



# JPOIG Overview

Public Letter - Review of Jefferson Facilities, Inc., a Non-Profit, Commercial Development Activity, #2026-0005

May 20, 2026

## Why We Issued This Letter

The purpose of this public letter is to promote transparency and accountability in government by raising concerns about commercial activity undertaken and anticipated by Jefferson Facilities, Inc. (JFI), a non-profit, economic development corporation authorized by the Parish Council.

## Why We Are Concerned

Since its creation in 2001, JFI's stated "public purpose" has migrated from addressing a defined infrastructure need, i.e. public parking, to the broader and less defined purpose of economic development. However, the presence of a single nonexempt purpose, if substantial in nature, will destroy a charitable tax exemption. JFI is currently utilizing \$10.3 million in public funds to construct a custom, build-to-suit commercial facility for Port Orleans entities, to operate as a brewery and restaurant. From this, JFI will receive percentage-based rental income tied to sales. This arrangement presents a material risk to JFI's 501(c)(3) tax-exempt status. Additionally, by directly including alcohol and potentially gaming-related revenue. JFI Board members may be subject to disclosure and suitability under alcohol and gaming laws.

## Responses

On May 18, 2026, JFI responded through legal counsel. While JFI disputed several of the regulatory and financial findings, it acknowledged concerns regarding the Port Orleans' leases and reported that it has initiated legal action in the 24th Judicial District Court to have the leases declared null and void or terminated. Additionally, JFI will retain a board-certified tax attorney and CPA to formally evaluate the issue. No responses were received from the Parish Council members.

## What We Found

- **JFI's non-profit status may be jeopardized by commercial activity for private interests.** JFI was organized as a non-profit corporation under Louisiana law and qualified as a tax-exempt entity under federal law, 26 U.S.C.A. §501(c)(3). To maintain 501(c)(3) status, an organization's activities must directly further its charitable purpose. JFI is currently constructing a custom, build-to-suit commercial facility for Port Orleans entities, to be operated as a brewery and restaurant, from which it will receive percentage-based rental income tied to sales, including alcohol and potentially gaming-related revenue. The IRS has made clear that a lease is not considered substantially related to a lessor's exempt purpose merely because the lessee is also exempt; rather, the activity itself must further the lessor's charitable purpose. Where commercial activity is more than incidental, or where private benefit outweighs or is more than incidental to any public purpose served, tax-exempt status may be challenged or revoked.
- **JFI Board members may be subject to disclosure and suitability under Louisiana Alcoholic Beverage laws.** Under the terms of JFI's leases with POB Restaurant Gretna and POB Gretna Beer, the permitted uses are a "Full Service Restaurant with a bar as an accessory use" and a "Brewery, brewpub, microbrewery, or micro-distillery," respectively, thus, generating revenue from alcohol sale and/or manufacturing. Under the Alcoholic Beverage and Control Law, La. R.S. 26:1 *et seq.*, all applicants, including partners, officers, directors, and owners of more than 5% interest, and any identified financial backers are required to undergo suitability. Under the terms of the lease with POB Gretna Beer, LLC and POB Restaurant Gretna, LLC, JFI retains an ongoing financial interest in any alcoholic beverage permit, i.e. up to 6% of gross revenue. Further, JFI's obligations exceed those of merely a lessor as it is subsidizing operator improvements and acquiring necessary equipment associated for a build-to-suit brewery and restaurant for each entity under the respective lease agreements. This raises future suitability concerns.
- **JFI Board members may be subject to disclosure and suitability under Louisiana Gaming Control laws.** Under the terms of the leases with POB Restaurant Gretna and POB Gretna Beer, the revenue reporting includes revenue generated from gaming, sportsbook, pari-mutuel, or wagering. Under the Louisiana Gaming Control Law all persons, locations, practices, associations and activities related to the operation of licensed and qualified gaming establishments and the manufacture, supply, or distribution of gaming devices and equipment are strictly regulated. Any person who has or controls directly or indirectly 5% or more ownership, income, or profit shall meet all suitability requirements and qualifications. The lease terms provide for rent that escalates to 6% of gross revenue. The requirement to submit to suitability would fall upon JFI board members should revenue be generated from gaming.



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