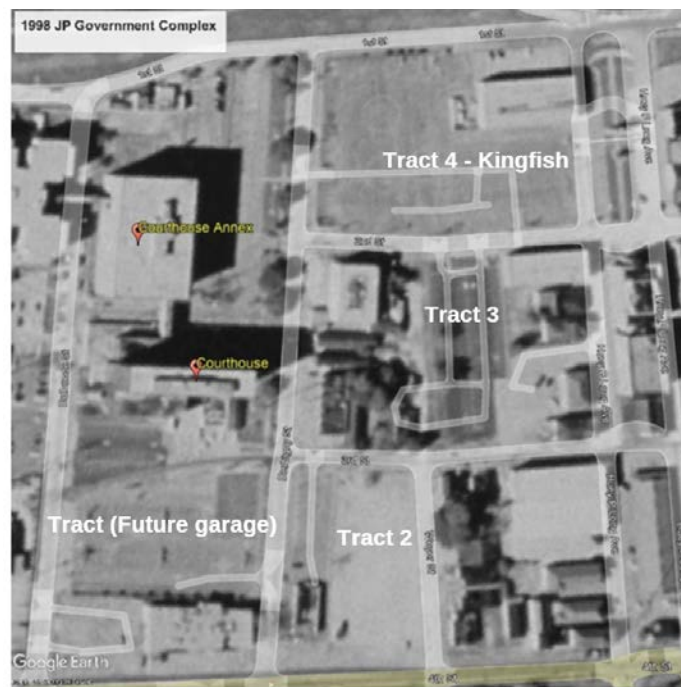
<sup>50</sup> La. Atty. Gen. Op. No. 09-0018, 02/11/2009.



## 2001 Donation of Parish Properties to Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc.

When the Parish entered into the CEA with JRI and JFI in 2001, the reason given was “a need for the establishment of parking facilities such as those to be provided by JFI.”<sup>51</sup> At that time, the Parish agreed, “in consideration for the performance by JRI and JFI” to lease lands on which existing parking lots were located for thirty (30) years.<sup>52</sup> These lands included four unimproved properties: (1) the “Tract” adjacent to the 24th Judicial District Courthouse; (2) Tract 2, bounded by Derbigny Street, Weyer Street, Third Street, and Fourth Street; (3) Tract 3, the “Hibernia lot;” and (4) Tract 4, the “Courthouse Lot,” adjacent to the 5th Circuit Court of Appeal.<sup>53</sup> See Figure 3 for an aerial view of related tracts of land.

Figure 3



The CEA further provided:

...the Parish shall be required to expend only so much of the amount appropriated as it necessary to pay such shortfall in revenues from the Facilities available to pay debt service on the Bonds. If the Parish is obligated to cover any shortfall in the net revenues from the Facilities, the Parish shall have the right to be reimbursed on a first priority basis from any excess funds subsequently generated by the Facilities. The Facilities

<sup>51</sup> Cooperative Endeavor Agreement by and among The Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., Sec. 1.01 Representations of the Parish, dated 08/01/2001.

<sup>52</sup> Cooperative Endeavor Agreement by and among The Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., dated 08/01/2001.

<sup>53</sup> Resolution 142638, adopted 08/23/2023.

will be owned by JRI, and upon payment of Bonds, JRI shall transfer ownership of the Facilities to the Parish....<sup>54</sup>

**The CEA and related lease documents may be gratuitous because the Parish received zero consideration from JRI and JFI from the transaction for these last 23 years. The Parish can and does build infrastructure regularly. There was no articulated reason why the Parish could not construct the garage because it has the capability of securing financing via issuance of bonds. The Parish has guaranteed the debt of JFI and paid the debt of JFI on the bonds related to the construction of the garage.**

### **Concerns related to 2001 CEA and Ground Leases with JRI and JFI**

The JPOIG is concerned that the 2001 CEA and related lease documents may be gratuitous because the Parish received zero consideration from improvements to Parish property subject to leases in favor of JRI and JFI:

1. Parish leased 4 tracts of land to JRI and JFI, but JFI only improved the “Tract,” making leases of Tracts 3-4 gratuitous.
2. Parish property was pledged to secure the debt of a private nonprofit because JFI executed a mortgage on Parish property in favor of Bank of New York to secure bonds.
3. The Parish has paid more than \$11 million to satisfy JFI’s debt. JFI has failed to meet its debt obligation since receiving loan proceeds from bond issuance.
4. The Parish has paid for the garage but does not own it. JRI owns the garage under the terms of the CEA until the bonds are paid in full.

### **2007 Donation of Parish Improvements to Jefferson Facilities, Inc.**

When the Parish amended the CEA with JRI and JFI in 2007, the reason given was “the Parish has determined that it is necessary and appropriate to construct an additional parking structure and an emergency management building.”<sup>55</sup> As a term and condition of the amendment, the Parish agreed that the additional facilities would be subject to the mortgage and other security interested previously granted in favor of bondholders to secure the Bonds.<sup>56</sup>

In 2007, the Parish improved Parish properties leased to JRI, who subleased to JFI. First, the Parish constructed an addition to the garage built five years earlier by JFI. Then, the Parish constructed an Emergency Operations Center (EOC) building. The construction of the EOC on existing parking lot (Tract 2) displaced 70 parking spaces. The addition to the garage created 298 new spaces but the addition displaced 26 existing spaces.<sup>57</sup> After accounting for parking spaces displaced by

---

<sup>54</sup> Cooperative Endeavor Agreement by and among The Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., Sec. 2.01 Obligations of the Parish, dated 08/01/2001.

<sup>55</sup> First Amendment to Cooperative Endeavor Agreement by and between the Parish of Jefferson, Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., dated 05/16/2007.

<sup>56</sup> First Amendment to Cooperative Endeavor Agreement by and between the Parish of Jefferson, Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., Sec. 2.04 Construction of Additional Facilities, dated 05/16/2007.

<sup>57</sup> Per the original CEA, JFI committed to construct a garage of not less than 700 spaces. The completed garage provided 666 spaces. The addition to the garage displaced 26 spaces which resulted in the original structure having 640 spaces. Per the First Amendment to the CEA, the Parish planned to add 318 additional spaces to the garage and acknowledged that 70 parking spaces would be displaced by construction of the EOC building on Tract 2. A physical count shows the garage

construction, the addition to the garage resulted in a net increase of 202 parking spaces. While improvements were made at the sole expense of the Parish, JFI received revenue from additional parking spaces without consideration to the Parish. See Figures 4-5 for aerial view of tracts pre and post construction of garage expansion and construction of EOC building.

Figure 4

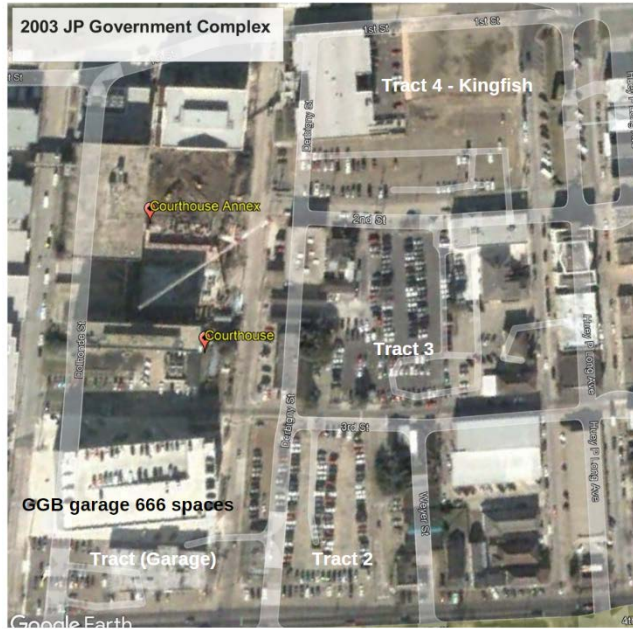
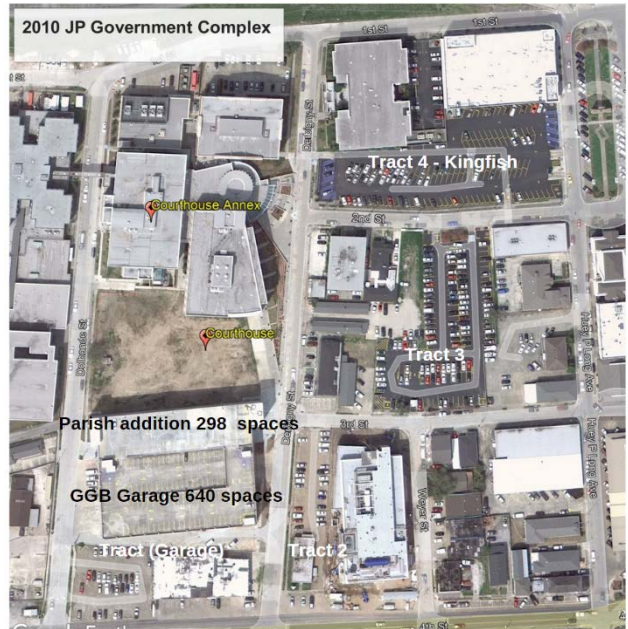


Figure 5



### **Concerns related to 2007 Amendment to CEA with JRI and JFI**

The JPOIG is concerned that the 2007 amended CEA and related lease documents may be gratuitous because the Parish received zero consideration from improvements to Parish property subject to leases in favor JRI and JFI:

1. Parish improvements were pledged to secure the debt of a private non-profit because under the amended CEA the improvements were subject to the mortgage and other security interested granted in favor of bondholders to secure JFI's debt.
2. The Parish expanded the garage at the Parish's expense but does not own the addition. JRI owns the garage under the terms of the CEA until the bonds are paid in full.
3. The Parish paid to expand the garage by more than 200 spaces. Under terms of the original CEA, the Parish agreed to lease "200 parking spaces" in the original garage "in consideration for the obligation of the Parish to make lease payments equal to the amount of any shortfall in debt service owed on revenue bonds." The Parish has made and continue to pay 100% of JFI's debt on bonds. Essentially, the Parish has paid and/or absorbed the cost of more than 200 parking spaces twice.

---

addition added 298 new spaces and displaced 26 spaces. The net increase of 202 spaces is calculated by subtracting the 26 garage spaces displaced by the addition and the 70 parking lot spaces displaced by EOC construction from the 298 created with the garage addition. (298-26-70=202)

## **2023 Donation of Parish Improvements and Funds to Jefferson Facilities, Inc.**

When the Parish amended the CEA with JRI and JFI three times in 2023, the reason given was “to stimulate economic development and commercial activity” by permitting the “construction of a Mixed-Use Development on Tract 4 – Courthouse Lot.”<sup>58</sup> The Third Amended CEA provided the Parish would own the constructed Multi-Use Development but subject to leases in favor of JRI and JFI. The Third Amended CEA also provided for a fifteen (15) year extension on existing leases of Parish property.<sup>59</sup> The Fourth Amended CEA gives \$425,000 to JFI. The Fifth Amended CEA gives JFI “an additional \$8,635,000” to construct “two leasable commercial structures.”<sup>60</sup> The Sixth Amended CEA gives JFI an addition \$1,250,000 to construct “two leasable retail spaces.”<sup>61</sup>

The Parish has committed to give JFI more than \$10 million dollars and use of improvements made to Parish properties with public dollars for the next 25 years. In return, the Parish receives nothing from JFI.

Under Louisiana law, a “gratuitous contract” is when one party obligates himself towards another for the benefit of the latter, without obtaining any advantage in return.<sup>62</sup>

Under similar facts involving the lease of St. Tammany Parish property, the Attorney General opined that the transaction was “tantamount to a loan of this public property” for the purpose of conducting a commercial enterprise. The opinion noted that St. Tammany Parish did not contract on a monthly or annual management fee basis or even percentage basis of rentals received from a management company with whom it contracted. In fact, St. Tammany Parish agreed to compensate the management company for loss of revenues. The opinion concluded such “an arrangement would be prohibited by Louisiana Constitution Article 7, §14 (A).”<sup>63</sup>

A public entity must receive more than a nominal return or some minimal value for an expenditure to be non-gratuitous. The public entity must “show that it reasonably expects to receive at least equivalent value for funds it expends or property it transfers, that would seem to show a non-gratuitous intent.”<sup>64</sup>

### **Concerns related to 2023 Amendments to CEA with JRI and JFI**

The JPOIG is concerned the 2023 amended CEAs and related lease documents are entirely gratuitous:

1. Parish gives more than \$10 million to JFI with no reciprocal consideration.
2. Parish gives improvements made on leased land, including the garage, the garage addition, Tract 3 parking lot, and newly built Multi-Use Development to JRI and JFI for an additional fifteen (15) years with zero consideration.

---

<sup>58</sup> Third Amendment to the Cooperative Endeavor Agreement by and Among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., dated August 29, 2023.

<sup>59</sup> Resolution 142061. Exhibit B Second Amendment to Ground Lease Agreement. Section 2. Article 2. Section 2.1 Term of Sublease.

<sup>60</sup> Fifth Amendment to the Cooperative Endeavor Agreement by and among The Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., dated 03/08/2024.

<sup>61</sup> Resolution 144958, adopted 09/10/2024.

<sup>62</sup> La. Civil Code Art. 1910.

<sup>63</sup> La. Atty. Gen. Opinion 97-386, dated 09/15/1997.

<sup>64</sup> La. Atty. Gen. Opinion 07-0134, dated 05/14/2007.



3. Parish may owe rent on 200 parking spaces to JFI for fifteen (15) years after having paid JFI's debt for money used to construct the garage. Under the terms of the original CEA, the Parish committed to lease 200 spaces.

### **2023 Donation of Parish Improvements to Jefferson Redevelopment, Inc.**

When the Parish approved the Third Amendment to the CEA, the Parish, JFI, and JRI agreed to the construction of the Mixed-Use Development on Tract 4-Courthouse Lot of the Land which "shall be owned by Parish."<sup>65</sup> However, when the Parish Council and JRI executed the Second Amendment to the Ground Lease Agreement, the lease provided, the "Facilities will be owned by JRI."<sup>66</sup>

### **Concerns related to 2023 Donation of Parish Improvements to Jefferson Redevelopment, Inc.**

The JPOIG is concerned:

1. Parish will expend more than \$10 million to construct a building which will be owned by JRI.

### **JPOIG CONCERN #2: PARISH BUILDING CONSTRUCTED ON PARISH PROPERTY WITH PARISH FUNDS WITHOUT PARISH BIDDING**

The JPOIG is concerned that the Parish may have engaged, and may continue to engage, in transactions with JRI and JFI that contravene or undermine the Louisiana Public Bid Law. These concerns specifically relate to the construction of the garage and the proposed Multi-Use Development.

The Louisiana Public Bid Law was enacted to protect taxpaying citizens by ensuring that public officials do not enter into contracts based on favoritism or that involve exorbitant or extortionate prices.<sup>67</sup> The law serves two primary purposes: (1) eliminating fraud and favoritism, and (2) ensuring free and unrestricted competition among bidders, thereby preventing undue or excessive costs.<sup>68</sup> Under the Public Bid Law, all public construction projects with a contract value of \$250,000 or more must be awarded to the lowest responsible and responsive bidder who adheres to the advertised bidding documents.<sup>69</sup> Furthermore, political subdivisions of the state are prohibited from taking any actions that contradict the law's provisions.<sup>70</sup>

The Louisiana Public Bid Law applies to "public entities" engaging in a "public contract." A public entity is defined to include a political subdivision, e.g. Jefferson Parish. A private nonprofit entity, such as JFI, is not considered a "public entity" under the Public Bid Law according to one Louisiana

---

<sup>65</sup> Third Amendment to the Cooperative Endeavor Agreement by and Among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc. Section 3. Construction of Mixed-Use Development, dated 08/29/2023.

<sup>66</sup> Resolution 142061 adopted 05/17/2023. Exhibit B Second Amendment to Ground Lease Agreement. Section 2. Article 2. Section 2.1 Term of Lease.

<sup>67</sup> *LA Associated General Contractors, Inc. et. al. v. the Calcasieu Parish School Board*, No. 91-C-0106 (La. 1991), 586 So.2d 1354.

<sup>68</sup> *Latham v. City of Gonzales through Arceneaux*, 2021-0825 (La. App. 1<sup>st</sup> Cir. 02/25/2022) 340 So.3d 1146.

<sup>69</sup> La. R.S. 38:2212.

<sup>70</sup> *Broadmoor, LLC v. Ernest N. Morial Convention New Orleans Exhibition Hall Authority*, 2004-0211 c/w 2004-2012 (La. 2004) 86 So.2d 851, 656 (citing *LA Associated General Contractors, Inc. et. al. v. the Calcasieu Parish School Board*, No. 91-C-0106 (La. 1991), 586 So.2d 1354,1359).

court.<sup>71</sup> This distinction raises questions about whether the Parish's transactions with JRI and JFI were intended to bypass legal mandates designed to safeguard the public's interest.

### **2001 Construction of Government Building Garage by Jefferson Facilities, Inc.**

When the Parish entered into the Cooperative Endeavor Agreement (CEA) with JRI and JFI in 2001, it committed to leasing properties to JRI and agreed to approve a sublease of the properties to JFI for the construction of a parking garage. Under this arrangement, JRI subleased the Parish properties to JFI, which in turn agreed to secure financing for and construct a garage. Ownership of the garage remained with JRI until the construction debt was fully paid off, at which point the Parish would take ownership.<sup>72</sup>

**In theory, the Parish was positioned to eventually own a garage constructed by JFI, funded by the revenue generated from its operation. In reality, the Parish has paid over \$11 million for the garage and is likely to pay an additional \$4 million. JFI received \$9,315,000 to construct the garage, but the exact cost of construction remains unknown. Parish does not own the garage constructed by JFI, despite having paid the associated debt for over 20 years.**

#### **Concerns related to 2001 Construction of Garage by JFI**

The JPOIG is concerned that the CEA between the Parish, JRI, and JFI resulted in the circumvention of the Louisiana Public Bid Law:

1. Public was left without assurance of open competition among contractors on project
2. Public was left without assurance the project was free from favoritism.
3. Public funds were unprotected from excessive costs.

### **2023 Construction of Multi-Use Development by Jefferson Facilities, Inc.**

Unlike the garage construction, the Multi-Use Development will be built using Parish funds. When the Parish entered into the Third Amendment to the CEA, it authorized the construction of a Multi-Use Development on Parish property, with JFI agreeing to handle the construction. Later, through the Fourth, Fifth and Sixth Amendments to the CEA, the Parish committed \$425,000, \$8.6 million, and \$1.2 million to JFI for the project's construction. Ownership of the Multi-Use Development is unclear.

The stated public purpose for this partnership was to "stimulate economic development and commercial activity," as outlined in the amendments to the CEA. While the public purpose justifies the desire for a Multi-Use Development, **there is no clear public benefit to having JFI construct a Parish-owned building on Parish-owned land, especially when the project is fully funded by Parish resources. According to the Louisiana Public Bid Law, all public construction projects with a contract value of \$250,000 or more must be advertised and awarded to the lowest responsible and responsive bidder.** By entering into this contract with JFI, the Parish has bypassed this requirement without demonstrating a specific public purpose, need, or urgency. If the construction of a Multi-Use Development is truly in the best interest of taxpayers, it should be undertaken by the Parish in full compliance with the Louisiana Public Bid Law.

---

<sup>71</sup> *M.K.L. Development, LLC v. City of New Orleans*, 199-1516 (La. App. 4<sup>th</sup> Cir. 10/16/2000) 772 So.2d 711.

<sup>72</sup> Cooperative Endeavor Agreement by and among The Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., dated 08/01/2001.

In 2007, the Parish, JRI, and JFI amended the 2001 CEA to allow for the construction of an additional parking structure and an Emergency Operations Center at the Parish's expense. The parking structure was deemed necessary due to the loss of parking spaces caused by the construction of the EOC. These projects were clearly linked, with the garage expansion completed before the EOC's construction created a demand for additional parking.

In contrast, the 2023 amendment to the CEA, which authorizes JFI to construct the Multi-Use Development, lacks such clear planning and foresight. Neither the amended CEA nor related documents guarantee the Parish any specific construction, e.g. square footage, height, or amenities for the new development. Moreover, no provisions have been made to address the displacement of parking spaces caused by the construction. The below images show the site of the future Multi-Use Development on a Thursday in August.



The Multi-Use Development will significantly increase demand for parking, far beyond what was anticipated with the EOC project. There is no plan to prevent additional Parish funds from being at risk to address issues created by this construction.

The Parish is poised to spend over \$10 million on a building to be constructed on Parish property without following the Public Bid Law. Even more concerning is the lack of assurance or commitment to the public regarding what will be built or the final cost of the project.

### **Concerns related to 2023 Construction of Multi-Use Development by JFI**

The JPOIG is concerned that the 2023 Construction of the Multi-Use Development by JFI will circumvent the Louisiana Public Bid Law:

1. Public has no assurance of open competition among contractors on project.
2. Public has no assurance the project is free from favoritism.
3. Public has no assurance that project will be completed without the need of additional public funding.
4. Public has no assurance what will be constructed because there are no specific deliverables associated with the donation of more than \$10 million, e.g. the specifications for the space and disclosed cost.
5. Public funds are unprotected from excessive costs.



### JPOIG CONCERN #3: PARISH PROPERTY LEASED FOR COMMERCIAL DEVELOPMENT WITHOUT PARISH BIDDING LEASE

The JPOIG is concerned that the Parish may have engaged, and may continue to engage, in transactions with JRI and JFI that circumvent the Louisiana Public Lease Law.<sup>73</sup> These concerns are particularly focused on the role of JRI in these transactions.

The Louisiana Public Lease Law was enacted to ensure fair competition by allowing all individuals an opportunity to bid on leases of public property. This law aims to prevent government authorities from favoring one person or entity over another and to generate larger revenues for public agencies through the requirement of competitive bidding for leases.<sup>74</sup>

Government entities can engage with the Louisiana Public Lease Law to maximize potential revenues through competitive bidding for leases. For instance, the Audubon Park Commission solicited proposals for a restaurant to be in Audubon Park. One bidder offered to construct a 21,700 square foot facility, in addition to paying 3% of gross revenues or a guaranteed minimum rent of \$121,320. Another bidder proposed constructing a 7,000 square foot structure and paying 5.2% of gross revenue with a guaranteed minimum rent of \$121,000. Upon expiration of the lease, all improvements constructed by the successful bidder would become the property of the park.<sup>75</sup> In this scenario, the public entity benefited from guaranteed rent in the short term and ownership of improvements made at the bidder's expense in the long term.

However, the Louisiana Public Lease Law provides an exception for public benefit corporations. Under this law, political subdivisions of the state, such as Jefferson Parish, are authorized to create public benefit corporations under Louisiana's general nonprofit corporation laws.<sup>76</sup> These corporations can own, lease, or develop public property, provided they meet specific criteria: they must be organized as non-profit entities, no income may inure to any private person, and the political subdivision must retain a beneficial interest in the corporation. Importantly, a public benefit corporation formed for this purpose is exempt from the requirement to advertise for and receive bids, providing any lease or sublease it enters into with a third party is approved by the governing authority.<sup>77</sup>

The formation of a public benefit corporation can be advantageous for government authorities since the law permits these entities to respond more nimbly than traditional government processes allow. For example, the New Orleans Building Corporation, Inc. (NOBC) was organized as a public benefit corporation to own, lease, develop, and operate properties in New Orleans. Notable projects include the redevelopment of the World Trade Center Building into condominium and hotel rooms. In 2023, NOBC transferred \$23,254,244 in revenue generated from its activities to the City of New Orleans.<sup>78</sup>

---

<sup>73</sup> La. R.S. 41:1211 et seq.

<sup>74</sup> *Plantation on the Green, Inc. v. Gamble*, (La. App. 4<sup>th</sup> Cir. 1983) 441 So.2d 299, 303 (citing *Ellis v. Acadia Parish School Board*, 211 La. 29, 29 So.2d 461 (La. 1946)).

<sup>75</sup> *Plantation on the Green, Inc. v. Gamble*, 441 So.2d 299 (La. App. 4<sup>th</sup> Cir. 1983).

<sup>76</sup> La. Atty. Gen. Opinion No. 94-442, 09/01/1994.

<sup>77</sup> La. R.S. 41:1215(B)(4).

<sup>78</sup> [https://app2.la.state.la.us/publicreports.nsf/0/7def986e6d24cebb86258b700069f4c1/\\$file/00005761.pdf?openelement&.7773098](https://app2.la.state.la.us/publicreports.nsf/0/7def986e6d24cebb86258b700069f4c1/$file/00005761.pdf?openelement&.7773098).

Still, a public benefit corporation must establish and apply “fair and reasonable criteria” when letting leases or subleases, considering factors such as: (1) rent; (2) the highest return or revenue and benefits to the political subdivision; (3) financial stability; (4) architectural design, development, and management of the operational plan; (5) uniqueness of operation; and (6) stimulation of other industrial or commercial activity within the political subdivision.<sup>79</sup>

The negotiation process requires a degree of competitive negotiation with alternative potential contractors and not mere negotiation with one potential contractor.<sup>80</sup> Additionally, all leases or subleases must stipulate that rental payments be made in cash, either as a lump sum or in installments.<sup>81</sup>

## 2001 Cooperative Endeavor Agreement and Ground Lease for Parking Lots

On 10/18/2000, the Parish Council authorized the formation of Jefferson Redevelopment, Inc. (JRI) as a public benefit corporation pursuant to the Louisiana Public Lease Law.<sup>82</sup>

On 08/01/2001 the Parish, JRI, and JFI entered a CEA. The CEA outlined the terms under which the Parish would lease four noncontiguous tracts of land to JRI. On the same date, the Parish entered into a 30-year ground lease with JRI. Under this agreement, JRI agreed to pay the Parish \$1 per month for the lease's duration.<sup>83</sup> At the time, these tracts of land were in use as surface parking for the nearby courts and government buildings. As a public benefit corporation authorized by the Parish Council, JRI was permitted to lease or develop Parish property that was let to it. **However, JRI has neither developed the property nor engaged in any significant activities related to it.**

The Parish approved a sublease of these lots from JRI to JFI under the condition that JFI secure financing and construct a garage. Subsequently, JRI entered into a 30-year sublease with JFI for the same properties, with JFI also agreeing to pay JRI \$1 per month for the lease's duration.<sup>84</sup>

Under the terms of JRI's sublease to JFI, JFI had the obligation to:

design, build, maintain and operate, at its sole cost and expense, a parking garage which shall provide for not less than 700 nor more than 715 parking spaces for use by the public and by the personnel and employees of Jefferson Parish.<sup>85</sup>

JFI constructed a garage of 666 parking spaces. Once constructed, JFI did not operate the garage. Rather, it contracted with Park One/Common, LLC (Central Parking System) incurring management fees of \$790,495 from August 2002 through June 2023.<sup>86</sup>

As a public benefit corporation, JRI was required to apply “fair and reasonable criteria” considering factors such as revenue and benefits to the Parish, financial stability, and the development and

---

<sup>79</sup> La. R.S. 41:1215(B)(4).

<sup>80</sup> La. Atty. Gen. Opinion 94-442, 09/01/1994.

<sup>81</sup> La. R.S. 41:1215(B)(9).

<sup>82</sup> See La. R.S. 41:1215 *et seq.* On 10/18/2000, the Parish Council, via Resolution 92524, authorized the formation of Jefferson Redevelopment pursuant to La. R.S. 41:1215. On 01/24/2001, the Parish Council, via Resolution 93092, recognized the change in name from Jefferson Development, Inc. to Jefferson Redevelopment Inc. (JRI).

<sup>83</sup> Jefferson Parish and Jefferson Redevelopment, Inc. lease, dated 08/01/2001.

<sup>84</sup> Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sublease, dated 08/01/2001.

<sup>85</sup> Sublease by and between Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. dated 08/01/2001, Section 3.1.

<sup>86</sup> Park One/Common, LLC were operating on a contract that expired on 08/31/2021.

management of the operational plan. Despite these obligations, JRI has played no discernible role in identifying “fair and reasonable criteria” to assure the prudent use of Parish property by JFI. Rather, JRI passed the property to JFI.

After construction of the garage, JFI has played no discernable role in maintaining or operating the properties. JFI has no demonstrated history of meeting its obligations and no demonstrated financial stability. Revenue generated from the properties was expended on management fees to Park One/Common, LLC. In 21 years, JFI has realized only \$115,796 in profit.

Audited financials for JRI and JFI suggest that the entities are dependent upon the Parish. They have failed to generate sufficient revenue to meet their obligations. More importantly, they have failed to deliver any economic benefit to the Parish.

### **Concerns related to 2001 Cooperative Endeavor Agreement and Ground Leases for Parking Lots**

The JPOIG is concerned that the CEA and ground leases for parking lots between the Parish, JRI, and JFI resulted in bypassing mandates of the Louisiana Public Lease Law:

1. Parish leased parking lots to JRI under auspices of CEA without fair competition and without reasonable criteria to assure highest return on revenue and benefits to Parish.
2. JRI leased property to JFI without competitive negotiation and without reasonable criteria to assure highest return on revenue and benefits.
3. JFI contracted operations of properties, including parking garage, to Park One/Common, LLC without competitive negotiation and without reasonable criteria to assure highest return on revenue and benefits.
4. Public was left without assurance the lease of properties was without favoritism to one person or entity.
5. Public was left without assurance the lease of properties was managed to generate larger revenues.

### **2023 Amendments to Cooperative Endeavor Agreement – Mixed-Use Development**

Between 05/17/2023 and 12/06/2023, the Parish, JRI, and JFI amended the CEA three times: (1) to permit the development of a Mixed-Use commercial space on Parish property; (2) to allocate \$425,000 to JFI for the development, design, and construction of the Mixed-Use commercial space; and (3) to allocate an \$8,635,000 to JFI to construct two leasable spaces. On 09/10/2024, the Parish, JRI, and JFI amended the CEA a fourth time to allocate an additional \$1,250,000 for the same purpose.

On 10/24/2023, the Parish adopted Resolution 143039 approving commercial leases by JFI with POB Gretna Beer, LLC and POB Restaurant Gretna, LLC for the (not yet constructed) Mixed-Use Development.

According to Resolution 143039, JRI advertised a Request for Proposals on 06/19/2023 “for the Development and Operation of the two leasable commercial structures in the Mixed-Use Development on Tract 4 – Courthouse Lot;” and “JRI selected Port Orleans Brewing Company, LLC

to develop and operate the two leasable spaces;” and “the two leasable retail spaces will be leased by JFI to POB Gretna Beer LLC and POB Restaurant Gretna, LLC.”<sup>87</sup> However, public statements made during the Parish Council indicate that POB was selected years before the RFP was advertised. Don Noel, President of Port Orleans Brewing Co., spoke before the Parish Council:

We’re super excited about bringing a lifestyle development to the city of Gretna. It’s something that we’ve been working on for a few years, I was lucky enough to travel with the Jefferson Chamber of Commerce to Nashville, where this was kind of inspired. And we are bringing a restaurant and a brewery to downtown Gretna.<sup>88</sup>

Mr. Noel also stated, “Port Orleans, the brewery side, is a three-story building, it’s a two-story building, excuse me with a penthouse. The first floor is incorporating a barber shop and a small coffee shop... We have a second-floor mezzanine that overlooks the first floor. That second floor is kind of an arcade...”<sup>89</sup> When Councilman Scott Walker raised questions about the proposed barber shop and coffee shop, Tommy Discon, Owner, Port Orleans Brewing Company, explained:

So we were trying to in having discussions with various members of the officials of Gretna, we wanted to try and accommodate the community. And so we said we would dedicate some of the space for a coffee shop and a barber shop, so it just wouldn’t appear just to be a brewery.<sup>90</sup>

Based upon public statements made during a single Parish Council meeting, it was learned that Port Orleans Brewing Company (POB) was involved with the concept of a Mixed-Use Development for several years even though the advertised Request for Proposal was advertised only months earlier. The specifics of the Request for Proposal are not known.

Under the terms of the leases by JFI with POB Gretna Beer, LLC and POB Restaurant Gretna, LLC approved by the Parish Council, there is no rent guaranteed by POB Restaurant. Further, POB Restaurant is not obliged to operate a restaurant. Rather, the lease permits a restaurant to be operated. If a restaurant is operated, then POB Restaurant will pay a percentage of gross revenue. No operating restaurant, no revenue, no rent to JFI. POB Gretna Beer is obligated to pay \$1000 per month for a barrel system, but like POB Gretna Restaurant, it is not obligated to operate a brewery. If a brewery is operated, then POB Gretna Beer will pay a percentage of gross revenue. Since the leases did not contemplate a coffee shop or barber, the terms and effect of subleases is not addressed with clarity or specificity. The leases are also unclear as to how the event space, arcade space, and other common areas will be managed or operated.

---

<sup>87</sup> Resolution 143039, adopted 10/24/2023.

<sup>88</sup> Don Noel, President, Port Orleans Brewing Company, 3:28 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>89</sup> Don Noel, President, Port Orleans Brewing Company, 7:45 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>90</sup> Tommy Discon, Owner, Port Orleans Brewing Company, 33:05 Minutes Jefferson Parish Council Meeting, 10/24,2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

### Concerns related to 2023 Leases for Parking Lots

The JPOIG is concerned that the leases for the Multi-Use Development constructed by JFI with Parish funds results in the circumvention of the Louisiana Public Lease Law:

1. Public is left without assurance that the leases with Port Orleans Brewery's entities were without favoritism since the request for proposal was advertised by JFI in June 2023, but Port Orleans representatives stated they have been working on the transaction for several years.
2. Public is left without assurance that JFI competitively negotiated leases with Port Orleans particularly given that terms of leases permit but do not obligate Port Orleans' entities to operate a brewery or restaurant and there is no guaranteed base rent. There is a risk the building could sit vacant but still be subject to a lease with Port Orleans' entities. Further, the leases grant to Port Orleans' entities the right to mortgage its interest in the property which would impair any action against Port Orleans' for failing to perform.
3. Public was left without assurance the leases of properties were managed to generate larger revenues.
4. Parish will not receive any revenue from leases to Port Orleans' entities. JFI will receive revenue. Neither the CEA, as amended, or the ground leases, as amended, provide or anticipate JFI returning revenue to the Parish.

### **JPOIG CONCERN #4: LACK OF TRANSPARENCY**

The JPOIG is concerned that the deliberations and decisions surrounding the development of Parish property for a Multi-Use Development, as well as the allocation of Parish funds for the project's construction, have not been conducted in a fully open and transparent manner. This lack of clarity has prevented citizens from being properly informed and engaged. **Equally troubling are the factually inaccurate or uninformed statements made by Parish officials during Council meetings, which have only served to mislead and confuse the public.**

The right of access to public information is guaranteed by the Louisiana Constitution.<sup>91</sup> The right to observe public officials is also ensured by the Louisiana Open Meetings Law which states:

It is essential to the maintenance of a democratic society that public business be performed in an open and public manner and that the citizens be advised of and aware of the performance of public officials and the deliberations and decisions that go into the making of public policy.<sup>92</sup>

The Open Meetings Law provides every meeting of any public body shall be open to the public unless otherwise indicated by law. Moreover, the public body is prohibited from utilizing any manner of proxy voting procedure, secret balloting, or other means to circumvent the intent of the law.<sup>93</sup> For purposes of the open meeting law, a "public body" includes parish governing authorities and any other parish board, commission, or authority where such body possesses policy making, advisory, or

---

<sup>91</sup> La. Const. art. XII, §3 provides, "[n]o person shall be denied the right to observe the deliberations of public bodies and examine public documents, except in cases established by law."

<sup>92</sup> La. R.S. 42:12.

<sup>93</sup> La. R.S. 42:14.

administrative functions.<sup>94</sup> “Meeting” for purposes of the law means any convening of a quorum of a public body to receive information regarding a matter over which the public body has supervision, control, or jurisdiction.<sup>95</sup>

The primary purpose of the Open Meetings Law is to protect citizens from secret decisions made without any opportunity for public input.<sup>96</sup> The Attorney General has opined that the Open Meetings Law also applies to public benefit corporations as well as economic development corporations are likewise subject to the Open Meetings Law. Public benefit corporations authorized pursuant to state law relative to the lease of public lands exercise power on behalf of the governing body. Therefore, its activities and meetings are controlled by the Open Meetings Law.<sup>97</sup> Similarly, an economic development corporation which receives public money in furtherance of a constitutional or legally endowed responsibility is also subject to the Open Meetings Law.<sup>98</sup>

### **2023 Amendments to Cooperative Endeavor Agreement – Mixed-Use Development Constructed with Parish Funds**

Between 05/17/2023 and 08/23/2023, the Parish, JRI, and JFI amended the CEA twice: (1) to authorize the development of a Mixed-Use commercial space on Parish property; and (2) to allocate \$425,000 to JFI for the design, development, and construction of the Mixed-Use commercial space. Both amendments, approved via Resolutions 142061 and 142638, respectively, were passed by the Parish Council *in globo*, without public discussion. The stated intent of these actions was “to stimulate economic development and commercial activity.”<sup>99</sup> Importantly, the public was not informed about key aspects of the project, to include: the Mixed-Use Development was for a brewery and taco restaurant or prior lease negotiations with Port Orleans Brewing Company.

On 10/24/2023, the Parish Council held a special meeting to approve two commercial lease agreements between JFI and Port Orleans’ entities. The Parish Council adopted Resolution 143039 which approved the leases. The resolution read: “lease of commercial retail space in the Mixed-Use Development on Tract - 4 - The Courthouse Lot **at no direct cost to the Parish.**”<sup>100</sup> The Resolution further read:

**WHEREAS**, on June 19, 2023, JRI advertised a Request for Proposals for the Development and Operation of the two leasable commercial structures in the Mixed-Use Development on Tract 4 - Courthouse Lot; and

**WHEREAS** JRI selected Port Orleans Brewing Company, LLC to develop and operate two leasable spaces;<sup>101</sup>

---

<sup>94</sup> La. R.S. 42:13(A)(3).

<sup>95</sup> La. R.S. 42:13(A)(2).

<sup>96</sup> La. Atty. Gen. Opinion 77-1508, dated 11/15/1977. *See also Connick v. Brechtel*, No. 1998-0543 (La. Ct. App. 4<sup>th</sup> Cir. 04/22/98) 720 So.2d 1202; *Lewnau v. Board of Supervisors of Southern State University*, 2019-0943 (La. Ct. App. 1<sup>st</sup> Cir. 01/09/20) 295 So.3d 419.

<sup>97</sup> La. Atty. Gen. Opinion 94-442, dated 09/01/1994. *See also* La. R.S. 41:1215.

<sup>98</sup> La. Atty. Gen. Opinion 98-441, dated 11/19/1998.

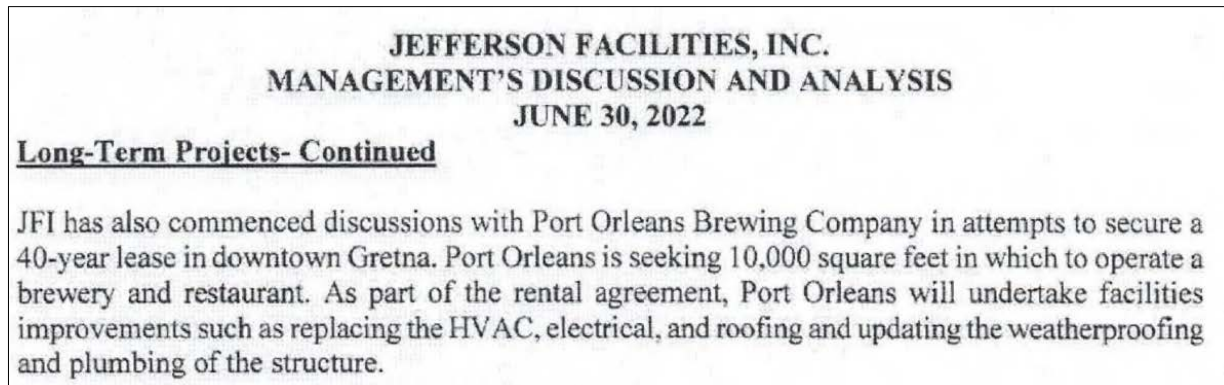
<sup>99</sup> Resolution 142061 adopted 05/17/2023.

<sup>100</sup> Resolution 143039 adopted 10/24/2023.

<sup>101</sup> Resolution 143039 adopted 10/24/2023.



However, JFI's Audited Financial Statements Year-End 2022 revealed that lease negotiations with Port Orleans to "operate a brewery and restaurant" had been ongoing since 2022.<sup>102</sup>



Public statements made during the Parish Council meeting on 10/24/2023 confirmed the extended coordination around this project. Don Noel, President of Port Orleans Brewing Co., stated: "It's something that we've been working on for a few years," and he mentioned that the idea came about from a trip he took with the Jefferson Chamber of Commerce to Nashville.<sup>103</sup> Councilman Ricky Templet remarked:

I might repeat myself, but I just want to come compliment and say thank you for Port Orleans for looking at us and chatting with us for the last two years. It's been a pleasure trying to work with you all as a group and as a family.<sup>104</sup>

Additionally, Paula Peer of Trapolin-Peer Architects, APC, confirmed that the project's design – which included a Multi-Use Development and a 159-space parking garage – was already underway.<sup>105</sup> Councilman Ricky Templet highlighted his personal involvement:

I've been in meetings over the last year or so with y'all designing, and y'all took a lot of importance of making sure the structure had an industrial look to like the period pieces at one point with a modern look to it at the same time.<sup>106</sup>

These statements suggest a coordinated effort among Councilman Rickey Templet, representatives of JFI, representatives of Port Orleans Brewing Co., and others to direct the development of a brewery on Parish property without public knowledge for well over a year.

More concerning is the lack of clarity on whether all Council members were fully and promptly informed of the project details, leaving doubts about whether they had sufficient information to make

---

<sup>102</sup> Jefferson Facilities, Inc. Year-Ed Financials 2022

<sup>103</sup> Don Noel, President, Port Orleans Brewing Company, 3:35 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>104</sup> Councilman Rickey Templet, Council-At-Large Division "A", 59:48 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>105</sup> Paula Peer, Principal, Trapolin-Peer, 10:43 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>106</sup> Councilman Rickey Templet, Council-At-Large Division "A", 17:53 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.



decisions in the best interests of the public. Councilman Scott Walker commented during the Council meeting of 10/24/2023 held to approve the leases:

I knew this was coming. And I think others of us up here knew this was coming as well, but didn't have specifics. And I was never included in any meetings that talked about the specifics of this building. In fact, the first rendering I saw of it was at Gretna Fest when I walked past it and saw it on the parking lot.<sup>107</sup>

Councilwoman Jennifer VanVrancken commented during the same meeting:

The leases were not attached and not available to the public. So I have raised concern, because for the average person that might have gone to our agenda, to pull it up, and click on there and look at the two leases, the leases were not available. They were only added late this morning.<sup>108</sup>

Meanwhile, Councilman Dominick Impastato commented during the meeting:

Candidly, this was no mystery that this was coming up today. The public was adequately notified at the last Council meeting that this was coming up and when it was coming up... I feel personally that I have more than enough information to be able to vote on the merits of the motion today.<sup>109</sup>

Two months later, on 12/06/2023, the Parish Council approved Resolution 143294 giving \$8,635,000 to JFI to construct the Multi-Use Development.

Conspicuously absent from the public record are the deliberations and decisions about the best use of the Parish property, much less developing the property for the singular commercial use of a brewery and taco restaurant.

The Open Meetings Law is intended to **“prevent private meetings of public bodies where only the ‘end result’ is presented to the public, while key discussions and debates occur behind closed doors.”** In hindsight, public records reveal that certain officials spearheaded a coordinated effort to establish a brewery and taco restaurant operated by Port Orleans in a building constructed on Parish property with Parish funds. The “end-result” was known to these officials well before the Parish Council first considered a resolution to approve the Multi-Use Development in May 2023 or the public could comment.

#### **Concerns related to 2023 Amendments to Cooperative Endeavor Agreement – Mixed-Use Development Constructed with Parish Funds**

The JPOIG is concerned that the 2023 Amendments to the CEA between the Parish, JRI, and JFI may have violated the Louisiana Open Meetings Law in the following ways:

---

<sup>107</sup> Councilman Scott Walker, Council-At-Large Division “B”, 27:56 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>108</sup> Councilwoman Jennifer VanVrancken, Council District 5, 22:35 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>109</sup> Councilman Dominick Impastato, Council District 4, 29:30 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

1. The Parish Council fragmented a single project into multiple resolutions spread across several meetings, intentionally obscuring the full scope of the Multi-Use Development project from the public. This project, which involves constructing a Multi-Use Development on Parish property with Parish funds for the Port Orleans Brewing Company, was presented in a piecemeal fashion, depriving the public of the information necessary for meaningful participation and comment.
2. The Parish Council adopted Resolution 143039, which stated that Port Orleans Brewing Company was selected following a Request for Proposals (RFP) advertised on 06/19/2023. However, Port Orleans had actually been engaged in negotiations for up to a year before the RFP was issued.

### **Risking Public Funds on Commercial Venture**

On 10/24/2023, the Parish Council adopted Resolution 143039, approving two commercial lease agreements between JFI and the Port Orleans' entities. During the Council meeting, representatives from Port Orleans and other stakeholders presented information about the anticipated economic impact of the project and possible fiscal benefits to the Parish. These presenters projected a positive return based on JFI and Port Orleans' business model and economic study. However, publicly available information raises serious questions about the accuracy of the forecast presented.

First, the commercial lease agreement between JFI and Port Orleans entities, as approved by the Parish Council, does not impose any performance metrics on Port Orleans. There is no guaranteed base rent required; instead, the lease is structured solely around rent payments based on gross revenues. If POB Gretna Beer or POB Restaurant Gretna underperform, JFI could receive minimal or no rent payments. Since JFI is heavily reliant on the Parish, this puts the Parish at significant financial risk.

The Louisiana Restaurant Association (LRA) has noted that restaurants and bars typically operate on slim profit margins, and many fail within a few years. From August 2 – 3, 2024, the LRA held the Louisiana Foodservice & Hospitality Tradeshow. One of the presenters stated the following:

...how much does it cost to run a restaurant? I think labor we're spending around 30 cents on every dollar, about 30%... Payroll taxes going to be about another 6% out of every dollar... those pesky food vendors, right about another 30% in the dollar gone. Operating expenses. That's a big one. Our utilities are up. All the stuff that goes on your P&Ls as an operating expense. That's big. We have marketing, we have maintenance and repairs, we have to pay those credit card processing fees.... I recently read that the third highest expense on your P&L right now is your swipe fees.... We have to pay rent, right? Maybe we have a note at the bank. We have interest. All of that is expenses that go into the restaurant.... 10 years ago, 10% profit at the end of the day, right?... Now, what we see it's closer to 3 to 5%. I consult with people all the time that tell me it's about a 2% profit left at the end of the day.... So a gallon of milk in 2019 cost \$3.09. now it's \$4.10. A gallon of a gas right in 2019 was \$1.93 now we're likely paying \$3.10, and the big mac number one at McDonald's in 2019 cost us \$7.29,

now you go and get the number one its \$9.29 that's a 27% increase in menu prices. And I wonder if we've taken 30% increase on our menus.<sup>110</sup>

The narrative above provided by the LRA highlights the low profit margins for these businesses and the high-risk.

Additionally, there was a coordinated effort among some to establish a brewery and taco restaurant without thoroughly considering whether this was the best use of the property. The success of a brewpub is inherently speculative. For example, according to a recent NOLA.com article, Gordon Biersch, a nationally recognized brewpub, is closing multiple locations, including its New Orleans location, “Gordon Biersch had 25 locations nationwide when it opened in New Orleans, but in more recent years, the brewpubs have been closing.” Despite its location in downtown New Orleans, a top ten tourist destination, Gordon Biersch is shutting down after 20 years of operation.<sup>111</sup>

Furthermore, the selection process for tenants raises concerns. The absence of a competitive public bid process could have prevented the Parish from securing the most suitable business to occupy this valuable space.

Next, JEDCO prepared a Fiscal Note supporting the Multi-Use Development and the leases to Port Orleans’ entities. JEDCO acknowledged that the assumptions used were provided by JFI and GNO, Inc. These assumptions include:

- The Parish will fund \$750,000 in design costs and \$7,800,000 in construction costs for a total of \$8,550,000 for the entire project.
- The restaurant and brewery will generate \$4.5 million in sales with a 5% annual escalation.
- Sales taxes will be collected at 9.2%.
- Construction sales tax assumes that 55% of the \$7.8 million and 100% of the \$2.0 million furniture, fixtures, and equipment package will be taxable.
- Rent is 3% of sales for year 1 and 2 of operations and 6 percent thereafter with a 5% escalation of annual sales.
- Tenant will pay \$1,000/month rental for specialized equipment.
- Total direct and indirect payroll is estimated at \$1.58 million annually. Approximately 7% of that will be captured locally.

A review of this Fiscal Note reveals serious concerns for Jefferson Parish. As shown in the Fiscal Note below, the note assumes that 9.2% of sales taxes will be captured, but this is misleading. Of that, 4.45% is state sales tax remitted directly to Louisiana, **offering no direct financial benefit to Jefferson Parish**. In 2024, JEDCO projected sales tax revenues at \$414,000. However, when adjusted to reflect the local sales tax rate of 4.75%, the actual revenue drops to \$214,000. Instead of collecting \$9.1 million in sales taxes over 9 years, the actual local benefit is projected to be just \$6.6 million.

---

<sup>110</sup> Carrie Collins, 2:21 Minutes, Louisiana Restaurant Association. Kitchen Counter - Balancing Act: Navigating Menu Prices and Food Costs in an Inflationary Market. 08/04/2024. <https://www.youtube.com/watch?v=QiqHJBzELE0>.

<sup>111</sup> [https://www.nola.com/entertainment\\_life/eat-drink/gordon-biersch-brewpub-closes-in-new-orleans-after-20-years/article\\_7c4918e6-6aee-11ef-ac61-af5da6b5f8b6.html](https://www.nola.com/entertainment_life/eat-drink/gordon-biersch-brewpub-closes-in-new-orleans-after-20-years/article_7c4918e6-6aee-11ef-ac61-af5da6b5f8b6.html)

This figure assumes that the Port Orleans will generate \$4.5 million in sales and achieve a 5% annual growth rate.

FISCAL NOTE WORKSHEET						
Revenue Increase (Decrease)						
FISCAL YEAR	Sales Tax (*1)	Construction (*2)	Rent (*3)	Equip Rent (*4)	Employment (*5)	Total
2023	\$0	\$578,680	\$0	\$0	\$0	\$578,680
2024	\$414,000	\$0	\$135,000	\$12,000	\$110,579	\$671,579
2025	\$434,700	\$0	\$141,750	\$12,000	\$113,897	\$702,347
2026	\$456,435	\$0	\$297,675	\$12,000	\$117,314	\$883,424
2027	\$479,257	\$0	\$312,559	\$12,000	\$120,833	\$924,649
2028	\$503,220	\$0	\$328,187	\$12,000	\$124,458	\$967,864
2029	\$528,381	\$0	\$344,596	\$12,000	\$128,192	\$1,013,168
2030	\$554,800	\$0	\$361,826	\$12,000	\$132,038	\$1,060,663
2031	\$582,540	\$0	\$379,917	\$12,000	\$135,999	\$1,110,455
2032	\$611,667	\$0	\$398,913	\$12,000	\$140,079	\$1,162,658
<b>Total Revenues</b>	<b>\$4,564,998</b>	<b>\$578,680</b>	<b>\$2,700,422</b>	<b>\$108,000</b>	<b>\$1,123,388</b>	<b>\$9,075,488</b>

**Revenue Assumptions:**

(\*1) Assumes capture of 9.2% sales tax on \$4.5 million in sales with a 5% annual escalation  
(\*2) Construction sales tax assumes that 55% of the \$7.8mm and 100% of the \$2.0mm FFE package will be taxable  
(\*3) Rent is calculated at 3% of sales for year 1 and 2 of operations and 6% thereafter with a 5% escalation of annual sales  
(\*4) Tenant will pay \$1000/per month rental for specialized equipment  
(\*5) Total direct and indirect payroll is estimated at \$1.58mm annually. Approx. 7% of that will be captured locally

Prepared by: JEDCO \*using assumptions provided by Jefferson Facilities Inc. and GNO, Inc.

In 2023, the top 25 restaurants in Gretna generated \$1,785,122 in sales taxes at the 4.75% rate, averaging \$71,405 per restaurant per year. Even with the adjusted projection of \$214,000 for Port Orleans (or \$107,000 per business), this estimate is 50% higher than the average of the top 25 restaurants. Neither JEDCO, JFI, nor GNO, Inc. provided supporting evidence to justify the projection of \$4.5 million in sales with a 5% annual escalation.

Finally, the Fiscal Note assumed the Parish would fund construction of the Multi-Use Development at a cost of \$8,550,000. On 12/06/2023, the Parish Council adopted Resolution 143294 which approved \$8,635,000 to JFI to construct “two leasable retail spaces in the Mixed-Use Development.” In 09/10/2024, the Parish Council adopted Resolution 144958 which approved an additional \$1,250,000. As of 09/10/2024, the Parish approved \$1,335,000 more than projected on the Fiscal Note.

While the Parish is providing JFI with \$9,885,000 to build a brewery and restaurant, JFI still has outstanding debt from the garage constructed under the original Cooperative Endeavor Agreement (CEA) with the Parish in 2001. During the Parish Council meeting on 10/24/2023, in support of the Port Orleans project, Councilman Ricky Templet made the following statement:

As far as paying bonds. **JFI is still paying bonds today.** Okay. So this is this is to help relieve the capability of our using our tax dollars to pay those bonds. This is a forward-thinking project... So the bonds are still out there that have to be paid. When those bonds are finished being paid, hopefully by this project, we can move forward with other projects within the district that is written and with by the law for JFI. But

the facility still needs to be maintained. Parking lots need elevators, roof repairs, the EOC has got to be a part of this maintenance.<sup>112</sup>

**Contrary to Councilman Templet’s statement, JFI is not paying the bonds.** According to JFI’s audited financials, the Parish has paid \$11,784,827 on JFI’s behalf. The outstanding balance is \$4,363,589. If the Parish continues to pay the debt as it has for the past 22 years, the total amount paid by the Parish for the garage constructed by JFI in 2001 will amount to \$16,148,416.

Now, the Parish has allocated an additional \$9,885,000 to JFI to build a brewery and restaurant, with the hope that this project will generate enough revenue to pay off the remaining \$4.4 million debt.

Moreover, the Multi-Use Development will displace current parking forcing the Parish to solve a problem of its own making. During the Council meeting, Paula Peer of Trapolin-Peer Architects, APC, confirmed that plans for a 159-space parking garage are already in progress. According to Brett Lawson, aide to Councilman Ricky Templet, in an article published by *NOLA.com*, the estimated cost to construct the garage is around \$12 million.<sup>113</sup>

---

<sup>112</sup> Councilman Ricky Templet, Council-At-Large Division “A”, 50:41 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>.

<sup>113</sup> “New brewery in Gretna would require \$8 million investment from Jefferson Parish Council, Black Patterson, 10/25/2023. [https://www.nola.com/news/jefferson\\_parish/proposed-gretna-brewery-hinges-on-8m-from-jefferson-parish/article\\_ab21ccc6-728d-11ee-bd5d-13698c95a828.html](https://www.nola.com/news/jefferson_parish/proposed-gretna-brewery-hinges-on-8m-from-jefferson-parish/article_ab21ccc6-728d-11ee-bd5d-13698c95a828.html)

If Parish stays the course, the public can expect this outcome:

Past payments debt on bond	\$11,784,827
Outstanding debt on bonds	\$4,363,589
Paid to JFI to build Multi-Use	\$425,000
Paid to JFI to build Multi-Use	\$34,000
Paid to JFI to build Multi-Use	\$8,635,000
Additional Authorized on 09/10/2024	\$1,250,000
<b>TOTAL</b>	<b>\$26,492,416</b>

**The construction of another garage by the Parish at \$12 million would bring the total to \$38,492,416.**

### **Concerns related to Risking Public Funds on Commercial Venture**

The JPOIG is concerned that the Parish may have violated the Louisiana Open Meetings Law in its handling of a commercial development project:

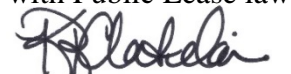
1. The Parish committed \$10.3 million to a commercial venture involving a brewpub and restaurant — ventures that are inherently risky and carry a high fail rate —without the benefit of fair and unbiased information considered during a public meeting which allowed for informed comment from the public. Essentially, the Parish is taking a significant financial gamble with public funds and risking unknown sums of future public funds if the project cannot be completed on budget.

## **CONCLUSION**

In conclusion, the JPOIG is sounding the alarm over the lack of competitive bidding processes, the financial risks to the Parish, the potential for excessive spending, and the apparent lack of transparency surrounding the CEAs and the approval the Port Orleans project.

This public letter is an assemblage of public information. It will serve as the foundation for future JPOIG work by way of audits, inspections, evaluations, and/or investigations. As such, this Public Letter makes observations and raises concerns, but it does not reach findings or related recommendations. The JPOIG will issue findings and make related recommendations in future audit, inspection, evaluation, and/or investigative reports.

This Public Letter may serve to inform remedial action by the Parish. The Parish could pay-off bond debt on the garage of \$4.6 million; take ownership of the garage; cancel the CEA with JRI and JFI; save \$10.3 million; perform a study on the best use and feasibility of the property; and develop a plan for the design and construction of the building by complying with Public Bid laws. If leased, comply with Public Lease laws.



Kim Raines Chatelain  
Inspector General