PUBLIC LETTER TO PARISH COUNCIL: REVIEW OF JEFFERSON FACILITIES, INC., A NON-PROFIT, COMMERCIAL DEVELOPMENT ACTIVITY
JPOIG 2026-0005
May 20, 2026

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. They may consider the impact of legislation, rules, regulations, and policies on government accountability and operations, ensuring that public interests are protected, and governance remains transparent.

The purpose of this public letter is to promote transparency and accountability in government.

SUMMARY

This public letter raises specific concerns about commercial activity undertaken and anticipated by Jefferson Facilities, Inc., a non-profit, economic development corporation authorized by the Parish Council.

On 09/19/2024, the JPOIG published a *Public Letter to Parish Council: Donating Public Funds and Property, Public Improvements without Public Bid and Lack of Transparency #JPOIG 2024-0001*.[1] The public letter was prompted by a series of legislative actions wherein the Parish committed $10.3 million dollars to construct commercial space for the benefit of a private business, i.e. Port Orleans Brewing Company, LLC's (Port Orleans) related entities.[2] This was done through several amendments to a Cooperative Endeavor Agreement (CEA) and Ground Leases between the Parish and Jefferson Redevelopment, Inc., (JRI), a public benefit corporation, and Jefferson Facilities, Inc. (JFI), an economic development corporation. Under the terms of the agreements, the Parish gives JFI $10.3 million to construct "commercial space," a brewery and taco restaurant, which the Parish will own, but JFI will control and receive revenue. On 10/24/2023, the Parish approved subleases between JFI and Port Orleans newly formed entities,

[1] https://www.jpoig.net/images/JPOIG_2024-0001_Public_Letter_to_Parish_Council_-_Donating_Public_Funds_and_Property.pdf

[2] Resolution 142061, adopted 05/17/2023. Resolution 142638, adopted 08/23/2023. Resolution 143294, adopted 12/06/2023. Resolution 144958, adopted 09/10/2024.

POB Gretna Beer, LLC and POB Restaurant Gretna, LLC, for a brewery and taco restaurant.[3] The public letter raised significant concerns regarding the true nature and impact of the project on the Parish, to include the gratuitous nature of the contract and risk of financial loss to the Parish.

On 04/29/2025, the JPOIG issued draft report *Review of Lease Transaction for Multi-Use Development*, an evaluation report to the Parish Council. [4] The evaluation was prompted by concerns first raised in the prior public letter. Specifically, the JPOIG questioned whether the public had any assurance that: (1) the leases with Port Orleans entities were awarded without favoritism, and (2) the leases were competitively negotiated in the public's interest.[5] The evaluation identified significant deficiencies in both the solicitation and selection process, as well as in the lease terms themselves.[6]

The evaluation report concluded that, although JFI acted as an economic development corporation in negotiating the leases, the substantial use of public funds, approximately $10.3 million, requires heightened scrutiny and transparency. The report further noted that neither JFI nor the Parish demonstrated sufficient experience in commercial development or lease negotiation to adequately safeguard the public's interest.[7]

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[3] 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 Gretna 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 "facilitate the development, 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.

[4]On 07/09/2025, the JPOIG published the final report to the public after the end of the Parish Council comment period. https://www.jpoig.net/images/JPOIG_2025-0001_Review_of_Lease_Transactions_for_Multi-Use_Development_FInal_Report.pdf

[5] To support and facilitate this evaluation, the JPOIG engaged the services of Michael W. Truax, MAI Louisiana State Certified General Real Estate Appraiser, of Truax Appraisers, L.L.C. to provide subject matter expertise in commercial lease terms. Mr. Truax issued an expert opinion regarding the leases reviewed and whether their terms are generally consistent with market norms and/or of a character that would be considered acceptable in the private sector, commercial lease market space.

[6] The evaluation reached findings as to the solicitation and selection of Port Orleans as well as to the terms of the lease, *to wit:*

1. The selection of Port Orleans by JRI, in coordination with JFI, was driven by **preexisting and ongoing lease negotiations** rather than by the application of fair and reasonable criteria designed to objectively identify the most suitable tenants. JFI entered into substantive discussions with Port Orleans (and Avo Taco) regarding the terms and conditions for leasing the commercial spaces, to include design concepts, rental structures, and operational use, without regard to competition or the public's interest.
2. The leases were materially deficient on multiple levels and not compatible with those in form or substance that are typically confected in the private sector for similar type of properties. There are critical terms that are patently inconsistent with market-based parameters, significant omissions, and vague or limited detail in certain/important lease language.

[7] From the beginning, lease terms reflected Port Orleans preferences and not terms protective of JFI, and by extension the Parish. On 06/23/2023, David Colvin, counsel for JFI, wrote:

> Please find the first draft of the leases for the property on Huey P. Long Ave which was prepared by the Port of Orleans Counsel. It is my understanding from Brett Lawson is that JEDCO is going to assist on negotiating the leases…

According to an email dated 06/23/2023, from Thomas Discon, principal with Port Orleans, Subject: "First Draft Leases re Port Orleans Gretna Beer and Food," the lease terms were drafted by Port Orleans. Terms did not substantially evolve from the first draft to executed leases in terms of their favorability. Beginning with the first draft, the lease terms were highly

On 04/30/2025, the Parish Council approved Item No. 99, authorizing the Amendment and Restatement of the commercial leases between JFI and the Port Orleans entities irrespective of issues raised by the JPOIG.[8]

Presently, the JPOIG has two on-going matters relating to JFI:

- Jefferson Facilities, Inc. (JFI) Source & Use of Funds, 2024-0007, an audit to determine if the Parish is receiving the services required under the Cooperative Endeavor Agreements with JFI.
- Review of Transaction for Renovation and Lease of 519 Huey P. Long, 2025-0009, an evaluation of the transaction with JFI for the renovation and lease of Parish property at 519 Huey P. Long Avenue.

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favorable for Port Orleans entities and placed a high financial burden and risk upon JFI. While the First Draft proposed rent terms of 6% of gross revenue with a base rent $3500/month, it also provided "Tenant shall not be obligated to pay Landlord any rent for a period of three (3) years." Neither JFI nor the Parish has any substantial experience developing commercial property or negotiating commercial leases.

While the counsel for JFI raised reasonable questions, JFI did not possess the requisite experience in commercial development and negotiating commercial leases to ensure the fiscal viability of the project, fairly apportion risk, and secure terms protective of public funds. The adverse financial impact of lease terms did not go unconsidered, but did not get favorably resolved for the Parish. Counsel for JFI, David Colvin, commented in an email dated 06/26/2023, "Not that I know but the $3,5000 for rent does sound low to me. Additionally, I would think we would want some rent for the first three years." He noted, "The Kingfish lot has gross revenue of $190,070 and net of $99,587 through May of 2022/23 for monthly net of $9,053.36." **Assuming the accuracy of this communication, the Parish committed $10.3 million dollars to construct a building on a lot that was generating $9,053/month in return for a guaranteed return of $0.**

The lease was reviewed by the Parish Attorney. However, and after review, the Parish Attorney wrote on 09/28/23:

> **…we don't have any expertise regarding commercial lease** matters so I can't really speak to which party should be held responsible for certain maintenance provisions. We are OK with the gaming provisions so long as all permits are obtained and everything is legal. My big question – is there a specific insurance for this type of rental entity that should be required that we don't know about? Are CGL & Renters insurance sufficient? Also, should there be an indemnity clause in the commercial lease. (Bold supplied)

[8] Resolution No. 146343, adopted 04/30/2025. The Parish Council was given notice of the JPOIG's ongoing and open matter at the 03/19/2025 Parish Council meeting and other subsequent public meetings. Notwithstanding this notice, the Parish Council placed on the 04/30/2025 meeting agenda Item No. 99:

> Resolution – approving the Amendment and Restatement of the Commercial Leases between Jefferson Facilities, Inc. (JFI) (Lessor) and POB Gretna Beer, LLC (Lessee) and JFI and POB Restaurant Gretna, LLC (Lessee) for lease of commercial retail space in the Mixed-Use Development on Tract-4 The Courthouse Lot.

On 04/29/2025, the JPOIG transmitted its draft evaluation report to the Parish Council, and in conjunction with the release, formally requested that the Parish Council defer consideration of Item No. 99 scheduled for the meeting of 04/30/2025. The Inspector General wrote:

> A comparison of the leases approved in October 2023 with the proposed amended leases for your consideration at your April 30th meeting reveal that substantive and legal deficiencies remain unanswered and unresolved. **The leases approved in October 2023 are "contingent on the actual construction of the buildings being completed prior to October 1, 2025." The buildings will not be completed prior to October 1, 2025.** This affords the Parish Council an opportunity to consider and resolve substantive deficiencies.

Based upon lessons learned from past reports and context provided by on-going matters, the JPOIG raises new and specific concerns:

- **JFI's non-profit status may be jeopardized by commercial activity for private interests.**

The JPOIG is concerned JFI's recent projects may place at risk its continued eligibility for 501(c)(3) status. 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.

While economic development may, in certain circumstances, qualify as a charitable purpose, such qualification depends on a demonstrable and primary public benefit. Regardless of its stated purpose, JFI must be operated primarily to accomplish one or more exempt purposes. **The presence of a single nonexempt purpose, if substantial in nature, will destroy charitable tax exemption**.

Since its creation, JFI has received more than **$17 million** in capital contributions from the Parish, including payments made on its behalf for bond debt associated with construction of the parking garage and funding for the renovation of 519 Huey P. Long. JFI has generated approximately **$9.9 million in total revenue**, including tax credits. With the exception of $853,275 returned to the Parish, JFI has retained and expended revenue for operations with little discernable connection to advancing an exempt purpose.[9]

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. [10] 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.

The JPOIG is concerned these lease arrangements have jeopardized JFI's non-profit status. Loss of that status could have broader financial consequences, including potential implications for the tax-exempt bonds issued to construct the garage that remain outstanding. Notably, when asked whether JFI sought legal analysis on these issues, JFI, through counsel stated:

> There was no formal request from JFI for a legal opinion internally or externally regarding the rental arraignment and what effect that selling alcoholic by the Tenant would have on JFI non-profit status

- **JFI and JFI Board members may be subject to disclosure and suitability under Louisiana Alcohol Beverage Control 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,

[9] Jefferson Facilities Inc. Audited Annual Financial Statements for the Years-Ended 2002-2025.

[10] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 19. Reporting requirements, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 20. Reporting requirements, dated 04/22/2025.

microbrewery, or micro-distillery," respectively, thus, generating revenue from alcohol sale and/or manufacturing. [11]

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.[12, 13]

The JPOIG is concerned JFI and its board members may be subject to disclosure and qualification requirements under the Alcoholic Beverage Control Law. 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.[14] 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.[15] These also impose upon JFI continuing financial obligations through maintenance responsibilities under the lease.

A separate but equal concern is operational viability of this $10.3 million public asset depends entirely on Port Orleans maintaining its alcohol permits, which in turn generate the revenue from which JFI extracts its rent. Port Orleans, the sole member of both POB Gretna Beer and POB Restaurant Gretna, has a history of holding two licenses with the Louisiana Alcohol and Tobacco Control: Beer/Malt Beverage Manufacturer and Consumable Hemp Retail Dealer license.[16] [17]

Most recently, the Manufacturer permit expired 12/31/2025. Port Orleans continued to operate. Two ATC inspections generated reports citing a "Proper Permit Not Held" violation. Port Orleans renewed its Manufacturers permit effective 03/23/2026. An administrative hearing for the March violation is presently set for 06/10/2026.[18] Finally, the current 2026 M-B permit is scheduled to expire on 12/31/2026.[19, 20]

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[11] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 2. Permitted Use and Sec. 19. Reporting requirements, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 3. Permitted Use and Sec. 20. Reporting requirements, dated 04/22/2025.

[12] La.R.S. 26:280(H).

[13] La.R.S. 26:80(D), La.R.S. 26:80(H)(6).

[14] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 4. Rent, dated 04/22/2025.

[15] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent and Exhibit A, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 4. Rent and Exhibit A, dated 04/22/2025.

[16] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Alcohol: Beer/Malt Beverage Mfr. (Brewer) Permit #M.69.0000000126-B.

[17] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Alcohol: Consumable Hemp Retail Dealer Permit #36-25484.

[18] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Inspection/Violation Report #691718.

[19] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Alcohol: Beer/Malt Beverage Mfr. (Brewer) Permit #M.69.0000000126-B.

[20] https://laatcabc.atc.la.gov/laatcprod/pub/Default.aspx?PossePresentation=LicenseSearch

- **JFI and 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.[21]

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.[22] Any person who has or controls directly or indirectly 5% or more ownership, income, or profit shall meet all suitability requirements and qualifications. [23]

Because the lease terms provide for rent that escalates to 6% of gross revenue, JFI directly exceeds this 5% threshold for requiring suitability should the lessees in the future seek to generate revenue through gaming. The requirement to submit to suitability would fall upon JFI board members. Thus, JFI board members would be compelled to submit to mandatory fingerprinting, provide exhaustive criminal history disclosures, and surrender comprehensive personal financial statements, historical banking records, and tax clearances.

Notably, when asked whether JFI sought legal analysis on these issues, JFI, through counsel stated:

> The tenants have said on several occasions that they don't have gambling at their other location and do not plan to have gaming at Huey P. Long location, based on comments made by the tenants I am fairly certain that the tenants would agree to stipulation on these issues…
>
> The descriptions of permitted uses in the lease are expansive for uses related to a brew pub or restaurant, but no authority has been given to anyone to have gambling on the premise.[24]

The lease terms do not require lessees to seek "authorization" to conduct gaming on premises. Rather, it defines "Revenue Items" as including gaming and wagering as revenue received in ordinary course of business. Moreover, the leases allow assignment or transfer to an "affiliate" or in connection with a "sale" without JFI's approval, and these terms are not clearly defined. As a result, control of the lessee entities could shift to other parties whose intentions are unknown. Accordingly, reliance on informal or verbal assurances from current tenants provides no enforceable restriction and does not mitigate the regulatory risks associated with potential future gaming activities.

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[21] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 19. Reporting requirements, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 20. Reporting requirements, dated 04/22/2025.

[22] La.R.S. 27:2.

[23] La.R.S. 27:28(H)(1)(a)-(b) and (2)(a).

[24] Email from Nickie Poche to Kim Chatelain, copy to David Colvin; William Lazaro; Joseph Meerman, dated 03/06/2026.

➢ Summary of Responses

In accordance with JPCO §2-155.10, the public letter was provided to Parish Council members and JFI Board of Directors on 04/07/2026 for comment and response. Responses were due 05/18/2026. The JPOIG received a response from JFI through its attorney. No other responses were received.

JFI responded by acknowledging that its current Board of Directors consists of recently appointed members who had limited involvement in the activities covered by the public letter. Regarding the parking garage and 519 Huey P. Long projects, JFI disagreed with certain concerns and financial figures, asserting that both projects provide substantial public benefit and foster economic development. JFI noted that it incurs considerable management expenses, does not collect payment for all Parish-allotted parking spaces, and undergoes annual independent CPA audits with no reported issues.

Regarding the multi-use commercial development (Port Orleans Brewpub project), JFI responded its current Board has also identified issues with the leases. JFI has initiated legal action in the 24th Judicial District Court seeking to have the Port Orleans leases declared null and void, or alternatively, terminated.

JFI disagreed with the regulatory risks regarding alcohol disclosures and gaming suitability, asserting that these issues could be cured through lease amendments and that the tenant is willing to expressly prohibit gambling on the premises.

Finally, JFI has retained a board-certified tax attorney and a CPA to formally evaluate whether the commercial project jeopardizes its 501(c)(3) status. A copy of the response follows this letter.

JEFFERSON FACILITIES, INC. (JFI)
ECONOMIC DEVELOPMENT PROJECTS

Jefferson Facilities, Inc. (JFI)

Jefferson Facilities, Inc. (JFI) was organized as a Louisiana non-profit corporation on 01/26/2001. It was established as an economic development corporation. Pursuant to JFI's articles of incorporation, it was organized for the following purpose:

> to engage in any lawful activity for which corporations may be formed… and shall have all the powers, rights and immunities granted to such corporations… **provided that such activities and purposes may be engaged in by a nonprofit corporation meeting the requirements set forth in the Internal Revenue Code of 1986**, as amended (the 'Code'), applicable to tax exempt entities.[25] (Bold supplied)

JFI is governed by a Board of Directors appointed by the Jefferson Parish Council. Board members serve terms concurrent with that of the Parish President and may be removed by the Parish President at any time, with or without cause.[26]

Since its formation in 2001, JFI has undertaken three primary projects:

- General Government Building Garage, public parking garage

[25] Jefferson Facilities, Inc. Articles of Incorporation, Articles I and V, 01/11/2001.
[26] Jefferson Facilities, Inc. Articles of Incorporation, Article VII, 01/11/2001.

- 519 Huey P. Long, commercial co-working space
- Multi-Use Development, brewery and restaurant

Over this same period, JFI has:

- Received more than **$17 million** in capital contributions from the Parish, including payments made on its behalf for bond debt associated with construction of the parking garage and funding for the renovation of 519 Huey P. Long.
- Generated approximately **$9.9 million in total revenue**, which includes a $948,484 tax credit related to 519 Huey P. Long,
- Incurred **$12.3 million** in operating expenses.[27]

General Government Building Garage

JFI holds and controls **four Parish parcels** and improvements for a term of 30 years by way of sublease with Jefferson Redevelopment, Inc. (JRI) who leases from the Parish.

The Parish owns four parcels of land which were 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" (aka "Kingfish Lot"), adjacent to the 5th Circuit Court of Appeal.[28]

On 10/18/2000, the Parish Council adopted Resolution 92524 to authorize the creation of a public benefit corporation, JRI, and an economic development corporation, JFI, "relating to the development, design, finance, construction, and operation of a parking facility," and to subsequently enter into the following agreements relating to the four parcels of land:[29]

- 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 properties.[30]

[27] Jefferson Facilities Inc. Audited Annual Financial Statements for the Years-Ended 2002-2025.

[28] Resolution 142638, adopted 08/23/2023. 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. 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. Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sublease, Sec. 2.1 Term and Sec. 4.1 Rent dated 08/01/2001.

[29] Resolution 92524 adopted 10/18/2000. 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 01/24/2001, the Parish Council, via Resolution 93092, recognized the change in name from Jefferson Development, Inc. to Jefferson Redevelopment Inc. (JRI). 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. Jefferson Redevelopment, Inc. Articles of Incorporation, 05/23/2001.

[30] Resolution 142638, adopted 08/23/2023. 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. 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. Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sublease, Sec. 2.1 Term and Sec. 4.1 Rent dated 08/01/2001.

On 08/01/2001, the Parish entered into a CEA which outline terms for JFI to construct a parking garage predicated upon JFI securing financing from the Louisiana Community Development Authority (LCDA) to construct the garage.[31]

On 08/01/2001, the Parish entered a 30-year ground lease with JRI for $1 per month for the term of the lease. Subsequently, JRI entered into a 30-year ground lease with JFI for $1 per month.[32]

JFI obtained financing for construction of the garage from LCDA in the amount of $9,315,000 via Series 2001 Bonds.[33] JFI granted a mortgage on the four parcels of Parish property in favor of bond holders to secure the debt.[34] JFI built a garage on the property adjacent to the 24th Judicial District Court building which, until such time as the bonds are paid in full, is owned by JRI. The parking garage became operational in August 2002.[35]

Under the terms of the agreements, the Parish agreed to 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.[36]

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.[37]

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[31] 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

[32] 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. 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. Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sublease, Sec. 2.1 Term and Sec. 4.1 Rent dated 08/01/2001.

[33] JFI secured financing from LCDA of $9,315,000 via Series 2001 Bonds at an average yield of 4.55% and due in varying installments through 2031. 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 08/01/2031. Jefferson Facilities Inc. Audited Annual Financial Statements for the Year-Ended 06/30/2013. Jefferson Facilities Inc. Audited Annual Financial Statements for the Year-Ended 06/30/2018.

[34] Act of Mortgage, dated 08/16/2001, Mortgagor Jefferson Facilities, Inc., signed by Tim A. Whitmer, President and Mortgagee The Bank of New York.

[35] Jefferson Facilities Inc. Audited Annual Financial Statements for the Year-Ended 06/30/2002. At its own expense, the Parish expanded the garage which is owned by JRI. Jefferson Facilities, Inc. Audited Annual Financial Statement for the Year-End 06/30/2008. 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. First Amendment to the Cooperative Endeavor Agreement by and among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc. Sec. 2.04. Construction of Additional Facilities. 05/16/2007.

[36] 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.

[37] In total, the Parish has spent $11,784,827 in principal and interest payments toward JFI's debt to LCDA. Assuming regular installments, the 2012 bonds will be paid in full in the year 2031 at an additional cost of $4,363,589. Jefferson

JFI has retained revenue generated by parking.

519 Huey P. Long

JFI holds and controls Parish property and improvements at 519 Huey P. Long for a term of fifty (50) years by way of sublease with JRI who leases from the Parish. [38]

On 05/11/2022 the Parish Council adopted Resolution 139645, authorizing a CEA to lease 519 Huey P. Long to JFI for economic development purposes, stating there were "no direct costs associated with this [CEA]." The CEA, executed on 05/26/2022, identified the public purpose as the restoration, development, and management of property to promote economic development, regional business activity, and workforce development.[39]

On 04/26/2023, the Parish Council adopted Resolution No. 141891, amending the CEA to add JRI as a party and authorizing funding not to exceed $2,763,686 for renovation, improvement, and management of the property. Subsequent amendments increased public funding for the project, bringing the total public funding to approximately $3.47 million.[40]

On 12/06/2023, Resolution No. 143295 authorized a ground lease from the Parish to JRI and sublease from JRI to JFI. The Parish subsequently leased the property to JRI for $ per month, and JRI subleased to JFI for $1 per month.

Under the sublease, JFI is solely responsible for the development, design, renovation, and operation of the property through 05/25/2072, at its own cost and expense.[41] JFI must also maintain the property in good condition and perform all necessary repairs, while JRI bears no maintenance or repair obligations.[42]

Facilities Inc. Audited Annual Financial Statements for the Year-Ended 06/30/2023. 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.

[38] The property at 519 Huey P. Long Avenue in Gretna, Louisiana (519 Huey P. Long) was first acquired on 07/26/1904, by the Police Jury of the Parish of Jefferson for $3,500 from the heirs of Mrs. Louise Destrehan Harvey and others Act of Sale, dated 07/26/1904. On 08/15/1910, the Police Jury transferred the property to the Parish Board of School Directors for the specific purpose of erecting a school building in the Third Ward, recognizing the "great good and material advancement" such a facility would bring. Act of Sale, dated 08/15/1910. The School Board donated the property back to the Parish on 08/06/1986, with the express intent that it be utilized "for the benefit of the citizens of [Jefferson] Parish." Act of Sale, dated 08/06/1986.

[39] Cooperative Endeavor Agreement between the Parish of Jefferson and Jefferson Facilities Inc. Whereas Clause 9 and 10, dated 05/26/2022, CEA provides it is "for the restoration, development and management of the [519 Huey P. Long] property…; and whereas, the public purpose of the Project is described as the economic development of the PARISH through public policy initiatives, regional business development and workforce development..."

[40] *See* Third Amendment to the Cooperative Endeavor Agreement between the Parish of Jefferson and Jefferson Facilities Inc. and Jefferson Redevelopment, Inc. Sec. 2. Payments, dated 11/15/2024.

[41] *See* Ground Sublease Agreement by and between Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sec. 2.1 Term and Sec. 3.1 Renovation of Facilities, dated 03/19/2024. Pursuant to the Sub-Lease terms, JFI has the "obligation to develop, design, renovate, and operate, at its sole cost and expense, [519 Huey P. Long]" until the lease terminates on 05/25/2072.

[42] Ground Sublease Agreement by and between Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sec. 5.2 Maintenance and Repairs, dated 03/19/2024. JFI is obliged to, "maintain [519 Huey P. Long] in good order, during the term of this Sublease, and agrees to make all necessary repairs or restorations for [JFI] to use and enjoy [519 Huey P. Long] during the term of this Sublease. [JRI] shall have no obligation to maintain, repair, restore, or replace [519 Huey P. Long] during the term of this Sublease."

JFI engaged Formwork Gretna to manage redevelopment and operations. On 08/10/2023, JFI entered into a Development Program Management Agreement under which Formwork Gretna agreed to lead redevelopment.[43] Under the agreement, JFI funds all development costs from funds appropriated by the Parish.[44] The project program includes approximately 13,000 square feet of co-working space on the second and third floors, retention of the German American Cultural Center within a reduced footprint, and conversion of approximately 3,000 square feet of ground-floor space into leasable commercial space intended for a neighborhood-serving tenant.[45]

On 06/27/2024, JFI and Formwork Gretna executed a Co-Working and Property Management Services Agreement, under which Formwork Gretna is responsible for day-to-day operations, including implementation of design and management processes and development of performance metrics to evaluate the success of the co-working space.[46]

As reported in *Nola.com* in December 2024, 519 Huey P. Long opened "as a membership-based co-working space – called Primary Workspace – with 13,000 square feet of conference rooms, desks and private offices on its second and third floors, and 2,800 square feet of retail space on its first floor, alongside the [German American Cultural Center and Museum]."[47]

A review of current information gathered in connection with an on-going JPOIG matter indicates that 519 Huey P. Long is not self-sustaining, i.e. requires continued infusion of public funds to support private co-working space and meet contractual obligations.

Multi-Use Development for Port Orleans Brewing Companies

One of the four parcels of Parish property JFI holds and controls under 2001 CEA with the Parish was an unimproved parking lot facing Huey P. Long and situated adjacent to the 5th Circuit Court of Appeal, aka the Courthouse Lot or Kingfish Lot. By amendment to the 2001 CEA, Parish agreed to provide JFI $10,344,000 for the design and construction of a mixed-use development on the Kingfish Lot.[48]

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[43] Development Program Manager Agreement, Program Management, dated 08/10/2023.
[44] Development Program Manager Agreement, Source of Funds, dated 08/10/2023.
[45] Development Program Manager Agreement, Anticipated Uses, dated 08/10/2023. According to the Development Agreement: the space shall be as follows, "The primary use of the 2nd and 3rd floors of the building will be shared office, or co-working use. This space encompasses approximately 13,000 gross square feet. On the ground floor, the existing German American Cultural Center will consolidate its operations in the existing museum side of its footprint (approximately 2,400sf) and vacate the meeting room and commercial kitchen. The vacated meeting room space shall be leased as commercial space. The Program Manager has identified a neighborhood-serving grocery market, daycare center or similar community amenity as the desired tenant. This leased space is approximately 3,000sf, including the commercial kitchen.
[46] Co-Working & Property Management Services Agreement Jefferson Facilities, Inc. and Formwork Development LLC, dated 06/27/2024. Pursuant to the Managing Agreement, Formwork Gretna is obligated to manage the day-to-day operations of the Primary Workspace by developing the initial design and management process and identifying key performance metrics to monitor the success of the Primary Workspace.
[47] https://www.nola.com/news/business/gretna-schoolhouse-transformed-into-coworking-space/article_1e8f39e2-b97c-11ef-adea-bbcee08131ae.html
[48] Resolution 142061, adopted 05/17/2023. Resolution 142638, adopted 08/23/2023. Resolution 143294, adopted 12/06/2023. Resolution 144958, adopted 09/10/2024.

On or about 10/13/2023, JFI entered into two commercial lease agreements.[49] One lease is with POB Gretna Beer, LLC, and the other lease is with POB Restaurant Gretna, LLC.[50] The leases "pertains to two buildings to be constructed" and are "contingent on the actual construction of the building being completed prior to October 1, 2025." On or about 04/22/2025, JFI and Port Orleans' entities amended the respective leases. As amended, the leases are contingent upon the "substantial completion of the building on or before 01/01/2027."[51, 52]

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."[53] Thus, this results in two 25-year leases.[54]

The commercial space is presently under construction.

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[49] On 10/24/2023, the Parish Council adopted Resolution 143039 approving the leases between JFI and the two entities for commercial space to be constructed but not under construction. The proposed resolution was first noticed on the Parish Council Agenda Addendum for its meeting of 10/18/2023 as Addendum Item #15. 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 meeting for 10/23/2023. POB Gretna Beer, LLC is a domestic limited liability company organized on 10/10/2023. Its sole member is Port Orleans Brewing Company, LLC, as of 03/23/2026.

[50] POB Gretna Beer, LLC is a domestic limited liability company organized on 10/10/2023. Its sole member is Port Orleans Brewing Company, LLC, as of 03/23/2026. POB Restaurant Gretna, LLC is a domestic limited liability company organized on 10/10/2023. Its sole member is Port Orleans Brewing Company, LLC, as of 03/23/2026.

[51] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Recitals, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Recitals, dated 04/22/2025.

[52] The Parish Council placed on the 04/30/2025 meeting agenda Item No. 99:

> Resolution – approving the Amendment and Restatement of the Commercial Leases between Jefferson Facilities, Inc. (JFI) (Lessor) and POB Gretna Beer, LLC (Lessee) and JFI and POB Restaurant Gretna, LLC (Lessee) for lease of commercial retail space in the Mixed-Use Development on Tract-4 The Courthouse Lot.

The Inspector General formally requested a deferral of this item to permit the Parish Council to receive and respond to the Inspector General's draft:

> A comparison of the leases approved in October 2023 with the proposed amended leases for your consideration at your April 30th meeting reveal that substantive and legal deficiencies remain unanswered and unresolved. **The leases approved in October 2023 are "contingent on the actual construction of the buildings being completed prior to October 1, 2025." The buildings will not be completed prior to October 1, 2025.** This affords the Parish Council an opportunity to consider and resolve substantive deficiencies.

The Parish Council adopted Resolution No. 146343 approving the amendments notwithstanding the request for deferral.

[53] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 2. Term; option to renew, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 2. Term; option to renew, dated 04/22/2025.

[54] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 2. Term; option to renew, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 2. Term; option to renew, dated 04/22/2025.

JPOIG CONCERN #1: JEFFERSON FACILITIES, INC. (JFI) NON-PROFIT STATUS MAY BE JEOPARIZED BY ACTING COMMERCIAL ACTIVITY

A **501(c)(3)** tax-exempt designation applies to organizations operated exclusively for charitable, religious, educational, scientific, or literary purposes and provides exemption from federal income taxation. These organizations exist to benefit the public, not private interests, and ensure assets are permanently dedicated to exempt purpose.

The JPOIG is concerned JFI's recent projects may place at risk its continued eligibility for 501(c)(3) status. 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.

While economic development can, in certain circumstances, qualify as a charitable purpose, such qualification depends on a demonstrable and primary public benefit. Where commercial activities are more than incidental, or where private benefit outweighs or is more than incidental to the public purpose served, there is a material risk that tax-exempt status could be challenged or revoked. The connection between JFI's commercial activities and a direct, measurable public benefit is unclear. Moreover, present activities are increasing rather than alleviating burdens on Parish government.

By communication dated 02/27/2026, the JPOIG inquired of JFI, through its attorney, David Colvin, the following:

> Did JFI, prior to 10/13/2023, or at any time thereafter, seek a legal opinion, or otherwise request a legal analysis – internally or externally – regarding whether the revenue sharing arrangement described above could adversely impact JFI's 501(C)(3) tax-exempt status or otherwise expose JFI to federal or state liability?[55]

By communication dated 03/06/2026, David Colvin responded, stating:

> The agreements between JFI and POB Gretna Beer, LLC and POB Restaurant Gretna, LLC is based on what is defined as gross rental. The leases are true leases and are not tied into net income but as I said are tied into Gross income and as such, they are excluded from the Tax on Unrelated Business Income of External Organization (UBTI). Further, the leases are not net profit sharing, joint venture nor partnership where JFI would have some liability or responsibility for the tenant's action…
>
> While there was no formal request from JFI for a legal opinion internally or externally regarding the rental arraignment on these leases, but they were considered.[56]

[55] Email from Kim Chatelain to David Colvin, copy to Tim Madden, Patrick Isacks, dated 02/27/2026.

[56] Email from Nickie Poche to Kim Chatelain, copy to David Colvin; William Lazaro; Joseph Meerman, dated 03/06/2026.

Jefferson Facilities, Inc., a Non-Profit Corporation

JFI was authorized by Resolution 92524 of the Parish Council adopted 10/18/2000:

> A resolution authorizing the formation of a Public Benefit Corporation calling a public hearing regarding and approving the application of Elliot J. Hano; Ross P. Liner; and Tim Whitmer to create an Economic Development Corporation; authorizing the Parish of Jefferson ("Parish") to enter into a cooperative endeavor agreement with such public benefit corporation and economic development corporation relating to the development, design, finance, construction, and operation of a parking facility in or about the Jefferson Parish courthouse campus, as hereafter provided and the financing of such parking facility through the issuance by the Louisiana Local Government Environmental Facilities Community Development Authority (the "LCDA") of its tax-exempt revenue bonds.[57]

In adopting Resolution 92524, the Parish acknowledged the expansion in and about Jefferson Parish Courthouse Campus and shortage of parking facilities creating congestion for the public, residents, and businesses. The Parish desired to remedy parking congestion via an arrangement which involved the creation of a public benefit corporation (JRI) and an economic development corporation (JFI).

Notwithstanding the identified intention of constructing a parking garage to alleviate congestion, JFI's application to the Parish Council sought from the Parish a finding and determination:

> that the Parish **is suffering from extreme conditions of unemployment, underemployment and other forms of severe economic distress** and because of such conditions there is a need for the organization of an economic development corporation to alleviate and eliminate said conditions.[58] (Bold supplied).

JFI's original Articles of Incorporation reflected a broad grant of authority, permitting it to engage in any lawful activity, subject to the limitations of applicable tax-exempt entities under federal law. Articles of Incorporation, Article V, provided:

> This corporation is organized pursuant to the Act for the purposes set forth therein and to engage in any lawful activity for which corporations may be formed under Chapter 2 of Title 12 of the Louisiana Revenue Statutes of 1950, as amended, and shall have all the powers, rights and immunities granted to such corporations thereby or by any supplements thereto or amendments thereof, provided that such activities and purposes **may be engaged in by a nonprofit corporation meeting the requirements set forth in the Internal Revenue Code of 1986, as amended (the "Code"), applicable to tax exempt entities.** [59] (Bold supplied).

On 05/07/2003, JFI supplemented and amended Article V to read:

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[57] Resolution 92524, adopted 10/18/2000.

[58] Application for the Establishment of Jefferson Facilities, Inc. to the Jefferson Parish Council from Elliot Hano, Ross Liner, and Tim Whitmer, dated 10/18/2000.

[59] Jefferson Facilities, Inc. Articles of Incorporation, Article V, 01/11/2001.

> Said organization is organized exclusively **for charitable, religious, educational, and scientific purposes,** including, for such purposes, the making of distributions to organization that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code. (Bold supplied)[60]

Article XII was also amended to read:

> No part of the net earnings of the organization shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause hereof. … Notwithstanding any other provision of this document, the organization shall not carry on any other activities no permitted to be carried on (a) by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or (b) by an organization, contributions to which are deducible under section 170(c)(2) of the Internal Revenue Code, or corresponding section of any future federal tax code.[61]

Finally, JFI's Economic Development Plan, dated 10/18/2000, establishes a geographic focus as the portion of Jefferson Parish located west of the Mississippi River. The plan articulates a mission centered on alleviating economic distress and promoting sustainable economic development within that region. The plan outlines a comprehensive set of goals and objectives, to include:

- Developing projects which contribute to creation of new jobs
- Encourage and aid in the expansion of existing businesses
- Implementation of community improvements
- Development of industrial parks in areas where industrial potential is highest
- Encouragement and aid to all business concerns to foster expansion
- Improvements to new and existing business and industrial sites, to include but not be limited to water, sewer, access roads, rail spurs and drainage
- Rehabilitation of older structures and construction of new ones to accommodate business.[62]

These objectives reflect a traditional economic development framework, focused on increasing aggregate income, improving infrastructure, and expanding commercial activity. Still, the objectives must be reconciled with the narrower requirements imposed by federal tax-exempt law when an entity seeks to operate under Section 501(c)(3).

[60] Jefferson Facilities, Inc. Articles of Incorporation, Article V, 05/07/2003.
[61] Jefferson Facilities, Inc. Articles of Incorporation, Article V, 05/07/2003.
[62] Jefferson Facilities, Inc. Economic Development Plan, dated 10/18/2000.

Federal Tax-Exempt Status, U.S.C.A. 501(c)(3)

Under state law, an organization is exempt from state corporate income taxation only to the extent it maintains a valid federal tax-exempt status.[63] Under federal tax-exempt statutes, an organization shall be exempt from taxation unless such exemption is denied based upon certain criteria. 26 U.S.C.A. §501(c) provides:

> (3) Corporations, and any community chest, fund, or foundation, **organized and operated exclusively for religious charitable, scientific, testing for public safety, literary, or educational purposes,** or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (Including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.[64] (Bold supplied)

To achieve and maintain tax exempt status, an organization must be both organized and operated exclusively for exempt purposes.[65]

"Organized" as Non-Profit

An organization may pass the "organized" test if the articles of organization (1) limit the purpose of such organization to one or more exempt purposes; and (2) do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which themselves are not in furtherance of one or more exempt purposes.[66]

The Treasury Regulation is clear: "The fact that the actual operations of such an organization have been exclusively in furtherance of one or more exempt purposes shall not be sufficient to permit the organization to meet the organizational test" where its articles or conduct suggest otherwise, and an organization "will not meet the organizational test as a result of statements or other evidence that the members thereof intend to operate only in furtherance of one or more exempt purposes."[67]

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[63] La.R.S. 47:287.501(A).

[64] For context, 26 U.S.C.A. §501(c)(2) provides, "(2) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under this section."

[65] Treasury Regulation Section 1.501(c)(3)-1 establishes that an organization must satisfy both an organizational test and an operational test, and that failing either is independently fatal to exempt status: "If an organization fails to meet either the organizational test or the operational test, it is not exempt." The organizational test requires that an organization's articles of incorporation "limit the purposes of such organization to one or more exempt purposes" and "do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes." 26 C.F.R. § 1.501(c)(3)-1. *See also Hutchinson Baseball Enterprise, Inc. v. C.I.R.*, 696 F.2d 757 (10th Circuit 1982).

[66] *Nationalist Movement v. C.I.R.*, 37 F.3d 216, 219 (5th Cir. 1994).

[67] 26 C.F.R. § 1.501(c)(3)-1(b)(1)(iv).

JFI's Articles of Incorporation, as amended in 2003, satisfy the requirement on their face.[68] The organization's stated purposes are expressly limited to those recognized as exempt under federal law.[69]

"Operating" as Non-profit

Once the organizational test is satisfied, the entity must show that it satisfies the "operational test." The operational test has four elements:

- Must engage in activities which accomplish one or more of the exempt purposes
- Net earnings may not inure to the benefit of private individuals
- Must not expect resources to influence legislation
- Must serve a valid purpose and confer a public benefit [70]

An entity must engage primarily in activities which accomplish one or more exempt purposes for an organization to pass operational test.[71] The presence **of a single nonexempt purpose, if substantial in nature,** will destroy charitable tax exemption, regardless of number or importance of truly exempt purposes. [72] Treasury Regulation Section 1.501(c)(3)-1(d)(2) defines the term "charitable" as used in Section 501(c)(3) to include:

> **Relief of the poor and distressed or of the underprivileged**; advancement of religion; advancement of education or science; **erection or maintenance of public buildings,** monuments, or works; lessening of the burdens of Government**;** and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice and discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency. (Bold supplied)

Thus, non-profit organizations must adhere to strict, continuous operational guidelines to maintain

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[68] JFI's articles invoke charitable, religious, educational, and scientific purposes — but it is the meaning of "charitable" that is most directly implicated by the Kingfish lot development, and that term carries a specific and limited legal definition under the Regulation.

Treasury Regulation Sec. 1.501(c)(3)-1(d)(2) defines the term "charitable" as used in Sec. 501(c)(3) to include:

> **Relief of the poor and distressed or of the underprivileged**; advancement of religion; advancement of education or science; **erection or maintenance of public buildings, monuments, or works; lessening of the burdens of Government;** and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice and discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency. (Bold supplied)

[69] Whether an entity passes the organizational test does not turn solely on recitals made in articles of incorporation. *Taxation with Representation v. U.S.*, 585 F.2d 1219, 1222 (4th Cir. 1978).

[70] *Nationalist Movement v. C.I.R.*, 37 F.3d 216, 219 (5th Cir. 1994).

[71] *Nationalist Movement v. C.I.R.*, 37 F.3d 216, 219 (5th Cir. 1994).

[72] *Better Bus. Bureau of Washington D.C. v. U.S.*, 326 U.S. 279, 283; 66 S.Ct. 112, 114 (1945). The Supreme Court instituted a rigid standard for tax-exempt organizations, ruling that an organization must be devoted to its exempt purposes "exclusively." The Court held that "the presence of a single non-[exempt] purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly [exempt] purposes." In evaluating the Better Business Bureau, the Court found an undeniable "commercial hue permeating" the organization because an important pursuit was promoting a "profitable business community." *See also Hutchinson Baseball Enterprise, Inc. v. C.I.R.*, 696 F.2d 757 (10th Circuit 1982).

their tax-exempt status.

Since its creation in 2001, JFI has undertaken three principal projects, each with a professed public purpose:

- Construction of a public parking garage at the Jefferson Parish Courthouse Campus (completed in 2002) to support government and private sector growth.[73]
- Restoration and redevelopment of 519 Huey P. Long (completed in 2024) to promote workforce development, business activity, and community use.[74]
- Development of a mixed-use commercial project, including a brewery and restaurant (not yet complete), intended to stimulate economic and commercial activity.[75]

Notwithstanding these stated purposes, JFI might be at risk for failing to satisfy the operational test.[76]

Under the CEA governing construction of the garage, parking revenues generated by JFI were intended to be applied toward payment of the associated bond debt, with the Parish covering only the shortfall:

> The Parish shall be required to expend only so much of the amount appropriated as is 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 net revenues from the Facilities, the Parish shall have a right to be reimbursed.[77]

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[73] Cooperative Endeavor Agreement by and among Parish of Jefferson, Jefferson Facilities, Inc., and Jefferson Redevelopment, executed on 08/16/2001, p. 1.

[74] First Amendment to the Cooperative Endeavor Agreement, executed on 05/16/2007, p. 1.

[75] Third Amendment to the Cooperative Endeavor Agreement by and among Parish of Jefferson and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc., executed on 08/29/2023, p. 2.

[76]*Better Bus. Bureau of Washington D.C. v. U.S.*, 326 U.S. 279, 283; 66 S.Ct. 112, 114 (1945) finding that operating to promote, assist, or subsidize private businesses confers a direct private benefit to business owners, and doing so constitutes a substantial non-exempt purpose which destroys the tax exemption entirely. *Airlie Found., Inc. v. United States*, 826 F.Supp. 537, 549 (D.D.C.1993), aff'd, 55 F.3d 684 (D.C. Cir.1995) affirmed revocation of a non-profit's tax-exempt status because the organization operated to a substantial extent for the private benefit of its executive director and his family, engaging in transfers of money and land that ultimately inured to their personal financial advantage rather than the foundation's stated charitable mission. Recognizing that "[t]o be eligible for exempt status, "no part of an organization's net earnings may inure to the benefit of any private shareholder or individual." (the amount or extent of the inurement or benefit is not relevant)." *Orange County Agriculture Society., Inc. v. C.I.R.*, 893 F.2d 529, 534 (2d Cir.1990), finding a non-profit lost its 501(c)(3) status because it operated a substantial non-exempt business and extended unsecured, interest-free financial arrangements to its largest private shareholders, bearing the financial risk itself while the private parties reaped the benefit. The court recognized that "[c]ourts have frequently held that loans extended on advantageous terms by an exempt organization to its founders or shareholders, or to an entity controlled by them, indicate private inurement in violation of section 501(c)(3)" *Community Worship Fellowship v. United States*, 178 Fed.Cl. 764, 780 (2025), affirming revocation of an organization's tax-exempt status because it operated primarily for the financial benefit of a single family, despite presenting its activities under an exempt purpose. The court declined to accept the organization's characterization of itself and instead examined who the actual operational beneficiaries were. Stating, "the government only had to satisfy the inurement prong, and that satisfying the inurement prong satisfies the exempt-purpose prong—the court need not address further whether CWF operated exclusively for an exempt purpose."

[77] 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.

However, the Parish has paid the debt service, in excess of $11.8 million, while JFI has retained the parking revenues. This outcome raises the concern whether JFI is operating primarily for its private benefit rather than for an exempt public purpose.

More recently, JFI received funding from the Parish to renovate and develop 519 Huey P. Long, a historic building in downtown Gretna. While JFI renovated and rehabilitated a historic public building, it presently operates it for commercial purposes, i.e. co-working space, through a contract with a for-profit private entity, Formwork Gretna. After renovating the building, JFI entered into a contract with Formwork to lease the building for co-working space. Under the terms of the agreement, JFI receives the lease revenue and Formwork Gretna receives a Property Management Fee for the greater of 6% of revenue or a minimum monthly fee of $1,500, placing JFI in the commercial lease business.[78] However, and upon information and belief, revenue generated in it's first year is insufficient to cover operating costs. Whether the project represents economic development is unclear. However, it resulted in redeveloping a historic building.

Presently, JFI is constructing custom commercial space for Port Orleans entities to be operated as a brewery and taco restaurant. Once occupied, JFI will receive rental income as a percentage of gross sale of beer, liquor, spirits, fees, sales, gaming, or wagering.[79]

These transactions convey a "commercial hue."[80] None of the enumerated definitions of "charitable" encompass constructing and leasing a custom commercial office space much less leasing custom commercial space for private brewery and taco restaurant. A standard commercial lease does not acquire a charitable character merely because of the tax-exempt status of the parties involved.

Concern related to risk to tax-exempt status

The JPOIG is concerned these lease arrangements have jeopardized JFI's non-profit status. JFI's governing documents satisfy the organizational requirements of Section 501(c)(3). The primary risk arises from whether its current and planned activities satisfy the operational test.

The IRS held that a lease "will not be considered as substantially related to the charitable purpose of the lessor solely because the lessee is likewise an exempt organization." The lease itself must actively further the organization's specific exempt purpose, the identity of the parties is irrelevant if the transaction is commercial in character.[81]

The IRS has on numerous occasions revoked a 501(c)(3)'s exempt status because those entities engaged in operations to those similar to for-profit organizations. For example, in Private Letter Ruling (PLR) 202321005, the IRS revoked a non-profit's exempt status because it was

> …not operated exclusively for one or more exempt purposes as required by IRC Section 50l(c)(3). You operate a for-profit coffee shop and restaurant for non-exempt commercial purposes. The income from the sale proceeds from the operation of the

[78] Co-Working & Property Management Services Agreement Jefferson Facilities, Inc. and Formwork Development LLC, dated 06/27/2024.
[79] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 19. Reporting requirements, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 20. Reporting requirements, dated 04/22/2025.
[80] *Better Bus. Bureau of Washington D.C. v. U.S.*, 326 U.S. 279, 283; 66 S.Ct. 112, 114 (1945).
[81] Revenue Ruling 58-547.

> coffee shop are not exclusively and primarily dedicated to an exempt purpose. [82]

In PLR 202321009, the IRS revoked the IRC Section 501(c)(4) tax-exempt status of an organization that operated a bar and game room on the grounds it did not exclusively promote social welfare. The IRS stated,

> Our adverse determination as to your exempt status was made for the following reasons: IRC 50l(c)(4) provides for exemption of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare. Your primary activities involve operating a bar and gaming for members of a related organization, which is exempt under IRC Section 50l(c)(l9). In addition, you regularly carried on business with the general public in a manner similar to organizations operated for profit. Thus, you did not exclusively promote social welfare.[83]

In Technical Advice Memorandum Number 201438034, the IRS opined,

> Congress has granted exemption from federal income taxation under§ 501 (c)(3) to certain organizations that are organized and operated exclusively for exempt purposes. **The presence of a single non-exempt purpose, if substantial in nature, will preclude exemption, regardless of the number or importance of exempt purposes.**[84]

JPOIG CONCERN #2: JEFFERSON FACILITIES, INC. BOARD MEMBERS MAY BE SUBJECT TO DISCLOSURE AND/OR LICENSING BY ALCOHOL TOBACCO CONTROL

Under the terms of the 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. [85]

The regulatory framework enforced by the **Louisiana Office of Alcohol and Tobacco Control (ATC)** is intended to ensure a strict, transparent, and accountable system governing the manufacture, distribution, and sale of alcoholic beverages. Central to this framework is the permitting process, which enables the state to identify all persons with a financial or managerial interest in a permitted business and to ensure such persons meet suitability requirements. Determining suitability includes fingerprinting and comprehensive background investigations. All applicants, including partners,

[82] Revenue Ruling 202321005.
[83] Revenue Ruling 202321009.
[84] *Better Bus. Bureau of Washington D.C. v. U.S.*, 326 U.S. 279, 283; 66 S.Ct. 112, 114 (1945).
[85] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 2. Permitted Use and Sec. 19. Reporting requirements, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 3. Permitted Use and Sec. 20. Reporting requirements, dated 04/22/2025.

officers, directors, and owners of more than 5% interest, and any identified financial backers are required to undergo suitability.[86] [87]

The JPOIG is concerned JFI and its board members may be subject to disclosure and qualification requirements under the Alcoholic Beverage Control Law, La. R.S. 26:1 *et seq.* 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.[88] 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.[89] These also impose upon JFI continuing financial obligations through maintenance responsibilities under the lease.

As a whole, the ATC may consider JFI a "financial backer" or other financially interested person. Then, JFI and its board members are subject to the same disclosure, qualification, and investigative requirements imposed on permit applicants. Failure to properly disclose such interests could present regulatory risk to the permitted entity, including potential adverse action affecting its license.

By communication dated 02/27/2026, the JPOIG inquired of JFI through its attorney, David Colvin, the following:

> Did JFI, prior to 10/13/2023, or at any time thereafter, seek a legal opinion, or otherwise request a legal analysis – internally or externally – regarding any license requirements, suitability requirements, or disclosure obligations under Louisiana law that may apply to JFI or its individual Board members arising from shared revenue generated by alcohol sales as contemplated by the leases?[90]

By communication dated 03/06/2026, David Colvin responded, stating:

> There was no formal request from JFI for a legal opinion internally or externally regarding the rental arraignment and what effect that selling alcoholic by the Tenant would have on JFI non-profit status but it was taken into consideration.[91]

Jefferson Facilities, Inc. Build-to-Suit Commercial Development

Well before the Parish approved construction on the Kingfish Lot, JFI had already engaged in extensive, project-specific planning with Port Orleans Brewing. Between June 2021 and June 2022, JFI and Port Orleans were in discussions regarding a long-term lease for approximately 10,000 square

[86] La.R.S. 26:280(H).
[87] La.R.S. 26:80(D), La.R.S. 26:80(H)(6).
[88] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 4. Rent, dated 04/22/2025.
[89] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent and Exhibit A, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 4. Rent and Exhibit A, dated 04/22/2025.
[90] Email from Kim Chatelain to David Colvin, copy to Tim Madden, Patrick Isacks, dated 02/27/2026.
[91] Email from Nickie Poche to Kim Chatelain, copy to David Colvin; William Lazaro; Joseph Meerman, dated 03/06/2026.

feet to operate a brewery and restaurant.[92] By May 2022, prior to any public procurement for services, Port Orleans had developed concept designs for a **custom, build-to-suit commercial space**, working directly with Trapolin-Peer Architects. Correspondence from 05/02/2022 reflects not only early design work but active coordination and site planning between Don Noel, Port Orleans President, and Paul Peer, Trapolin-Peer architect.[93, 94, 95]

Throughout 2022 and into early 2023, these communications continued, with Port Orleans President Don Noel providing detailed and iterative direction on layout, functionality, and design features, including kitchen configuration, equipment placement, stage and entertainment concepts, and overall flow of the space. Trapolin-Peer Architects continued to refine the plans at the direction of Don Noel, meeting regularly and submitting new iterations.[96] As early as October 2022, "Predesign Package"

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[92] Jefferson Facilities, Inc. Year-End Financials 2022, which read:

> JFI has also commenced discussions with Port Orleans Brewing Company in attempts to secure a 40-year lease in downtown Gretna. Port Orleans is seeking 10,000 square feet in which to operate a brewery and restaurant. As part of the rental agreement, Port Orleans will undertake facilities improvements such as replacing HVAC, electrical, and roofing and updating the weatherproofing and plumbing of structure.

[93] 10/24/2023 Parish Council Meeting Agenda Item #1, attachment. Don Noel listed as President p14.

[94] E-mail from Paul Peer to Don Noel, dated 05/02/2022. Paul Peer writes:

> Don-
> It was great to meet with you about your development in Gretna! Having a Port Orleans Brewing Co. at the center of downtown will be an incredible addition.

E-mail from Don Noel to Paul Peer, dated 05/02/2022. Don Noel writes:

> Hello Paula!
> Attached is the PDF of the "potential" layout. Can we do an informal meeting at the Brewery with your team so we can actually walk the property together?

[95] Paula Peer of Trapolin-Peer was designing brewery and restaurant for Port Orleans prior to being engaged by JFI or JFI receiving funding/approval from Parish. JFI received a proposal from Trapolin-Peer Architects for Pre-Design Services for a Jefferson Parish Mixed-Use Study on 08/04/2022. The scope of work shall include conceptual/pre-schematic exterior design and plans for development of a 3-story parking structure and a series of buildings for lease to one or more food & beverage tenants at the corner of Huey P. Long Avenue/2nd Street in downtown Gretna. Then, on 09/07/2023, **Jefferson Facilities, Inc**. **(JFI)** received a proposal from Trapolin-Peer Architects for 100% A/E Design Services for Commercial Retail Buildings:

> The scope of work shall include full architectural and engineering professional design services for the commercial development on the block 2nd Street and Huey P Long in downtown Gretna, LA. The project will consist of a new 24,750 sf commercial building (including roof terraces and trash areas) and approximately 5,370 sf raised courtyard & perimeter landscaping with two to three retail or food & beverage tenants with shared back-of-house amenities.

On 08/10/2022, the Parish adopted Resolution 140213 approving a CEA with JFI to provide for design of the improvements to the Kingfish Lot.

JFI executed a contract with Trapolin-Peer (dated 01/16/2024). On 04/12/2024, JFI President William Lazaro signed a Notice to Proceed letter from Trapolin-Peer to Ryan Babcock and Arthur Lawson that stated that the cost estimate of the preliminary Value-Engineered Design deliverable was $435,110 over the $8.4M maximum budget for hard costs. On 09/17/2024, JFI and Trapolin-Peer amended the contract to replace estimated cost from $8,100,000 to $9,119,583 and to provide for minimum compensation to Trapolin-Peer based upon State Fee Calculator.

[96] E-mail from Don Noel to Brett Lawson and TPA employees to include Paula Peer, dated 09/14/2022. He writes:

> Also, I have made some small corrections to the layout for the Brewery and Avo Taco based on the last meeting. When can I share that with someone?? In addition the team left with some changes to make … did those get done?

E-mail from Don Noel to Blake Kidder, dated 09/15/2022. He writes to Trapolin-Peer Architects:

> Blake,
> Thanks again for taking the time out this morning to discuss the project. When you get time google Tiny

shows Port Orleans logos on proposed commercial development.[97] By March 2023, plans were complete with tenant-specific branding elements such as "Port Orleans" and "Avo Taco" integrated into the design.[98]

By June 2023, JRI published a Request for Proposal (RFP) for a single operator to operate a brewery/taproom with shared courtyard.

Port Orleans (and Avo Taco) was the only proposer to respond. The proposal incorporated the architectural renderings, complete with "Port Orleans" and "Avo Taco" logos, developed by Trapolin-Peer with Don Noel, President Port Orleans, during the preceding year.[99, 100]

On or about 10/13/2023, JFI executed lease agreements with Port Orleans' entities: (1) POB Gretna Beer, LLC, and (2) POB Restaurant Gretna, LLC. Under these leases, JFI assumed responsibility for the full cost of constructing the premises in accordance with tenant-driven specifications. The build-to-suit Port Orleans' specifications includes flooring, lighting, kitchen infrastructure, walk-in refrigeration, built-in-bars, audio/visual systems, and finished interiors. The scope also includes fixtures and equipment. Finally, it includes the acquisition of brewery-specific barrel system.[101]

Desk Concerts to better understand the idea for the roof top of the Brewery.
Here is a bullet list of what we discussed:

- The back kitchen of Avo Taco needs to be pushed forward to help make the FLOW work.
- Put the walk-in cooler in the corner behind the ladies RR.
- Dish area near the back entrance.
- Back entrance door can be 4 ft
- Remove side walls where the kitchen hood is located
- Expo counter needs to 8ft wide.
- Turn the Silo into a small stage area for live music/private dining area. Keep in mind that it needs to be squared off on the inside for acoustic reasons.
- Remove the two window tables in the brewery
- Ensure the angle of the stage works with the garage doors
- Strategically place 2 pinball machines on the 1st floor and 3 more on the 2nd floor.
- Remove the staff bathroom and make that a grain room storage
- 3rd floor concept for video concerts Per Tiny Desk Concerts

[97] E-mail from Brady Barclay to Don Noel, Brett Lawson, Blake Kidder, Paula Peer, and Gabriel L. Virdure, dated 10/31/2022, Subject: JP Mixed Use Study – Professional Renderings / Board Design.

[98] E-mail from Brady Barclay to Blake Kidder; Paul Peer; Gabriel L. Virdue; James Bennet, dated 03/10/2023, Subject: JP Mixed use – Retail Floor Plans and Email from Don Noel to Brady Barclay; Brett Lawson with copy to Blake Kidder; Paula Peer; Gabriel L. Virdue; James Rennert, dated 05/14/2023.

[99] 10/24/2023 Parish Council Meeting Agenda Item #1, attachment. Architectural Renderings p29-34.

[100] *See* JPOIG *Evaluation: Review of Lease Transaction for Multi-Use Development #2025-0001* for complete discussion of finding related to solicitation and selection process. https://www.jpoig.net/images/JPOIG_2025-0001_Review_of_Lease_Transactions_for_Multi-Use_Development_FInal_Report.pdf

[101] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 15. Landlord's work, dated 10/13/2023. "The Landlord shall bear **the entire cost** of constructing the Leased Premises in accordance with the criteria specified in Exhibit A, which is attached to this lease."

Exhibit A, titled "*JP Gretna Retail Development Scope Building Shell & White Box Tenant Improvements,*" outlines construction expectations under which JFI is responsible for the build-to- suit, including:

- Finished flooring, carpet, luxury vinyl tile, epoxy coating
- Restaurant and bar areas LED downlights, interior spot lighting and interior/exterior ceiling fans
- Data and communication as required by Tenant including but not limited to lighting, audio/visual equipment

An active restauranteur with no interest in this project estimates costs of build out to be $250–$350 per square foot. This yields an estimated expense between **$4.8 million and $7.6 million**, just for interior improvements alone.

Percentage of Gross Revenue and Revenue Reporting

➢ POB Restaurant Gretna, LLC. Lease Gross Revenue

POB Restaurant Gretna amended rent terms provide:

> Lessee agrees to pay Lessor during the Lease a base monthly rental installment as follows: (a) for the first 36 months of the Lease beginning on the Commencement Date, a sum equal to three percent (3%) of Gross Revenue as defined below; and (b) for the remainder of the Lease and all subsequent renewals, a sum equal to six percent (6%) of Gross Revenue (with such sum being considered "Rent").[102]

The amended lease terms for POB Restaurant Gretna, LLC provide:

> Full Service Restaurant with a bar as an accessory use. For the avoidance of doubt, the principal use must remain Full Service Restaurant and all associated, ancillary, and accessory uses must be in conformity with the laws of Jefferson Parish and the City of Gretna.[103]

(interior and exterior), cameras, access controls and all associated conduits
- Kitchen hood
- Built-in bars and countertops
- Walk-in refrigerators/coolers
- Finished walls

The above includes Furniture Fixtures and Equipment (FF&E) Tenant. In addition to the above, JFI committed to purchase brewery equipment for POB Gretna Beer. The lease terms provide JFI to maintain the leased space to include:

- Walls (interior and exterior)
- Electrical systems and associated components, fixtures, lines and interfaces
- Cable and telephone lines
- Finishes (both interior and exterior)
- Any other elements attached or incorporated into the Leased Premises, as defined under Civil Code articles 465-467.

[102] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 5. Rent, dated 04/22/2025.

[103] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 2. Term; option to renew, dated 04/22/2025. The original lease terms provided that the premises may be used for the following purposes:

> Brewery, microbrewery, nano-brewery, distillery, micro-distillery, bar, restaurant, retail sales, club services, and any other purpose that is properly permitted and that does not conflict with state and local laws, ordinances, zoning, or other property restrictions. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna, LLC. Sec. 3. Permitted Use, dated 04/22/2025.

➢ POB Gretna Beer, LLC. Lease Gross Revenue plus Equipment Rental

POB Gretna Beer amended rent terms are similar to POB Restaurant Gretna but also provide:

> For use of the barrel system the Lessee shall pay the sum of one thousand Dollars ($1,000.00) a month beginning with the first term rent payment and this shall be paid in addition to the base rent.[104]

The amended lease terms for POB Gretna Beer, LLC provide:

> Brewery, brewpub, microbrewery, or micro-distillery with associated bar and restaurant building and any ancillary uses which include but are not limited to retail sales. For the avoidance of doubt, the principle use must remain brewery, brewpub, microbrewery, or distillery and all associated, ancillary, and accessory uses must be in conformity with the laws of Jefferson Parish and City of Gretna.[105]

➢ Revenue Reporting

The leases also provide under POB Gretna Beer Section 19, Reporting requirements, and POB Restaurant Gretna Section 20, Reporting requirements, gross revenue includes "all revenue received by the Lessee in the ordinary course of business including but not limited to the following items:"

- Beer and seltzer sales (including cases, cans, singles, 4-pack, 6-pack, crowlers, draft)
- Wine Sales
- Liquor spirit sales
- Food sales (on-site, catering, delivery, party packages)
- Non-alcoholic beverage sales
- Payments from facility rentals
- Money received from contract and co-op production
- Club fees and dues
- Consignment sales
- All gross income or revenue from club services, gaming, sportsbook, pari-mutuel, or wagering[106]

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[104] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent, dated 04/22/2025.

[105] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 2. Term; option to renew, dated 04/22/2025. The original lease term for premise use was same as POB Restaurant Gretna.

[106] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 19. Reporting Requirements, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 20. Reporting requirements, dated 04/22/2025.

The Alcoholic Beverage Control Law, La.R.S. 26:1 *et seq*

In the state of Louisiana, the sale of alcoholic beverages is subject to a complex regulatory scheme.[107] The manufacture, distribution, and sale of liquors and alcoholic beverages is subject to regulation under Title 26 of the Louisiana Revised Statute, of particular importance Chapter One and Chapter Two.

- Chapter One of Title 26, La. R.S. 26:1, *et. seq*. regulates businesses of alcoholic beverages, to include wine and liquors. Chapter One defines a "regulated beverage" is defined as "any alcoholic beverage."[108]
- Chapter Two of Title 26, La. R.S. 26:241 *et seq*. regulates businesses of low alcoholic content, e.g. beer.[109]

The alcohol industry is classified according to a three-tiered system consisting of manufacturers, distributors, and retailers.[110] Each level has its own specific purpose and regulations. A permit held in one tier precludes holding a permit in any other tier, e.g. a manufacturer may not also be a retailer.[111]

Alcoholic beverage permits are issued on behalf of the state by the Commissioner of the Louisiana Office of Alcohol and Tobacco Control.[112] The Commissioner shall investigate all applications for state permits and shall withhold the issuance of a permit where that action is justified.[113] Any

[107] LA. Attorney General Opinion 09-0084. *See* Chapters One and Two of Title 26 of the LA Revised Statutes; *see also* title 55, Part VII, Subpart 1, Chapter 3, of the Louisiana Administrative Code, entitled *Alcoholic Beverage Permits*.
[108] La.R.S. 26:2.
[109] *See* La.R.S. 26:81(B)(3), Any premises licensed to deal in alcoholic beverages, upon proper application, shall be issued a permit for beverages of low alcoholic content as defined in R.S. 26:241. The new permit shall be of the same class as the one for which the premises has a license.
[110] LA Attorney General Opinion 18-0026, citing La.R.S. 26:271(A) – Before engaging in the business of dealing in malt beverages or beverages of low alcoholic content, all manufacturers, wholesalers, and retail dealers, and microbrewers shall obtain from the commissioners, according to established rules and regulations, a permit to conduct each separate manufacturing, wholesale , retail, or microbrewery business and shall pay for each permit a fee not to exceed the amounts provided for in the following schedule and in accordance with regulations promulgated pursuant to the provisions of the Administrative Procedure Act for each year the permit is valid…
[111] La.R.S. 26:85, Except as provided in Paragraphs (1) through (7) of this Section, no person shall, at the same time, engage in business as a manufacturer, manufacturing distiller, or wine producer and as a wholesaler; as a wholesaler and as a manufacturer, manufacturing distiller, or wine producer; as a manufacturer, manufacturing distiller, or wine producer and as a retailer; as a retailer and as a manufacturer, manufacturing distiller, or wine producer; as a wholesaler and as a retailer, or as a retailer; and as a wholesaler of any regulated beverage. La.R.S. 26:273, (2) Issue a wholesale dealer's permit to a person or his spouse possessing a manufacturer's permit, retail dealer's permit of either Class A or Class B, or a microbrewer's permit. This prohibition does not apply to persons who have held both wholesale dealer's and retail dealer's permits continuously since 07/31/1946. (3) Issue a retail dealer's permit to a person or his or her spouse possessing a manufacturer's permit or wholesale dealer's permit. This prohibition does not apply to persons who have held both wholesale dealer's and retail dealer's permits continuously since 07/31/1946. (4) Issue a manufacturer's permit to a person or his or her spouse possessing a wholesale dealer's permit, a retail dealer' s permit, or a microbrewer's permit.(5) Issue a microbrewer's permit to a person or his or her spouse possessing a manufacturer's permit or a wholesale dealer's permit.
[112] LA Attorney General Opinion 09-0084. "Commissioner" as used throughout Title 26 provisions regulating the sale of alcoholic beverages means the Commissioner of Alcohol and Beverage Control. *See* La.R.S. 26:2(3) and La.R.S. 26:241(3).
[113] La.R.S. 26:284(B).

misstatement or suppression of fact in an application or accompanying affidavit is ground for denial of permit.[114]

➢ Manufacturer Permit

The manufacture's role is defined in Chapter One at La. R.S. 26:2 as:

> "Manufacturer" means any person, other than a wine producer, who personally or through any agent whatever engages in the making, blending, rectifying, or processing of any alcoholic beverage in Louisiana; engages in the making, blending, rectifying, or processing of any alcoholic beverage outside Louisiana for sale in Louisiana; or engages in the business of supplying alcoholic beverages to licensed wholesale dealers in Louisiana. A manufacturer who engages in the making, blending, rectifying, or processing of any alcoholic beverage in a facility entirely located in the state of Louisiana may sell or serve only those products that are made, blended, rectified, or processed at that facility to the public only at that facility for consumption on or off the premises but not for resale. The total amount of such sales to the public for any given month shall not exceed one case per person for each thirty-day period. Any manufacturer who sells its products to the public pursuant to this Paragraph shall remit all state and parish or municipal sales and excise taxes to the proper tax collecting authority for all products sold to the public. A manufacturer who sells or serves its products to the public pursuant to this Paragraph shall comply with all local zoning laws and regulations.[115]

All persons shall obtain from the commissioner a permit to conduct each separate business before engaging in the business of manufacturing, supplying, or dealing in alcoholic beverages according to established rules and regulations, and shall pay the commissioner a fee.[116]

Breweries are classified as manufacturers in Chapter Two. The manufacturer's role is defined in La.R.S. 26:241(18) for low alcohol content beers as follows:

> "Manufacturer or brewer" means any person who, directly or indirectly, personally or through any agency, person, or establishment, engages in the making, blending, rectifying, brewing, or other processing of alcoholic beverages in Louisiana or outside the state for shipments to licensed wholesale dealers within the state subject to the provisions of R.S. 26:364. A manufacturer or brewer who operates a brewing facility entirely located in the state of Louisiana may sell or serve:
>
> (a) Only those products brewed at that facility to the public only at that facility for consumption on or off the premises but not for resale. The total amount of such sales to the public for any given month shall not exceed ten percent of the total amount of product brewed at that facility monthly or two hundred fifty barrels, whichever is greater...[117]

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[114] La.R.S. 26:84.
[115] La.R.S. 26:2.
[116] La.R.S. 26:71(A).
[117] La.R.S. 26:241(18).

In addition to the permitting obligations, every manufacturer or wholesaler of alcoholic beverages shall furnish to the secretary a bond in the minimum amount of ten thousand dollars for each type of permit held guaranteeing the payment of all taxes and penalties.[118]

➢ Port Orleans Manufacturer Permit

Port Orleans Brewing Company LLC, located at 4124 Tchoupitoulas Street, New Orleans, LA 70115-1435, has a history of holding two licenses with the Louisiana Alcohol and Tobacco Control:

- Beer/Malt Beverage Manufacturer[119]
- Consumable Hemp Retail Dealer license[120]

Most recently, the Manufacturer permit expired 12/31/2025. Port Orleans continued to operate. Two ATC inspections generated reports citing a "Proper Permit Not Held" violation. Port Orleans renewed its Manufacturers permit effective 03/23/2026. An administrative hearing for the March violation is presently set for 06/10/2026.[121] Finally, the current 2026 M-B permit is scheduled to expire on 12/31/2026.[122, 123]

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[118] La.R.S. 26:348, *Manufacturers or wholesalers to furnish a bond; failure.* (A)(2) This bond shall be executed by a surety company qualified to do business in this state or may be in the form of a certificate of deposit or a letter of credit with a bank located in the state of Louisiana. The certificate of deposit or a letter of credit shall be irrevocably assigned to the secretary and the assignment can only be cancelled by the secretary. Such cancellations shall be evidenced by written notice to the bank or surety company. All interest earned on the certificate of deposit shall be the property of the manufacturer or wholesaler. The tenor, solvency, and maximum amount of the bond shall be satisfactory to the secretary. The maximum amount of the bond will depend upon the volume of business of the dealer and shall be sufficient, in the discretion of the secretary, to guarantee the state against any and all losses of taxes and penalties levied.

(B)(1) The failure of a wholesaler of alcoholic beverages to furnish bond shall ipso facto make the taxes, penalties, and costs levied in this Chapter delinquent and shall be construed as an attempt to avoid the payment thereof, which shall be sufficient grounds for the attachment of the beverages wherever found, whether the delinquent dealer is a resident or a nonresident of this state and whether the beverages are in the possession of the delinquent dealer or other persons. It is the intention of this Chapter to make such beverages responsible for the payment of the taxes levied, together with penalties and costs. Authority to attach is specifically granted to the secretary. The procedure prescribed by law for obtaining ordinary attachments shall be followed except that no bond shall be required of the state.

(B)(2) Should the dealer fail to furnish bond as provided herein, the secretary may rule the dealer into court to show cause why he should not be ordered to cease business as a dealer. Such rule may be tried out of term and in chambers and shall always be tried by preference in not less than two nor more than ten days, exclusive of holidays, after the service thereof.

[119] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Alcohol: Beer/Malt Beverage Mfr. (Brewer) Permit #M.69.0000000126-B. A state manufacturer's permit application was submitted on 12/23/2016. The initial 2017 Beer Manufacturer Permit (M-B) became effective on 02/22/2017. An application for renewal was made. The renewed 2018–2019 M-B permit became effective on 01/10/2018 and a bond clearance was approved shortly after on 01/22/2018. An application for renewal was made. The subsequent 2020–2021 M-B permit became effective on 01/01/2020. The 2022–2023 M-B Permit became effective on 01/01/ 2022. The 2024 M-B permit then became effective on 01/01/2024. The 2024 M-B permit expired on 12/31/2024. A new 2025 M-B permit became effective on 02/03/2025.

[120] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Alcohol: Consumable Hemp Retail Dealer Permit #36-25484 effective 04/01/2024; that license expired on 03/31/2025 and has not been renewed. In March 2025, a lease renewal intent was officially acknowledged on 03/03/2025, and the CBD-R permit expired on 03/31/2025.

[121] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Inspection/Violation Report #691718.

[122] Louisiana Department of Revenue Office of Alcohol and Tobacco Control Alcohol: Beer/Malt Beverage Mfr. (Brewer) Permit #M.69.0000000126-B.

[123] https://laatcabc.atc.la.gov/laatcprod/pub/Default.aspx?PossePresentation=LicenseSearch

➢ Qualifications for Applicants, "Financial Backer"

Applicants for state and local permits of all kinds must meet certain qualifications and conditions.

> **If the applicant is** a partnership recognized by Louisiana law, or anyone in such partnership with **or financed by another,** all members of such partnership, **or all the persons furnishing the money shall also possess the qualifications required of an applicant.** The application shall name all partners or financial backers and furnish their social security numbers and proper addresses. (Bold supplied)
>
> If the applicant is a corporation or a limited liability company, all officers and directors and all stockholders or members owning in the aggregate **more than five percent** of the stock or of the membership interest in a limited liability company and the person or persons who shall conduct or manage the business shall possess the qualifications required of an applicant and shall furnish their federal identification number, their Louisiana Department of Revenue business account number, their social security number, and their correct home address.[124]

No permit shall be issued to any person who is an interposed person for the owner or proprietor of a business. The Commissioner may require a full disclosure, in writing, under oath, of the details of the operation of any person it suspects of being interposed for another.[125]

State law explicitly provides that where the applicant or financial backer is a corporation, "all the persons furnishing the money shall also possess the qualifications required of an applicant."[126] There is no general exemption from licensure based upon the status of a business as a non-profit organization.[127]

➢ Determining Applicant Suitability: Fingerprinting and Criminal Background Investigation

To determine suitability for an alcoholic beverage permit, the applicant—and, where applicable, all partners, corporate officers and directors, stockholders, and members of a limited liability company owning more than 5%—must submit fingerprints as a mandatory prerequisite for licensure, enabling criminal background investigations conducted by the Louisiana Office of State Police and, if warranted, the Federal Bureau of Investigation for a national criminal history check; the results of these checks are used by the Office of Alcohol and Tobacco Control to assess eligibility.[128]

As financially interested parties through JFI's percentage-rent structure, the volunteer board members may be legally obligated to submit to this vetting process.[129]

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[124] La.R.S. 26:80. *See also* La.R.S. 26:280(B) and (C).
[125] La.R.S. 26:83.
[126] La.R.S. 26:280(B).
[127] LA Attorney General Opinion 09-0084, p. 5.
[128] La.R.S. 26:280(H).
[129] The suitability requirements extend beyond the board members themselves. Spouses and other persons required to meet the applicant's qualifications must provide verification of suitability in accordance with administrative rules, with fingerprinting required only if specifically requested by the commissioner based on credible information indicating potential disqualification There is no safe harbor for spouses who are entirely uninvolved in JFI's board activities. If a board member's spouse has a disqualifying record, such as a past felony conviction or an inability to obtain a tax clearance,

Concerns related to risk to disclosure to and suitability by ATC

While it is not entirely clear, the lease terms between JFI and POB Gretna Beer, LLC are likely to raise red flags to the Commissioner. If not disclosed, the suppression may risk revocation or suspension of Port Orleans entities' license.

The percentage-rent structure of the commercial leases terms between JFI and the Port Orleans positions JFI as a financial backer having an interest between 3%-6% rather than a passive lessor. JFI's financial interest is further underscored by the extensive obligations placed upon JFI under the terms of the lease, to include providing furniture, fixtures, and brew equipment.

If ATC determines JFI is a financial backer or otherwise determines an interposer relationship between JFI and Port Orleans, JFI and its volunteer board members may be held to meet the qualifications for licensing and submit to suitability.

Suitability under Louisiana Title 26 is not a one-time clearance; it is a continuous, ongoing requirement throughout the licensed year. Because JFI is governed by a board with revolving terms, every new member appointed by the Parish Council over the 10-to-25-year life of the lease, and that member's spouse, must theoretically undergo ATC fingerprinting and FBI background checks to preserve the tenant's permit. Each new appointment thus creates an unpredictable point of vulnerability that could trigger a violation.

JPOIG CONCERN #3: JEFFERSON FACILITIES, INC. BOARD MEMBERS MAY BE SUBJECT TO SUITABILITY WITH GAMING REVENUE

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. [130]

The Louisiana Gaming Control Board (LGCB) and the Louisiana State Police Gaming Enforcement Division oversee the gaming and wagering laws.[131] [132] Central to this framework is a licensing process which enables the state to determine suitability of entities and people with a financial interest or operational influence in gaming activities, such as video poker. A suitability investigation is not a standard background check. It is a forensic financial and personal audit conducted by sworn law enforcement officers and forensic accountants.

By communication dated 02/27/2026, the JPOIG inquired of JFI, through its attorney, David Colvin, the following:

> Did JFI, prior to 10/13/2023, or at any time thereafter, seek a legal opinion, or otherwise request a legal analysis – internally or externally – regarding any license

the board member is statutorily disqualified from holding an interest in the permit, thereby jeopardizing the entire commercial operation. La.R.S. 26:280(H)(6).

[130] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 19. Reporting requirements, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 20. Reporting requirements, dated 04/22/2025.

[131] La.R.S. 27-15, La.R.S. 27-603.

[132] The Louisiana State Racing Commission regulates pari-mutuel wagering. La.R.S. 4:141 *et seq.*

> requirements, suitability requirements, or disclosure obligations under Louisiana law that may apply to JFI or its individual Board members arising from shared revenue generated by gaming, sportsbook, pari-mutuel, or wagering activities as contemplated in the leases?[133]

By communication dated 03/06/2026, David Colvin responded, stating:

> The tenants have said on several occasions that they don't have gambling at their other location and do not plan to have gaming at Huey P. Long location, based on comments made by the tenants I am fairly certain that the tenants would agree to stipulation on these issues…
>
> The description of permitted uses in the lease are expansive for uses related to a brew pub or restaurant, but no authority has been given to anyone to have gambling on the premise.[134]

The lease terms do not require lessees to seek "authorization" to conduct gaming on premises. Rather, it defines "Revenue Items" as including gaming and wagering as revenue received in ordinary course of business. Moreover, the leases allow assignment or transfer to an "affiliate" or in connection with a "sale" without JFI's approval, and these terms are not clearly defined. As a result, control of the lessee entities could shift to other parties whose intentions are unknown. Accordingly, reliance on informal or verbal assurances from current tenants provides no enforceable restriction and does not mitigate the regulatory risks associated with potential future gaming activities.

Percentage of Gross Revenue

Both leases provide for monthly rent installments (a) for the first 36 months of the Lease beginning on the Commencement Date, a sum equal to three percent (3%) of Gross Revenue as defined below; and (b) for the remainder of the Lease and all subsequent renewals, a sum equal to six percent (6%) of Gross Revenue (with such sum being considered "Rent").[135]

Louisiana Gaming Control Law

The purpose of the Louisiana Gaming Control Law is to protect the general welfare of the state by keeping the state free from criminal and corrupt elements. Thus, 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.[136]

State Gaming suitability laws provides:

> **Any person who has or controls directly or indirectly five percent or more ownership, income, or profit** or economic interest in an entity which has or applies

[133] Email from Kim Chatelain to David Colvin, copy to Tim Madden, Patrick Isacks, dated 02/27/2026.
[134] Email from Nickie Poche to Kim Chatelain, copy to David Colvin; William Lazaro; Joseph Meerman, dated 03/06/2026.
[135] Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent, dated 04/22/2025. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 4. Rent, dated 04/22/2025.
[136] La.R.S. 27:2.

> for a license or permit or enters into a casino operating contract with the state pursuant to the provisions of this Title, or who receives five percent or more revenue interest in the form of a commission, finder's fee, loan repayment, or any other business expense related to the gaming operation, or who has the ability or capacity to exercise significant influence over a licensee, the casino gaming operator, a permittee, or other person required to be found suitable pursuant to the provisions of this Title, shall meet all suitability requirements and qualifications pursuant to the provisions of this Title.
>
> In determining whether a person has significant influence for purposes of this Section, the board or division may consider but is not limited to the following: management and decision-making authority; operational control; financial relationship; receipt of gaming revenue or proceeds; financial indebtedness; and gaming related associations.
>
> A lessor of immovable property forming any part of the complex of a licensed gaming operation is required to submit to suitability.[137]

State Video Draw Poker Devices Control Law similarly provides:

> **Every person who has or controls directly or indirectly more than a five percent ownership, income, or profit interest in an entity which has or applies for a license in accordance with the provisions of this Chapter, or who receives more than five percent revenue interest in the form of a commission, finder's fee, loan repayment, or any other business expense** related to the gaming operation, or who has the ability, in the opinion of the board to exercise a significant influence over the activities of a licensee authorized or to be authorized by this Chapter, shall meet all suitability requirements and qualifications for licensees. For the purposes of this Chapter, all gaming related associations, outstanding loans, promissory notes, or other financial indebtedness of an applicant or licensee must be revealed to the board for the purposes of determining significant influence and suitability.[138]

Suitability is also an ongoing requirement. If an individual is denied suitability based on criminal history or subjective determinations regarding character, they risk reputational damage, adverse public notice, and being barred from the Louisiana gaming industry.

Concerns related to risk to suitability for gaming

Because the lease terms provide for rent that escalates to 6% of gross revenue, JFI directly exceeds this 5% threshold for requiring suitability should the lessees in the future seek to generate revenue through gaming. The requirement to submit to suitability would fall upon JFI board members. Thus, JFI board members would be compelled to submit to mandatory fingerprinting, provide exhaustive criminal history disclosures, and surrender comprehensive personal financial statements, historical banking records, and tax clearances.

[137] La.R.S. 27:28(H)(1)(a)-(b) and (2)(a).
[138] La.R.S. 27:427(D).

CONCLUSION

The JPOIG is tasked with ensuring public interests are protected, governance remains transparent, and the Parish does not engage in wasteful donation of public property. In reviewing the transactions surrounding the multi-use development, the JPOIG is concerned the Parish and JFI have engaged in commercial lease agreements containing highly irregular rent terms that confer a substantial private benefit. Particularly, this arrangement may directly jeopardize JFI's non-profit tax-exempt status by prioritizing private commercial interests over public welfare, in a substantial manner that does not fall under any allowable IRS exemptions for non-profit organizations.

The operational viability of this $10.3 million public asset depends entirely on Port Orleans maintaining its alcohol permits, which in turn generate the revenue from which JFI extracts its rent. The decision to employ a pure percentage-rent structure rather than a traditional fixed-rate commercial lease therefore places the entire enterprise at the mercy of the personal, financial, and criminal histories of JFI's volunteer board members and their spouses. This structure represents an extraordinary and entirely self-inflicted legal risk to public funds.

Kim Raines Chatelain

Inspector General

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May 18, 2026

VIA EMAIL
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Re: *Public Letter to Parish Council: Review of Jefferson Facilities, Inc., a Non-Profit, Commercial Development Activity*, *JPOIG 2026-0005*

Dear Inspector General Chatelain,

Jefferson Facilities, Inc. ("JFI") has received the April 7, 2026 draft Public Letter titled "*Public Letter to Parish Council: Review of Jefferson Facilities, Inc., a Non-Profit, Commercial Development Activity, JPOIG 2026-0005*" (the "Public Letter") prepared by the Jefferson Parish Office of Inspector General (the "JPOIG"). JFI takes seriously the concerns raised in the Public Letter and appreciates the opportunity to review and comment while it continues its evaluation of those issues. We have conferred with JFI's Board of Directors (the "Board"), and we kindly ask that you accept the response below on behalf of JFI.

I. Preliminary Statement

The current members of the Board were recently appointed and, as such, had limited, if any, involvement in many of the activities referenced in the Public Letter. The Board is committed to ensuring that JFI's operations comply with applicable laws and regulations, remain within the scope of activities permitted for non-profit organizations, and provide meaningful public benefit and economic development.

The Public Letter addresses three (3) major projects undertaken by JFI since its creation in 2001: (a) the construction and operation of the General Government Building Parking Garage ("Parking Garage"); (b) the renovation and operation of the historic building at 519 Huey P. Long ("519 Huey P. Long"); and (c) the construction of a multi-use structure with two commercial spaces to be leased to POB Beer Gretna, LLC and POB Restaurant Gretna, LLC (together "Port Orleans") for use as a brewery, brewpub, and taco restaurant (the "Port Orleans Brewpub"). As JFI understands it, JPOIG's concern is that JFI's major projects and planned activities may be seen as primarily benefiting private interests rather than serving charitable purposes as required for Section 501(c)(3), thereby jeopardizing its tax-exempt status.

II. The Parking Garage and 519 Huey P. Long

While JFI values JPOIG's oversight, JFI does not agree with all facts and conclusions stated in the Public Letter. Both the Parking Garage and 519 Huey P. Long provide substantial public benefit and foster economic development. The Parking Garage addressed a specific infrastructure need at the time for a convenient, safe, and secure parking facility for people attending Jefferson Parish courts and government matters. It currently serves judges, court staff, sheriff's deputies, witnesses, jurors, and members of the public daily.

With respect to 519 Huey P. Long, prior to its revitalization by JFI, the building sat vacant for many years. Additionally, as noted in the Public Letter, 519 Huey P. Long qualifies as a historic building, and its renovation by JFI aligns with the definition of charitable purposes described in applicable Treasury Regulations. Moreover, JFI's renovation of 519 Huey P. Long created a co-working space for use by the public as offices and meeting places, facilitating economic development in the area and furthering JFI's mission.

JFI disagrees with certain financial figures attributed to its operations in the Public Letter. JFI incurs considerable expense to manage and operate the Parking Garage and 519 Huey P. Long. Also, while parking revenue may be recorded for spaces allotted to Jefferson Parish employees, administration, and court staff, payment often is not collected by JFI pursuant to its agreement with the Parish. Moreover, JFI's financial records are subject to annual audits by an independent Certified Public Accountant ("CPA"), and no issues have been found with JFI's financial reporting. In addition, JFI's audited financial statements have been made available to JPOIG for review, and JFI will continue to engage transparently to address any concerns regarding its operations.

III. The Port Orleans Brewpub Project

JFI understands that JPOIG's concerns regarding the Port Orleans Brewpub project are three-fold: (a) that the rent structure allocating a percentage of revenue to JFI could subject the Board to disclosure and qualification under the Alcoholic Beverage Control Law (La. R.S. § 26:1, *et seq*.); (b) that the Port Orleans leases may subject the Board to suitability licensing requirements with the Louisiana Gaming Control Board; and (c) that the construction and lease of a custom-built structure for Port Orleans to operate a brewery, brewpub, and taco restaurant may constitute non-exempt commercial activity and/or confer private benefit, thereby risking or adversely impacting JFI's tax-exempt status.

JFI's current Board has likewise identified issues with aspects of the Port Orleans Brewpub project and leases. Accordingly, JFI has brought an action in the 24th Judicial District Court for the Parish of Jefferson seeking to have the Port Orleans leases declared null and void or, alternatively, terminated. A successful resolution of this action would moot the concerns stated in the Public Letter.

Notwithstanding, JFI disagrees with certain of JPOIG's stated concerns, particularly relating to alcohol-related disclosures and suitability licensing. JFI also believes any such issues could be cured through lease amendments, and Port Orleans has expressed a willingness to modify the leases to expressly prohibit gambling on the premises, which would address that concern.

Regarding any perceived private benefit and risk to JFI's tax-exempt status, JFI acknowledges the seriousness of this issue but understands that JPOIG did not consult with or retain a CPA or board-certified tax attorney on this question. Importantly, the Internal Revenue Service recognizes that economic development can qualify as a charitable purpose when it provides demonstrable public benefits, such as job creation and community revitalization, which are the intended outcomes of this project. Given the complexity of these issues, JFI has retained a board-certified tax attorney firm and CPA with not-for-profit experience to render a formal opinion evaluating whether the Port Orleans Brewpub project could jeopardize JFI's Section 501(c)(3) designation and tax-exempt status, after which the Board will determine an appropriate path forward.

JFI takes JPOIG's concerns seriously and will continue to evaluate the issues raised in the Public Letter to ensure it acts consistently with its public purpose of enhancing economic development within the area it serves.

Very truly yours,

/s/ Timothy S. Madden

Timothy S. Madden

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