



Jefferson Parish Office of Inspector General



Review of Lease Transactions for Multi-Use Development

Evaluation Report 2025-0001

July 9, 2025

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EXECUTIVE SUMMARY

The Jefferson Parish Office of Inspector General (JPOIG) conducted an evaluation of the lease transaction involving Jefferson Facilities, Inc. (JFI), and indirectly Jefferson Redevelopment, Inc. (JRI). JFI is an economic development corporation, and JRI is a public benefit corporation. The creation of these entities was authorized by the Parish Council in 2001. The Parish leased certain properties to JRI who subsequently subleased property to JFI. This is an evaluation of leases by JFI with POB Gretna Beer, LLC and POB Restaurant Gretna, LLC. The leases were approved by the Parish Council on 10/24/2023. The leases involve commercial space under construction with Parish funds on Parish property leased by the Parish to JRI and subleased by JRI to JFI.

Between May 2023 and December 2023, the Parish committed \$10.3 million dollars for the design, construction, and development of two leasable commercial spaces on Parish property at the corner of Second Street and Huey P. Long, adjacent to the Second Parish Court building. The leases 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.

The objectives of the evaluation were to:

1. Evaluate compliance with applicable laws;
2. Evaluate the adequacy and effectiveness of processes to solicit and select potential tenants;
and
3. Evaluate the terms of the leases.

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. A copy of the opinion is attached and incorporated herein by reference. *See Appendix A.*

Summary of Findings and Recommendations

The JPOIG reached three findings relying, where relevant, upon the expert’s opinion:

- 1. JRI failed to establish fair and reasonable criteria for the lease, management, and occupancy for two commercial leasable spaces constructed with public dollars.**

While JRI, as a public benefit corporation, may be exempt from the public bid requirements of the Public Lease Laws, this exemption is not absolute. It is contingent upon two conditions:

- Approval of lease terms by the governing authority; and
- The application of **fair and reasonable criteria** to ensure the integrity of the process and

maximize public benefit.¹

Despite these requirements, JFI, in concert with JRI, preemptively limited the commercial development. The Parish approved funding for JFI to develop and construct **two leasable commercial spaces**. It did not impose restrictions on the type of commercial tenants or limit the number of potential lessees.² JRI published a Request for Proposal (RFP) in May 2023, but the RFP was narrowly drafted to:

- Restrict use to a brewery/taproom with shared courtyard;
- Require a single operator for the two leasable spaces; and
- Reflect the specific concept already aligned with Port Orleans Brewing, rather than encouraging diverse, market-driven proposals for highest and best use.

The JPOIG found that JRI failed to establish fair and reasonable criteria for soliciting suitable tenants for two commercial lease spaces because the process was tainted by preexisting and ongoing discussions with a specific entity, Port Orleans, for the design and occupancy of the spaces. Prior to developing and advertising the RFP in May 2023, JFI was engaged with Port Orleans in designing the space to meet specifications of Port Orleans (and Avo Taco) for the commercial spaces. Nine months prior to the advertised RFP, Don Noel, President of Port Orleans, wrote to JFI's architect, Trapolin-Peer:

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?

Because JFI, in concert with JRI, entered into and engaged in ongoing negotiations with Port Orleans prior to defining or applying objective selection criteria, the public has no assurance that it will receive the highest value and optimal return on its \$10.3 million.

¹ La.R.S. 41:1215(B)(4). Under this law, political subdivisions of the state, such as Jefferson Parish, are authorized to create public benefit corporations under Louisiana's general nonprofit corporation laws. La. Atty. Gen. Opinion No. 94-442, 09/01/1994. These corporations can own, lease, or develop public property, provided they meet specific criteria: they must be organized as non-profit entities, no income may inure to any private person, and the political subdivision must retain a beneficial interest in the corporation. Importantly, a public benefit corporation formed for this purpose is exempt from the requirement to advertise for and receive bids, providing any lease or sublease it enters into with a third party is approved by the governing authority La. R.S. 41:1215(B)(4) The formation of a public benefit corporation can be advantageous for government authorities since the law permits these entities to respond more nimbly than traditional government processes allow. For example, the New Orleans Building Corporation, Inc. (NOBC) was organized as a public benefit corporation to own, lease, develop, and operate properties in New Orleans. Notable projects include the redevelopment of the World Trade Center Building into condominium and hotel rooms. In 2023, NOBC transferred \$23,254,244 in revenue generated from its activities to the City of New Orleans.

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

² Resolution 142061, adopted 05/17/2023.

2. JRI, in concert with JFI, selected a vendor without requiring sufficient details to support an informed selection.

The stated objective for the advertised RFP was for JRI to obtain the necessary information on prospective firms to enable the selection committee to make a well-informed decision choosing who to enter into negotiations. According to the RFP, the proposed retail space would “not be finished and **will be a shell and this RFP should include a build out plan as well as a plan of operation for the retail space once it is completed.**” (Bold supplied)

Port Orleans was the only proposer.³ However, the proposal lacked detail to reach a well-informed decision. Port Orleans attached concept renderings prepared by Trapolin-Peer for JFI. Still, these renderings amount to a repurposing of Trapolin-Peer’s work and provide no information about Port Orleans’s plans for construction of build-out. Moreover, Port Orleans did not identify any potential or anticipated contractor to fulfill a build-out notwithstanding that the request for proposal required subcontractors be disclosed. The proposal further represents that Port Orleans “will bring 60 jobs.” However, Port Orleans principal, Don Noel, estimated jobs to be “brewery 15/20 & Restaurant 25/30” in an email dated 08/17/2023 to Mary Lachapelle of GNO, Inc. for a total of 40 to 50 jobs. Whether 40 new jobs or 60 new jobs, there is an absence of type, variety, pay, or commitment to hire.

As early as August 2022, or nine months prior to the RFP, JFI had entered into substantive negotiations with Port Orleans (and Avo Taco) regarding the terms and conditions for leasing the commercial spaces, to include but not limited to Letters of Intent.

The RFP served as a formality rather than a genuine effort to solicit competitive interests as demonstrated by the outcome: Port Orleans (and Avo Taco) was the only proposer. More telling, the proposal incorporated architectural renderings prepared by Trapolin-Peer for JFI with “Port Orleans” and “Avo Taco” logos already affixed to the proposed commercial spaces.

3. JFI entered into leases with POB Gretna Beer, LLC and POB Restaurant Gretna, LLC which are materially deficient as terms and conditions are incompatible with those that may be executed in the private sector exposing both JFI and the Parish to unreasonable and incalculable long-term risks.

Based upon a review of the leases and other furnished materials, the commercial lease expert concluded the leases were:

materially deficient on multiple levels, and are not compatible with those in form or substance that are typically confected in the private sector marketplace for similar type 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.⁴

³ According to an interview with JFI, Port Orleans and Avo Taco were the only entities to respond to the RFP.

⁴ Appendix A, p. 2.

JPOIG's observations affirm this opinion. The JPOIG found numerous customary terms expected of any contract directly or indirectly relating to public funds and Parish property absent or insufficiently defined, to include by way of example:

- **Lease premises.** Lease terms fail to define and describe the lease premises with sufficient specificity to identify the property subject to the lease, i.e. it fails to identify exact location, square footage, boundaries, legal or survey description, or size and parameters of common space.
- **Rent.** Lease terms provide for a percentage of gross revenue only, 3% for 30 months and 6% thereafter.
- **Audit Clause.** Lease terms fail to provide for an audit clause. Rent based on gross revenue cannot be verified or validated absent an audit clause.
- **Governing law.** Lease terms fail to specify that the leases will be interpreted under the laws of the State of Louisiana and the Code of Jefferson Parish.
- **Venue and Jurisdiction.** Lease terms fail to provide that the exclusive venue for any disputes which may arise is the 24th Judicial District Court for the Parish of Jefferson. JFI, and by extension the Parish, are at particular risk as the leases are with entities domiciled outside of Jefferson Parish, and the terms permit the assignment to an affiliate without consent of the lessor.
- **Inspector General.** Lease terms fail to include language customary to Parish contracts communicating the obligation to cooperate with oversight. The absence of this provision creates a foreseeable risk, as Port Orleans has taken the position it is not subject to the jurisdiction of the Inspector General as a tenant, and the terms permit the assignment to an affiliate without consent of the lessor.
- **Security and Guaranty.** The lease terms fail to provide either a security deposit or personal guarantee. The absence of these provisions creates a foreseeable risk as lessees, POB Gretna Beer, LLC and POB Restaurant Gretna, LLC are newly formed entities with no assets and no demonstrated abilities.
- **“Contract Documents.”** Terms of lease obligations incorporate “Contract Documents,” but “Contracts Documents” is never defined or described with any specificity leaving the lease open to risks of multiple interpretations.
- **“Permitted Use.”** Lease terms permit the property may be used for “any other purpose,” but public funds are expended to design, develop, construct, and acquire specialty equipment for the specific operation of a specific brewery and a specific restaurant.
- **“Sublease/assignment.”** Open-ended and undefined lease terms permit the assignment of the lease by POB Gretna Beer, LLC or POB Restaurant Gretna, LLC without the approval of JFI. The failure to tightly restrict and define assignment rights creates a real risk that the property could be transferred to an unknown or unqualified third party without any approval from JFI, leading to instability and diminished property value. The risk is compounded by the absence of an explicit requirement that the original tenant remains liable after any transfer.
- **“Landlord’s work.”** Lease terms unfairly shift extensive construction and build-out costs

to JFI, and thus the Parish. A restaurateur with no interest in this project estimates current costs of build-out to be \$250–\$350 per square foot. This places costs of interior build between **\$4.8 million and \$6.7 million**. This arrangement effectively **subsidizes a private commercial enterprise** at substantial public cost without securing guaranteed revenue or appropriate financial safeguards.

- **“Maintenance and repairs.”** All-inclusive lease terms and lack of attendant definitions place an unreasonable burden upon JFI, and by extension the Parish, to absorb all costs of maintaining the property. Lessor’s obligations extend to permanent affixed equipment, and thus arguably to the brewery equipment which will be acquired and installed with public funds. Conversely, the lease terms place barely a minimal obligation upon the lessees to maintain the property. This creates a long-term risk for JFI, and by extension the Parish, of ongoing financial commitments to maintain the whole of the property without any assurance that income generated will be sufficient to offset costs and no recourse if it does not.

The actions taken by JRI and JFI regarding the solicitation, selection, and leasing processes for the Parish’s publicly funded commercial properties substantially compromised transparency, fairness, and financial stewardship.

The JPOIG made the following recommendations:

1. JRI, in coordination with JFI, should cancel the project as it is currently constituted, in favor of developing and issuing an RFP that establishes fair and reasonable criteria for soliciting suitable tenants for two commercial lease spaces in accordance with the Parish approved funding.
2. JRI, in coordination with JFI, should cancel the project as it is currently constituted, in favor of critically reevaluating lease terms to achieve a more favorable outcome which will protect Parish funds committed to its development.
3. The Parish Council should secure the expertise of legal counsel with expertise in representing commercial developers to provide comprehensive advice on risks attendant to these transactions and sufficient experience, directly or indirectly, with governments of a similar size and budget as Jefferson Parish to adequately equate the risks given the unique nature of this transaction, i.e. public funds used to develop commercial space for private gain. The actions taken by JRI and JFI regarding the solicitation, selection, and leasing processes for the Parish’s publicly funded commercial properties substantially compromised transparency, fairness, and financial stewardship. The cumulative effect is an elevated risk of waste, abuse, and financial loss, coupled with diminished assurance that public investment will yield its intended public benefits, which can only be resolved by action of the Parish Council.

The JPOIG also reached one observation:

1. The inclusion of Avo Taco in the proposed commercial development cannot be verified. Although referenced in proposal documents and associated with Port Orleans' current location, no documentation confirms Avo Taco's formal participation, business registration in Louisiana, or legal relationship to the project. The entities that signed the leases are newly formed and wholly owned by Port Orleans Brewing Company, not Avo Taco or any affiliated entity. This lack of verification raises concerns about the transparency and accuracy of the development's tenant representation.

This evaluation arose from specific concerns first identified by the JPOIG in its public letter entitled, *"Public Letter to Parish Council – Donating Public Funds and Property, Public Improvements without Public Bid, and Lack of Transparency #JPOIG 2024-0001."* published 09/19/2024. **The Parish Council was given notice of this 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.

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.

Summary of Intervening Council Action Pending Final Report

The JPOIG released its draft report to the Parish Council on 04/29/2025, ahead of the Parish Council meeting, and in support of its request for deferral, which provided the following:

As indicated by letter dated 04/28/2025, a comparison of the leases approved October 2023, which are the subject of the Draft Report, with proposed amended leases for your consideration reveal that substantive and legal deficiencies remain unanswered and unresolved, to include but are not limited to:

- **Parties:** The lease terms, as approved in October 2023, do not identify parties to the transaction other than at caption. The lease terms as amended loosely identifies JFI as a party via recital. JFI is also identified as "the owner of the property" via recital. Ownership of the property remains unclear between JFI, JRI, and the Parish.

- **Rent:** The lease terms approved in October 2023 provided “All rent payment will be due on the 15th of the following month.” Amended lease terms removed when rent is due resulting in uncertainty and ambiguity. Appraisal obtained by JFI in 2022 places market value to the leased space at \$16-\$20/sq. ft. Total square footage of the lease space between brewery, restaurant, and common space places market rate as of 2022 at \$306,448 and \$383,060 (\$25,537/mo. and \$31,922/mo.). Amended leases provide for a minimum guarantee after three years, possibly in years 2029-2030, of \$50,000 a year. This is a fraction of market values of 2022.
- **Lease premises.** The lease terms, as approved in October 2023 and as amended, do not identify leased space with sufficient detail, e.g., square footage, boundaries, legal or survey description, or size and parameters of common space. Amended leases refer to Exhibit B. Exhibit B is architectural rendering which identify Tenant 1, Tenant 2, and Shared spaces. The lease terms do not identify who is Tenant 1 or Tenant 2. The lease terms do not sufficiently address who will be responsible for costs associated with shared space.
- **Governing law.** The lease terms fail to specify that the leases will be interpreted under the laws of the State of Louisiana and the Code of Jefferson Parish.
- **Venue and Jurisdiction.** The lease terms fail to provide that the exclusive venue for any disputes which may arise is the 24th Judicial District Court for the Parish of Jefferson. JFI, and by extension the Parish, are at particular risk as the leases are with entities domiciled outside of Jefferson Parish, and the terms permit the assignment to an affiliate without consent of the lessor.
- **Inspector General.** The lease terms fail to include language customary to Parish contracts communicating the obligation to cooperate with oversight. The absence of this provision creates a foreseeable risk, as Port Orleans has taken the position it is not subject to the jurisdiction of the Inspector General as a tenant, and the terms permit the assignment to an affiliate without consent of the lessor.
- **Security and Guaranty.** The lease terms fail to provide for either a security deposit or personal guarantees. The absence of these provisions creates a foreseeable risk as lessees, POB Gretna Beer, LLC and POB Restaurant Gretna, LLC are newly formed entities with no assets and no demonstrated abilities.
- **“Contract Documents, “Construction Documents,” “Master Planning Documents”** The lease terms, as approved in October 2023 and as amended, incorporate by reference “Contract Documents,” “Construction Documents” and “Master Planning Documents,” but these are never defined or described

with any specificity leaving the lease open to risks of multiple interpretations.

- **“Sublease/assignment.”** The lease terms, as approved and amended permit the assignment of leases without JFI’s approval for an “affiliate” or “sale.” “Affiliate” is undefined. The failure to tightly restrict and define assignment rights creates a real risk that the property could be transferred to an unknown or unqualified third party without any approval from JFI, leading to instability and diminished property value. The risk is compounded by the absence of an explicit requirement that the original tenant remains liable after any transfer.
- **“Maintenance and repairs.”** All-inclusive lease terms and lack of attendant definitions place an unreasonable burden upon JFI, and by extension the Parish, to absorb all costs of maintaining the property. Lessor’s obligations extend to permanent affixed equipment, and thus arguably, to the brewery equipment which will be acquired and installed with public funds. Conversely, the lease terms place barely a minimal obligation upon the lessees to maintain the property. This creates a long-term risk for JFI, and by extension the Parish, of ongoing financial commitments to maintain the whole of the property without any assurance that income generated will be sufficient to offset costs and no recourse if it does not.
- **“Kick-out” provision.** The lease terms, as approved in October 2023 and as amended, provide for a percentage of gross revenue only or a minimum guarantee after 3 years, respectively. The lease terms do not provide for termination of leases in the event that the property is underperforming compared to expenses and costs incurred by JFI, and by extension the Parish, to maintain it.
- **Attorneys fees.** Lease terms as amended provides for Attorneys’ fees and Interest on page 6 refers to a duty date and interest of 12%. Attorneys’ fees are addressed via separate paragraph on p. 10 which does not provide for interest, but it is otherwise more detailed. The redundancy may be the source of legal uncertainty.

The Parish Council declined the JPOIG’s request for deferral, and passed Agenda Item #99, approving the proposed Amended Leases.

Summary of Responses

In accordance with JPCO 2-155.10, the report was provided to all Council members, Jefferson Facilities, Inc. (JFI), and Jefferson Redevelopment, Inc. (JRI) for response.⁵ The JPOIG received three responses to the report:

⁵ Responses were due by June 11, 2025. JPOIG received two requests for extension of time which were granted.

- Joe Marino, Councilman District 1 (Interim)
- JFI and JRI, jointly
- Jennifer VanVrancken, Councilwoman At-Large Division A

Best practices suggest responses include: (1) a clear position statement indicating agreement or disagreement with each finding and recommendation; (2) a realistic and specific timetable for implementing corrective actions; and (3) clarity and conciseness—ensuring that the response is focused, fact-based, directly addresses the findings, and excludes unrelated or extraneous information.

Joe Marino, Interim Councilman for District 1, did not specifically agree or disagree with the findings or recommendations presented in the report. Rather, the response focused in large part on criticizing the opinion of the JPOIG’s commercial lease expert, characterizing the analysis as “flawed.” Still, Councilman Marino conceded, “There is no comparable market rate for this type of development on the Westbank. On the Westbank, this is an unproven market for this type of facility.” Finally, Councilman Marino emphasized that the Parish was utilizing “Federal ARPA dollars to completely fund and construct these commercial leasable spaces” and anticipates securing state funding for a future garage.

Jefferson Facilities, Inc. (JFI) and Jefferson Redevelopment, Inc. (JRI) did not specifically agree or disagree with the findings or recommendations presented in the report. The response concurred with the assessment provided by the JPOIG expert “who affirmed that this project is of a non-standard commercial market nature,” agreeing that the project is not economically feasible as a private venture. JFI and JRI emphasizes funding is “made available through the American Rescue Plan Act (ARPA),” and the project “represents a strategically structured economic development public-private partnership.” The response also outlines amendments to the lease.

Jennifer VanVrancken, Councilwoman At-Large Division “A,” specifically agreed with all three findings with written reasons. Councilwoman also agreed with all three recommendations, with written reasons and modifications. The response did not identify a timetable for corrective action. Councilwomen specifically called for the Parish Council “directly drafting and advertising an RFP to ensure transparency and fairness in order to restore public trust.” Councilwoman also specifically agreed that the project should be cancelled as it is currently constituted, in favor of critically reevaluating lease terms.

BACKGROUND

Acronyms

CEA	Cooperative Endeavor Agreement(s)	JRI	Jefferson Redevelopment, Inc.
JPOIG	Jefferson Parish Office of Inspector General	Port Orleans	Port Orleans Brewing Company
JFI	Jefferson Facilities, Inc.		

Cooperative Endeavor Agreement and Ground Leases for “Kingfish Parking” Lot

On 10/18/2000, the Parish Council adopted Resolution 92524 to authorize the creation of a public benefit corporation and an economic development corporation and to subsequently enter into a Cooperative Endeavor Agreement (CEA), leasing properties to the newly formed entities:

➤ **Jefferson Redevelopment, Inc., a Public Benefit Corporation**

Jefferson Redevelopment, Inc. (JRI) was organized as a Louisiana non-profit corporation on 05/23/2001. JRI was established as a public benefit corporation under the governance of a Board of Directors appointed by the Jefferson Parish Council.⁶

➤ **Jefferson Facilities, Inc., an Economic Development Corporation**

Jefferson Facilities, Inc. (JFI) was organized as a Louisiana non-profit corporation on 01/26/2001. JFI was established as an economic development corporation under the governance of a Board of Directors appointed by the Parish Council, with directors serving terms that corresponded to the term of the Parish President, subject to removal at the Parish President’s discretion.⁷

➤ **Cooperative Endeavor Agreement and Ground Leases for Parking Lots**

On 08/01/2001 the Parish, JRI, and JFI entered into a Cooperative Endeavor Agreement (CEA). The CEA outlined the terms under which the Parish would lease land to JRI, and JRI would sublease land to JFI.

On that same date, the Parish entered into a 30-year ground lease with JRI who then entered into a sub-lease with JFI for Parish owned properties in use as parking lots: (1) the “Tract” of property adjacent to the 24th Judicial District Courthouse; (2) Tract 2, bounded by Derbigny Street, Weyer Street, Third Street and Fourth Street; (3) Tract 3, the “Hibernia lot;” and (4) Tract 4, the “Courthouse Lot,” adjacent to the 5th Circuit Court of Appeal.

⁶ Resolution 92524 authorized the formation of “Jefferson Development, Inc.,” a public benefit corporation formed pursuant to La.R.S. 41:1215 *et seq.* “Jefferson Redevelopment, Inc.” was organized by Wayne C. Sandoz. On January 24, 2001, the Parish Council, via Resolution 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.

⁷ Jefferson Facilities, Inc. Articles of Incorporation, 01/26/2001.

Under the terms of the lease, JRI agreed to pay the Parish \$1.00 per month for the term of the lease.⁸ Under the terms of the sublease, JFI agreed to pay JRI \$1.00 per month for the term of the lease.⁹

Between May 2023 and December 2023, the Parish amended the CEA with JRI and JFI on four occasions to facilitate the design and construction of a mixed-use development on Tract 4, the “Courthouse Lot,” sometimes referred to as the Kingfish parking lot:¹⁰

- Resolution 142061, adopted 05/17/2023, approved the Third Amendment to CEA to permit the construction of a Mixed-Use Development on Tract 4 – Courthouse Lot. The Mixed-Use Development will include a multi-story parking structure and two leasable commercial structures...¹¹
- Resolution 142638, adopted 08/23/2023, approved the Fourth Amendment to the CEA to provide JFI with \$425,000 to “facilitate the development, design and construction of a Mixed-Use Development on land owned by the Parish.”¹²
- Resolution 143294, adopted 12/06/2023, approved the Fifth Amendment to the CEA to provide JFI with an additional \$8,635,000.¹³
- Resolution 144958, adopted 09/10/2024, approved the Sixth Amendment to provide JFI with an additional \$1,250,000.¹⁴

In total, the Parish committed \$10,344,000 to JFI for the design, construction, and development of leased space.

Resolution 142061 which approved the Third Amended CEA also approved a Second Amendment to the original Ground Lease by and between the Parish, JRI, and JFI, which authorized a fifteen (15) year extension on existing leases “to facilitate the development, design and construction of a Mixed-Use Development on land owned by the Parish.”¹⁵ The Parish agreed to extend the lease until 08/1/2046.¹⁶

⁸ Jefferson Parish and Jefferson Redevelopment, Inc. Ground Lease, Sec. 2.1 Term and Sec. 3.1 Rent, dated 08/01/2001.

⁹ Jefferson Redevelopment, Inc. and Jefferson Facilities, Inc. Sublease, Sec. 2.1 Term and Sec. 4.1 Rent dated 08/01/2001.

¹⁰ Separately, the Parish passed Resolution 140213 on 08/10/2022 approving a separate CEA with JFI “to provide for the design of the improvements to the Kingfish parking located at 200 Huey P. Long Avenue, Gretna, Louisiana 70053 at a cost not-to-exceed Thirty-Four Thousand Dollars (\$34,000).” The purpose for the CEA was “to assist in providing parking lot improvements to the citizens of Jefferson Parish.” Resolution 140213, adopted 08/10/2022. Funding for CEA Account No. 45850-4085-7670 (58510.050) (Jefferson Facilities – Courthouse Complex – King Fish Parking Lot Improvements)

¹¹ Resolution 142061, adopted 05/17/2023.

¹² Resolution 142638, adopted 08/23/2023.

¹³ Resolution 143294, adopted 12/06/2023.

¹⁴ Resolution 144958, adopted 09/10/2024.

¹⁵ Resolution 142061 adopted 05/17/2023.

¹⁶ Third Amendment to the Cooperative Endeavor Agreement by and Among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc. Section 3. Construction of Mixed-Use Development, dated 08/29/2023 (Bold supplied).

Contracts for Development and Design of Mixed-Use Development

➤ Pre-Design Services

On 08/04/2022, **Jefferson Facilities, Inc. (JFI)** received a proposal from Trapolin-Peer Architects for Pre-Design Services for a Jefferson Parish Mixed-Use Study:

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.

➤ 30% Design Services

On 03/14/2023, **Jefferson Parish**, through the Director of Capital Projects, received a proposal from Trapolin-Peer Architects for 30% A/E Design Services for JP Kingfish Parking Garage/Commercial Buildings:

The scope of work shall include full architectural and engineering professional design services a commercial development on the corner of Derbigny Street and 2nd Street in downtown Gretna, LA. The project will consist of two main components:

- New **18,000sf commercial building** and raised courtyard with two retail or food & beverage tenants with shared back-of-house amenities.
- New **3-story parking garage/entry park** to serve the adjacent commercial/tenant building, Downtown Gretna, and the surrounding adjacent government complex. The project will incorporate a landscaped park that acts as a connector/entry from the parking garage to Huey P. Long Avenue.¹⁷

Jefferson Parish executed a contract with Trapolin-Peer for services.

➤ 100% A/E Design Services for Commercial Retail Buildings

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

¹⁷ On 03/01/2023, Parish Council adopted Resolution 141429 approving an agreement with Trapolin-Peer Architects, APC to provide professional architectural and engineering services on an as-needed basis for architectural type projects located throughout Jefferson Parish. The maximum fee shall not exceed \$500,000. A contract was executed between the Parish and Trapolin-Peer 03/24/2023 and expired on 06/30/2023. On 04/12/2023, Parish Council adopted Resolution 141702 approving an agreement with Trapolin-Peer Architects, APC to provide professional architectural and engineering services on an as-needed basis for architectural type projects located throughout Jefferson Parish. The maximum fee shall not exceed \$500,000. A contract was executed between the Parish and Trapolin-Peer 05/31/2023 and will expire on 06/30/2025.

landscaping with two to three retail or food & beverage tenants with shared back-of-house amenities.¹⁸

JFI executed a contract with Trapolin-Peer for services.

Leases with Port Orleans Brewing Companies

➤ **Jefferson Redevelopment, Inc. (JRI) Solicitation for Proposers**

In May 2023, Counsel for Jefferson Facilities Inc. (JFI) placed an advertisement for Jefferson Redevelopment, Inc. (JRI) seeking proposals for “Lease that provides for the build out of two shell buildings to be built by JRI ... and subsequent management and operations of said buildings as restaurant, brewery, and open space.”

The advertisement directs “For more detailed information contact” Thomas Wilkinson, who was counsel for JRI.

➤ **Proposal and Selection of Port Orleans Brewing Company (and Avo Taco)**

Port Orleans (and Avo Taco) was the only proposal submitted.¹⁹ Port Orleans Brewing Company, LLC (Port Orleans) is a domestic limited liability company organized on 09/17/2015 and domiciled at 4124 Tchoupitoulas Street, New Orleans, LA. Its members include:

- Richard Thomas of Covington, LA
- Thomas Discon of Covington, LA
- Zach Strief of New Orleans, LA, Manager
- Charles Barnett of Covington, LA
- Dean Lacy of Park City, UT
- Michael Tilly of Covington, LA

4124 Tchoupitoulas Street, New Orleans is the location of Port Orleans Brewing Company, a brewery and Avo Taco restaurant.^{20 21}

A “Selection Committee” comprised of JRI board members, JFI board members, and a representative from JEDCO met in June of 2023. According to JFI representatives, the “Selection Committee” resolved to pursue negotiations with Port Orleans and Avo Taco.

➤ **Jefferson Parish Council Approval of Leases**

On 10/24/2023, Jefferson Parish Council adopted Resolution 143039 to approve leases between JFI and Port Orleans Brewing Companies, (POB): POB Gretna Beer, LLC and POB Restaurant Gretna, LLC:

¹⁸ 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.

¹⁹ According to an interview with JFI, Port Orleans and Avo Taco were the only entities to respond to the RFP.

²⁰ <https://maps.app.goo.gl/vSKazJfnKVVVoEUZ9A>

²¹ <https://maps.app.goo.gl/NZQ3RheqPYYnhjvf9>

- **POB Gretna Beer, LLC** is a domestic limited liability company organized on 10/10/2023. Its sole member is Port Orleans Brewing Company, LLC.
- **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 04/29/2025, the company is “not in good standing” for failure to file Annual Report.

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

- Jerry Bologna, Jefferson Economic Development Corporation (JEDCO)
- Tommy Discon, Port Orleans Brewing Company
- Don Noel, Port Orleans Brewing Company
- Paula Peer, Trapolin-Peer Architects, PAC ²²

Jefferson Parish Office of Inspector General Concerns

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* wherein, among other issues, the JPOIG raised the following specific concerns related to the leases:

1. Public is left without assurance that the leases with Port Orleans Brewery’s entities were without favoritism since the request for proposal was advertised by JFI in June 2023, but Port Orleans representatives stated they have been working on the transaction for several years.
2. Public is left without assurance that JFI competitively negotiated leases with Port Orleans particularly given that terms of leases permit but do not obligate Port Orleans’ entities to operate a brewery or restaurant and there is no guaranteed base rent. There is a risk the building could sit vacant but still be subject to a lease with Port Orleans’ entities. Further, the leases grant to Port Orleans’ entities the right to mortgage its interest in the property which would impair any action against Port Orleans for failing to perform.
3. Public was left without assurance the leases of properties were managed to generate larger revenues.
4. Parish will not receive any revenue from leases to Port Orleans’ entities. JFI will receive revenue. Neither the CEA, as amended, nor the ground leases, as amended, provide or anticipate JFI returning revenue to the Parish.²³

²² <https://jeffersonparishla.new.swagit.com/videos/277343>

²³ https://www.jpoig.net/images/JPOIG_2024-0001_Public_Letter_to_Parish_Council_-_Donating_Public_Funds_and_Property.pdf

Subsequently, the JPOIG announced an audit of JFI and JRI as well as this evaluation of the lease transactions.²⁴ In connection with undertakings by the JPOIG, the JPOIG issued subpoenas to persons possessing information relevant to open matters, to include subpoena to Port Orleans and its principal, Thomas Discon. To date, Port Orleans has not cooperated.

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. A copy of the opinion is attached and incorporated herein by reference. *See Appendix A.*

²⁴ https://www.jpoig.net/images/2024_Annual_Report.pdf

I. Solicitation and Selection

The JPOIG assessed whether the solicitation of proposals and selection of Port Orleans met state law criteria.

Louisiana Revised Statute 41:1211 *et seq*, the Public Lease Laws were enacted:

to give all persons a chance to bid on lease of public property, to prevent boards and other authorities from favoring one person over others, and to produce to the various agencies of the State... larger revenues by requiring competitive bidding for the leases.²⁵

However, the Public Lease Laws provides an exception for public benefit corporations:

Nonprofit corporations which meet the requirements of a public benefit corporation as set forth herein and which own, lease, sublease, or control immovable property shall not be required to advertise for and receive bids as provided for in this Part, provided that any lease or sublease entered into by and between such nonprofit corporation and a third party be approved by the governing authority of such political subdivision on behalf of which the corporation exercises its powers. **Such leases or subleases shall be negotiated and let by the public benefit corporation in accordance with fair and reasonable criteria** established and applied by the public benefit corporation relating to the balance of factors including but not limited to rent, highest return of revenue and benefits to the political subdivision, financial stability, architectural design, development and management of operational plan, uniqueness of operation, and stimulating other industrial or commercial activity within the political subdivision.²⁶

Solicitation: Fair and Reasonable Criteria

The Parish, JRI, and JFI entered into a Cooperative Endeavor Agreement (CEA) which outlines terms under which the Parish would lease land, to include the Kingfish parking lot, to JRI, and JRI would sublease to JFI. Relatedly, the Parish entered a ground lease with JRI who entered a sublease

²⁵ *Plantation on the Green, Inc. v. Gamble*, (La. App. 4th Cir. 1983) 441 So.2d 299, 303 (citing *Ellis v. Acadia Parish School Board*, 211 La. 29, 29 So.2d 461 (La. 1946)).

²⁶ La.R.S. 41:1215(B)(4). Under this law, political subdivisions of the state, such as Jefferson Parish, are authorized to create public benefit corporations under Louisiana's general nonprofit corporation laws. La. Atty. Gen. Opinion No. 94-442, 09/01/1994. These corporations can own, lease, or develop public property, provided they meet specific criteria: they must be organized as non-profit entities, no income may inure to any private person, and the political subdivision must retain a beneficial interest in the corporation. Importantly, a public benefit corporation formed for this purpose is exempt from the requirement to advertise for and receive bids, providing any lease or sublease it enters into with a third party is approved by the governing authority La. R.S. 41:1215(B)(4) The formation of a public benefit corporation can be advantageous for government authorities since the law permits these entities to respond more nimbly than traditional government processes allow. For example, the New Orleans Building Corporation, Inc. (NOBC) was organized as a public benefit corporation to own, lease, develop, and operate properties in New Orleans. Notable projects include the redevelopment of the World Trade Center Building into condominium and hotel rooms. In 2023, NOBC transferred \$23,254,244 in revenue generated from its activities to the City of New Orleans.

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

with JFI. On 05/17/2023 and three times thereafter, the CEA was amended to provide:

[The] Parish, JFI and JRI hereby acknowledge and agree to the construction of the Mixed-Use Development on Tract 4-Courthouse Lot of the Land. The Mixed-Use Development will include a multi-story parking structure and **two (2) leasable commercial spaces.**²⁷

In May 2023, JRI solicited for proposals for “management and operations of said buildings as restaurant, brewery, and open space.”

REQUEST FOR PROPOSALS By	
Jefferson Redevelopment, Inc. ("JRI")	
JRI request proposals for a Lease that provides for the build out of two shell buildings to be built by JRI on Huey P. Long Ave., Gretna, La. between 2nd Street and the Second Parish Court Building and the subsequent management and operations of said buildings as a restaurant, brewery, and open space. For more detailed information contact:	
Attention: Thomas Wilkinson at 230 Huey P. Long Ave, Gretna, La 70053.	
Telephone: 504-364-1892	
Email: tgwilkinson@bellsouth.net	
The property will have the following sq. ft.:	
NET BUILDING AREAS	
<hr/>	
LEVEL 01	
BREWERY	3,611 SF
EXT. PORCHES	1,041 SF
RESTAURANT	2,954 SF
SHARED	685 SF
	<hr/>
	8,301 SF
LEVEL 02	
BRWERY MEZ.	2,329 SF
BREWERY BALC.	762 SF
MEETING SPACE	1,373 SF
PRIVATE TERRACE	762 SF
SHARED	788 SF
	<hr/>
	6,037 SF
LEVEL 03	
RECORD BAR	1,592 SF
ROOF TERRACE	2,254 SF
SHARED	458 SF
	<hr/>
	4,304 SF
TOTAL NET AREA:	18,619 SF
<hr/>	
GROSS BUILDING AREAS	
<hr/>	
CONDITIONED & UNCONDITIONED OCCUPIABLE SPACE:	
COURTYARD:	3,015 SF
LEVEL 01:	8,665 SF
LEVEL 02:	8,140 SF
LEVEL 03:	4,990 SF
	<hr/>
TOTAL:	24,810 SF
39596-128115-may 24-26-28-30-jun 1-3	

The advertisement directs: “For more detailed information contact” Thomas Wilkinson, who was counsel for JRI. Separately, there was a “Proposal Information Request for Proposals General Information.” The Proposal Information outlined the project as follows:

²⁷ Third Amendment to the Cooperative Endeavor Agreement by and Among the Parish of Jefferson, Louisiana and Jefferson Facilities, Inc. and Jefferson Redevelopment, Inc. Section 3. Construction of Mixed-Use Development, dated 08/29/2023 (Bold supplied). See also Resolution 142638 adopted 08/23/2023, approving Fourth Amendment to CEA, Resolution 143294 adopted 12/06/2023, approving Fifth Amendment to CEA, and Resolution 144958, adopted 09/10/2024, approving Sixth Amendment to CEA.

JRI hereby request, Breweries/Taprooms, Restaurant Operators, Property Management companies or other entities that can perform the build out, market and manage “The Property”

It is JRI’s intention to hire **one entity** that can:

Design the build out and complete the construction of the build out and Lease and operate the property as a Brewery/Taproom with a shared court yard once the construction of the buildout is completed.



Finding #1: JRI failed to establish fair and reasonable criteria for the lease, management, and occupancy for two commercial leasable spaces constructed with public dollars.

The Parish approved funding for JFI to develop and construct **two leasable commercial spaces**. It did not impose restrictions on the type of commercial tenants or limit the number of potential lessees.²⁸ While JRI, as a public benefit corporation, may be exempt from the public bid requirements of the Public Lease Laws, this exemption is not absolute. It is contingent upon two conditions:

- Approval of lease terms by the governing authority; and
- The application of **fair and reasonable criteria** to ensure the integrity of the process and maximize public benefit.²⁹

Despite these requirements, JFI, in concert with JRI, preemptively limited the commercial development to a single operator, and specifically a brewery and restaurant, before construction of the space could begin. Although JRI published a Request for Proposal (RFP) in May 2023, the RFP was narrowly drafted to:

- Restrict use to a brewery/taproom with shared courtyard;
- Require a single operator for the two leasable spaces; and

²⁸ Resolution 142061, adopted 05/17/2023.

²⁹ La.R.S. 41:1215(B)(4). Under this law, political subdivisions of the state, such as Jefferson Parish, are authorized to create public benefit corporations under Louisiana's general nonprofit corporation laws. La. Atty. Gen. Opinion No. 94-442, 09/01/1994. These corporations can own, lease, or develop public property, provided they meet specific criteria: they must be organized as non-profit entities, no income may inure to any private person, and the political subdivision must retain a beneficial interest in the corporation. Importantly, a public benefit corporation formed for this purpose is exempt from the requirement to advertise for and receive bids, providing any lease or sublease it enters into with a third party is approved by the governing authority La. R.S. 41:1215(B)(4) The formation of a public benefit corporation can be advantageous for government authorities since the law permits these entities to respond more nimbly than traditional government processes allow. For example, the New Orleans Building Corporation, Inc. (NOBC) was organized as a public benefit corporation to own, lease, develop, and operate properties in New Orleans. Notable projects include the redevelopment of the World Trade Center Building into condominium and hotel rooms. In 2023, NOBC transferred \$23,254,244 in revenue generated from its activities to the City of New Orleans.

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

- Reflect the specific concept already aligned with Port Orleans Brewing, rather than encouraging diverse, market-driven proposals for highest and best use.

The RFP served as a formality rather than a genuine effort to solicit competitive interests as demonstrated by the outcome: Port Orleans (and Avo Taco) was the only proposer. More telling, the proposal incorporated architectural renderings prepared by Trapolin-Peer with “Port Orleans” and “Avo Taco” logos already affixed to the proposed commercial spaces. **These very same drawings were used for the RFP minus the logos.** See image with arrows below.



JRI failed to establish fair and reasonable criteria for the lease:

- JRI did not establish or publish clear, competitive evaluation criteria; and
- The RFP aligned with pre-existing plans for Port Orleans, rather than arising from competitive selection.

Cause:

JRI failed to establish fair and reasonable criteria for soliciting suitable tenants for two commercial lease spaces because the process was tainted by preexisting and ongoing discussions with Port

Orleans for the design and occupancy of the spaces. Prior to developing and advertising the RFP in May 2023, JFI was engaged with Port Orleans in designing the space to meet specifications of Port Orleans (and Avo Taco) for the commercial spaces dating back as far as August 2022 as documented in:

- JFI meeting minutes;
- Written and verbal communications by Port Orleans; and
- JFI's 2022 audited financials referencing ongoing negotiations.

➤ **JFI Meeting minutes**

JFI Meeting minutes of 08/02/2022 reflect JFI was constructing a brewery and restaurant, "Need Letter of Intent for brewery and restaurant."

➤ **Written and Verbal Communications by Port Orleans**

Nine months prior to the advertised RFP, Port Orleans was directing the design of the commercial space as a brewery and restaurant. On 09/14/2022, Don Noel, President of Port Orleans, wrote:

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?

"Port Orleans" and "Avo Taco" logos were affixed to the architectural drawings prior to the advertisement soliciting proposals from interested parties. The logos were removed per request of Brett Lawson (Council aide to Councilman-At-Large Ricky Templet during relevant time period) who wrote in an email dated 03/14/2023, "Please get Dave a clean rendering and floor plan without any branding so they can advertise RFP." And then, the Trapolin-Peer architect wrote in an email dated 03/23/2023:

I know you have sent the conceptual package out to Brett already, but he needs a specific package that can be used to put an RFQ out for potential tenants. It needs to have no reference to "Port Orleans" or Avo Taco".

Further, Don Noel addressed the Parish Council at its meeting on 10/24/2023 saying:

We're super excited about bringing a lifestyle development to the city of Gretna. It's something that **we've been working on for a few years**, I was lucky enough to travel with the Jefferson Chamber of Commerce to Nashville, where this was kind of inspired. And we are bringing a restaurant and a brewery to downtown Gretna.³⁰

➤ **JFI Audited Financial Statements**

³⁰ Don Noel, President, Port Orleans Brewing Company, 3:28 Minutes, Jefferson Parish Council Meeting, 10/24/2023. <https://jeffersonparishla.new.swagit.com/videos/277343>

JFI's Audited Financial Statements Year-End 2022 further confirm that lease negotiations with Port Orleans to "operate a brewery and restaurant" had been ongoing since 2022.³¹

**JEFFERSON FACILITIES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Long-Term Projects- Continued

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 the HVAC, electrical, and roofing and updating the weatherproofing and plumbing of the structure.

Why This Finding Matters:

Public Lease Laws were enacted to prevent favoritism and give all people a chance to bid on a lease. While as a public benefit corporation JRI is exempt, JRI is nonetheless obliged to establish fair and reasonable criteria. Instead, it designed a process to favor Port Orleans (and Avo Taco). In this case, because JFI entered into discussions with Port Orleans prior to defining or applying objective selection standards, the Parish has no assurance that it received the highest value or optimal return on its \$10.3 million public investment.

Recommendations:

JRI, in coordination with JFI, should cancel the project as it is currently constituted, in favor of developing and issuing an RFP that establishes fair and reasonable criteria for soliciting suitable tenants for two commercial lease spaces in accordance with the Parish approved funding.

Selection: Port Orleans Proposal

When JRI advertised in May 2023 seeking proposals for a "Lease that provides for the build out of two shell buildings," the advertisement directed "For more detailed information contact" Thomas Wilkinson, who was counsel for JRI. Separately, there was a "Proposal Information Request for Proposals General Information" which outlined the project as follows:

The proposed retail space will not be finished and **will be a shell and this RFP should include a build out plan as well as a plan of operation for the retail space once it is completed.** Attached as exhibit "A" is a rendering of the proposed project. (Bold supplied)

Deadline June 12, 2023.

The "Primary Objective of the 'RFP'" was:

For JRI to obtain the necessary information on prospective firms that enable the selection committee to make a well informed decision choosing who to enter into

³¹ Jefferson Facilities, Inc. Year-End Financials 2022

negotiation with as it relates to the buildout, development and long term lease of the property.

JRI hereby request, Breweries/Taprooms, Restaurant Operators, Property Management companies or other entities that can perform the build out, market and management “The Property”

It is JRI’s intention to hire one entity that can:

Design the build out and complete the construction of the build out and Lease and operate the property as a Brewery/Taproom with a shared court yard once the construction of the buildout is completed. (Bold supplied)

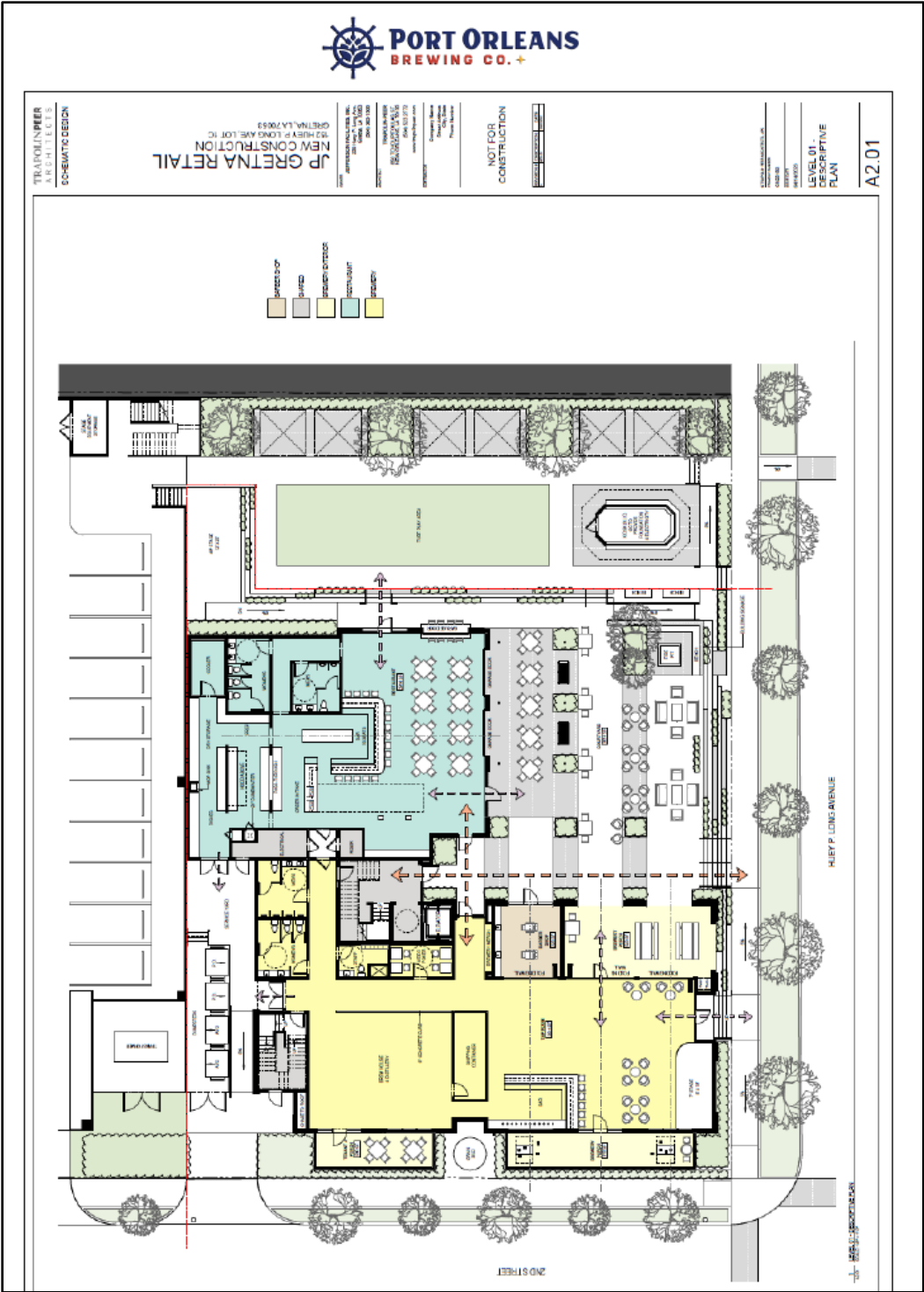
According to JFI representatives, the Selection Committee, comprised of JRI board members, JFI board members, and a representative from JEDCO, resolved that negotiations should be pursued with Port Orleans and Avo Taco.



Finding #2: JRI, in concert with JFI, selected a vendor without requiring sufficient details to support an informed selection.

Port Orleans was the only proposal submitted. It included:

- Experience and qualifications of Port Orleans principals.
- Relevant experience.
- Personnel qualifications.
- Architectural renderings prepared by Trapolin-Peer ostensibly for JFI. *See image below from proposal.*



Port Orleans' proposal did not include:

- Any detail or commitment as to how a build-out would be achieved, projected costs, or commitment to contribute.
- Any detail as to proposed rent which would support an informed decision of the feasibility or probability on return of investment of public funds.

Port Orleans attached concept renderings prepared by Trapolin-Peer for JFI. Still, these renderings amount to a repurposing of Trapolin-Peer's work and provide no information about Port Orleans. Moreover, Port Orleans did not identify any potential or anticipated contractor to fulfill a build-out notwithstanding that the request for proposal required subcontractors be disclosed. The proposal further represents that Port Orleans "will bring 60 jobs." However, Port Orleans principal, Don Noel, estimated jobs to be "brewery 15/20 & Restaurant 25/30" in an email dated 08/17/2023 to Mary Lachapelle of GNO, Inc. for a total of 40 to 50 jobs. Whether 40 new jobs or 60 new jobs, there is an absence of type, variety, pay, or commitment to hire.

An active restaurateur with no interest in this project estimates current costs of \$250–\$350 per square foot for a build-out of comparable space. This places cost of interior build-out between **\$4.8 million and \$6.7 million** for the size and structure depicted in the rendering attached to Port Orleans proposal.³²

The selection of Port Orleans, despite the lack of detailed information, brings into question the integrity of the selection.

Cause:

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. Long before the development and advertisement of a formal Request for Proposals (RFP), JFI had entered into substantive discussions with Port Orleans (and Avo Taco) regarding the terms and conditions for leasing the commercial spaces. This included design concepts, rental structures, and operational use. Negotiations began as early as August 2022, approximately nine months prior to the RFP issuance, as reflected in:

- JFI's meeting minutes;
- JFI's 2022 audited financials; and
- Letters of Intent (LOI) from Port Orleans and Avo Taco.

³² Calculations based upon square footage identified by Trapolin-Peer current Architectural plans specifying square footage to be 8202, 2809, and 8142 for brewery, restaurant and shared spaces, respectively, for a total of 19,153 at \$250/square foot and \$350/square foot. Note: Port Orleans proposal did not provide any details regarding square footage.

➤ **JFI Meeting minutes**

JFI Meeting minutes of 08/31/2022 reflect JFI was poised to approve letters of intent with Port Orleans and AVO Taco for specific terms:

Motion by Ryan Templet and James Juneau to approve with 6% rent of gross sales – Min. \$3,500 and Max. \$10,000 – passed 3-0

Also Brewery approved on same – passed 3-0.

JFI Meeting Minutes of 01/05/2023 reflect contract with architect for “Port Orleans building:”

BREWERY

- List and lease suggestions
- Meeting on January 20, 2023 to review process and flow of money

➤ **Letters of Intent**

On 08/31/2022, JFI “ACCEPTED AND AGREED” to terms of Letter of Intent by Port Orleans Brewing Company:

As you know, this letter of intent is a starting point for lease negotiations...

We are excited about the prospect of developing Port Orleans Brewing Company facility as part of the City’s new downtown development. If the terms of this letter of intent are acceptable, kindly sign where indicated, below returning a signed copy to me and **we can move ahead with the lease.** (Bold supplied)

On 08/31/2022, JFI “ACCEPTED AND AGREED” to terms of Letter of Intent by AV TA Holdings, LLC:

As you know, this letter of intent is a starting point for lease negotiations...

We are excited about the prospect of developing an Avo Taco as part of the City’s new downtown development. If the terms of this letter of intent are acceptable, kindly sign where indicated, below returning a signed copy to me and **we can move ahead with the lease.** (Bold supplied)

Why This Finding Matters:

The early focus on Port Orleans, prior to and outside the formal RFP process, undermined the transparency, fairness, and competitiveness under Public Lease Laws minimally expected of JRI as a public benefit corporation and JFI as an economic development corporation. JRI, in coordination with JFI, prioritized private interests of one entity and, therefore, missed an opportunity to secure a tenant with a stronger financial position or for more favorable lease terms.

Recommendations:

JRI, in coordination with JFI, should cancel the project as it is currently constituted in favor of developing and issuing an RFP that establishes fair and reasonable criteria for soliciting suitable tenants for two commercial lease spaces, in accordance with the Parish approved funding.

II. Lease Terms

The JPOIG assessed whether the negotiated lease agreements for the commercial spaces constructed with Parish funds appropriately accounted for risks and potential return. This evaluation considered whether relevant factors such as proposed rent, anticipated revenue, tenant financial stability, architectural design, development and operational plans, uniqueness of the business model, and potential to stimulate additional commercial activity, were adequately analyzed or prioritized.

Louisiana Revised Statute 41:1211 *et seq*, the Public Lease Laws provide:

Nonprofit corporations which meet the requirements of a public benefit corporation as set forth herein and which own, lease, sublease, or control immovable property shall not be required to advertise for and receive bids as provided for in this Part, provided ... leases or subleases shall be negotiated and let by the public benefit corporation in accordance with fair and reasonable criteria established and applied by the public benefit corporation relating to the **balance of factors including but not limited to rent, highest return of revenue and benefits to the political subdivision, financial stability, architectural design, development and management of operational plan, uniqueness of operation, and stimulating other industrial or commercial activity within the political subdivision.**³³ (Bold supplied)

The Parish, JRI, a public benefit corporation, and JFI, an economic development corporation, entered into a CEA and ground lease for certain Parish properties, to include a lot adjacent to the 5th Circuit Court of Appeal in Gretna, LA, sometimes referred to as the “Kingfish” lot. Under the terms of these agreements, the Parish leases certain property to JRI who then subleases to JFI. Thus, JFI holds the properties as sublessor and subject to certain terms and conditions.

Between May 2023 and December 2023, the Parish amended its CEA with JRI and JFI to provide JFI \$10,344,000 for the design and construction of a mixed-use development on the Kingfish lot.

³³ La.R.S. 41:1215(B)(4). Under this law, political subdivisions of the state, such as Jefferson Parish, are authorized to create public benefit corporations under Louisiana's general nonprofit corporation laws. La. Atty. Gen. Opinion No. 94-442, 09/01/1994. These corporations can own, lease, or develop public property, provided they meet specific criteria: they must be organized as non-profit entities, no income may inure to any private person, and the political subdivision must retain a beneficial interest in the corporation. Importantly, a public benefit corporation formed for this purpose is exempt from the requirement to advertise for and receive bids, providing any lease or sublease it enters into with a third party is approved by the governing authority La. R.S. 41:1215(B)(4) The formation of a public benefit corporation can be advantageous for government authorities since the law permits these entities to respond more nimbly than traditional government processes allow. For example, the New Orleans Building Corporation, Inc. (NOBC) was organized as a public benefit corporation to own, lease, develop, and operate properties in New Orleans. Notable projects include the redevelopment of the World Trade Center Building into condominium and hotel rooms. In 2023, NOBC transferred \$23,254,244 in revenue generated from its activities to the City of New Orleans.

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

On or about 10/13/2023, JFI entered into two commercial lease agreements. One lease is with POB Gretna Beer, LLC, and the other lease is with POB Restaurant Gretna, LLC. Both lease agreements are virtually identical and begin:

WHEREAS Lessor is the owner of the property on the corner of Huey P. Long Avenue and Second Street Gretna, Louisiana 70053, in the Parish of Jefferson, State of Louisiana (“Leased Premises”);

The leases “pertains to two buildings to be constructed” and “**is contingent on the actual construction of the building being completed prior to October 1, 2025.**” Pertinent terms of leases can be understood as relating to the following:

1. **Term:** Both commercial leases contain an initial 10-year term. Each commercial lease “reconduct[s] for three (3) consecutive five (5) year terms after the conclusion of the initial lease term.”³⁴ Ultimately this results in two 25-year leases.
2. **Permitted Use:** That the leased premises may be used for a brewery, distillery, bar, restaurant, retails sales, club services, and any other purposes that it is properly permitted and that does not conflict with state and local laws.³⁵
3. **Rent:** That lessee will pay a base monthly rental installment as follows: (a) for the first 30 months of the Rent Term, a sum equal to three percent (3%) of Gross Revenue, and (b) for the remainder of the Rent Term, a sum equal to six percent (6%) of Gross Revenue.³⁶

POB Gretna Beer also pays for a barrel system which is described as a permanent brewing equipment such as 10-bbl. Vessel & platform system, 6 each 10bbl, fermenters, tubeless boiler, pro chiller and 4 serving bright vessels that will be installed by Landlord in the building.³⁷

In addition to percentage of gross revenue, POB Gretna Beer, will pay for the use of the barrel system the sum of one thousand Dollars (\$1,000) a month beginning with the first term rent payment, and this shall be included in the base rent. All rent payments will be due on the 15th of the following month. Both commercial agreements define gross revenues as sales for beer, wine, liquor, food, facility rentals, consignment, and gaming.³⁸

³⁴ Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 2. Term; option to renew. Dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Section 2. Term; option to renew, dated 10/13/2023.

³⁵ Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 3. Permitted use, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 3 Permitted Use, dated 10/13/2023.

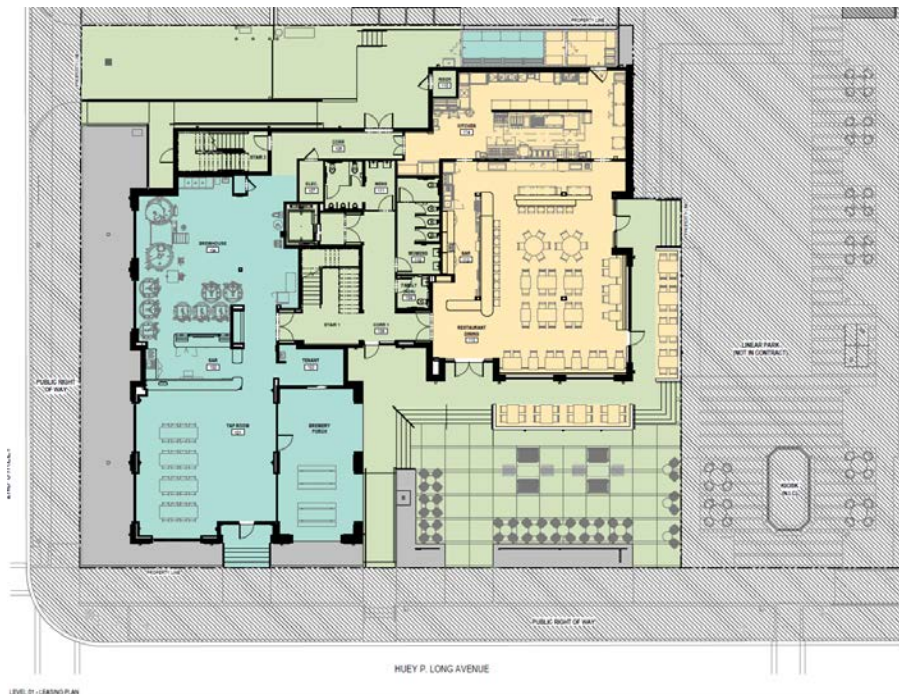
³⁶ Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent. Dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 4 Rent. October 13, 2023.

³⁷ Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 4. Rent, dated 10/13/2023.

³⁸ Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 19. Reporting Requirements, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 19. Reporting Requirements, dated 10/13/2023.

4. **Sublease/Assignment:** Lessee may not sublease any part of Premises without obtaining Landlord’s prior written consent unless it is to an affiliate or in connection with a sale or merger.³⁹
5. **Landlord’s work:** Landlord shall bear the entire cost of constructing the Leased Premises in accordance with criteria specified in Exhibit A, which is attached to the lease.
6. **Maintenance and repairs:** Landlord is responsible for the maintenance and repair of premises other than routine maintenance, maintenance of HVAC system, and termite control.⁴⁰

On 02/01/2024, JFI entered into a “Standard Form of Agreement Between Owner and Construction Manager” (AIA Document A133-2019) with Landis Construction for the construction of the retail project. Throughout 2024, JFI, Landis, and Trapolin-Peer worked on the design of the building. On 12/12/2024, JFI and Landis executed the “Guaranteed Maximum Price Amendment,” an amendment to the “Standard Form of Agreement Between Owner and Construction Manager” for Landis to construct commercial space designed by Trapolin-Peer for a maximum price of \$8,860,583.00. The scope of the construction contract excludes certain JFI obligations memorialized by the lease, such as the acquisition and installation of brew equipment by JFI. **Construction of the building will not be complete by October 2025.** See images of building layout below.



³⁹ Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Sec. 11. Sublease/Assignment, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Sec. 3. Sublease/Assignment, dated 10/13/2023.

⁴⁰ Commercial Lease Agreement Jefferson Facilities, Inc. and POB Gretna Beer LLC. Section 16. Maintenance and repairs, dated 10/13/2023. Commercial Lease Agreement Jefferson Facilities, Inc. and POB Restaurant Gretna LLC. Section 16. Maintenance and repairs, dated 10/13/2023.



02. LEVEL 02 - LEASING PLAN
SCALE: 1/8" = 1'-0"



01. LEVEL 01 - LEASING PLAN
SCALE: 1/8" = 1'-0"

LEASING AREA C

- UTILITY ACCESS, LINEAR PARK, & PARKING GARAGE
- TENANT 1
LEVEL 01 NET /
LEVEL 02 NET /
LEVEL 03 NET
- TENANT 2

LEASING AREA CALCULATIONS

	UTILITY ACCESS, PUBLIC RIGHT OF WAY, LINEAR PARK, & PARKING GARAGE	
	TENANT 1	
	LEVEL 01 NET AREA:	3,033 SF
	LEVEL 02 NET AREA:	1,935 SF
	LEVEL 03 NET AREA:	3,234 SF
	TENANT 1 TOTAL NET AREA:	8,202 SF
	TENANT 2	
	LEVEL 01 NET AREA:	2,809 SF
	LEVEL 02 NET AREA:	0 SF
	LEVEL 03 NET AREA:	0 SF
	TENANT 2 TOTAL NET AREA:	2,809 SF
	SHARED SPACES	
	LEVEL 01 NET AREA:	5,697 SF
	LEVEL 02 NET AREA:	2,445 SF
	LEVEL 03 NET AREA:	0 SF
	TOTAL SHARED NET AREA:	8,142 SF
	SITE LANDSCAPING:	
	LEVEL 01 NET AREA:	1,579 SF
	TOTAL NET AREA:	20,732 SF
	(BUILDING + SITE)	
	TOTAL GROSS BLDG AREA:	17,948 SF
	TOTAL GROSS SITE AREA:	13,917 SF

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 on commercial lease terms.⁴¹ Mr. Truax provided 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. Based upon a review of the leases and other furnished materials to include certain renderings of Trapolin-Peer Architects, a “Fiscal Note Worksheet” prepared by JEDCO, and a Landis Construction Company, LLC contract, Mr. Truax concluded the leases are:

materially deficient on multiple levels, and are not compatible with those in form or substance that are typically confected in the private sector marketplace for similar type 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. Further, the extent and nature of the specific problems noted in the leases, as written or unwritten (critical terms omitted), would in my opinion undermine the credibility of any assertion that the leases are reflective of “market” terms.⁴²

A copy of the opinion is attached and incorporated herein by reference. *See Appendix A*. The below finding is supported by the commercial lease expert’s opinion and JPOIG’s observations which align.

⁴¹ Principles and Standards for Offices of Inspector General, Effective July 1, 2024

Quality Standards of Offices of Inspector General

1.4 Staff Qualifications *Quality Standards for Offices of Inspector General*

“OIG staff should collectively possess the knowledge, skills, and experience needed to accomplish the OIG mission. Individual staff members should possess the knowledge, skills, and experience needed for their assigned roles.... OIGs require staff capable of efficiently and effectively dealing with a multitude of different programs and activities, many of them representing extremely complex and sophisticated areas of expertise.... The qualifications noted below relate to the collective knowledge, skills and experience of an OIG, not necessarily to any one staff member. **It is the inspector general's responsibility to decide which skills can be obtained through support service contractors or outside consultants, more effective use of staff members who already possess the requisite skills, staff development and training, or new recruitment.** These qualifications include the following:

1. Personal and professional ethical behavior and integrity and a commitment to fostering and promoting accountability and integrity in government.
2. Knowledge of OIG statutory requirements and applicable directives, rules, and regulations.
3. Working familiarity with the organizations, programs, activities, and functions within the OIG's area of responsibility.
4. Skills needed to evaluate the efficiency, economy, and effectiveness of program performance within the OIG's area of responsibility.
5. Knowledge of laws, regulation, policies, requirements, and guidelines related to a particular task. (Bold supplied)”

⁴² Appendix A, p. 2.



Finding #3: JFI entered into leases with POB Gretna Beer, LLC and POB Restaurant Gretna, LLC which are materially deficient, as terms and conditions are incompatible with those that may be executed in the private sector exposing both JFI and the Parish to unreasonable and incalculable long-term risks.

The JPOIG discussed in greater detail concerns related to specific lease terms which may expose the Parish through JRI and JFI to financial, legal, or operational risk. The JPOIG considered the absence of terms and assessed current terms for specific risks. The review includes but is not limited to terms:

- Not addressed by leases
- Undefined and/or materially deficient
- Addressing permitted use of property
- Addressing rent, to include late payment and calculation
- Addressing the rights of sublease and assignment
- Addressing Landlord's work
- Addressing Maintenance and repair obligations

➤ **Not addressed by lease**

There are customary terms expected and present in contracts involving the Parish, directly or indirectly, which are conspicuously absent from the leases. These terms are not merely formalities but critical to protecting the collective interests of JRI, JFI, and the Parish. The absence of these terms introduces legal uncertainty:

- **Audit Clause** Lease terms do not include an audit clause, so there is no process or recourse for verifying and validating the rent owed has been paid. Audit clauses are crucial for ensuring accurate reporting in percentage of gross revenue lease. Ideally, the clauses should (1) define “gross revenue”; (2) clearly define the right to audit, to include specific records which may be used; (3) establish threshold for discrepancies between reported and audited sales; (4) include confidentiality clause to protect financial information; (5) require record retention; and (6) include a mechanism for dispute resolution. The absence of an audit clause was noticed by the commercial lease expert who wrote:

Additionally, an ancillary element of most any percentage rent lease clause reviewed is an affirmative statement regarding audit rights of lessor to confirm the sales/revenue reported by lessee, which are subject to the percentage rent provision. **This omission is unusual and inconsistent with marketplace lease term norms.**⁴³ (Bold supplied)

⁴³ Appendix A, p. 6.

The issues may be resolved in part by language to include, but is not limited to the following:

Percentage rent shall become due and payable on the fifteenth (15) day of the following month and made concurrently with the submission by lessee to lessor of the written report of monthly gross revenue sales as provided for herein. Lessee will preserve for at least five (5) years at Lessee's notice address all original books and records disclosing information pertaining to gross revenue and such other information respecting gross revenue as lessor requires, including, but not limited to, point of sale data, gross income and sales tax returns, bank deposit records, and other supporting data including itemized records of permitted exclusions. Lessor and its agents shall have the right during business hours to examine and audit such books and records preserved.

- **Operation and performance.** The lease terms provide only for a percentage of Gross Revenue as rent and allow the property to be used as a brewery, restaurant, or for "any other purpose." While the lease addresses tenant default generally, it does not account for failure to operate or for serious underperformance. As a result, all risk is placed on JFI, and by extension, the Parish, for the maintenance and upkeep of the building, even if the tenant ceases operations without formally abandoning the property. Further compounding the issue, the lease requires JFI to absorb the costs of maintaining the property regardless of the tenant's performance. Without a "go-dark" clause, JFI will have no remedy if a tenant drastically limits or ceases operations. Similarly, without a "kick-out" provision, JFI will have no recourse if the percentage rent generated is insufficient to cover maintenance and other property-related expenses.
- **Governing law, venue, and jurisdiction.** Lease terms fail to address governing law, venue, and jurisdiction which would ensure that any disputes arising under the lease contracts are resolved under Louisiana law and within the jurisdiction of the 24th Judicial District Court for the Parish of Jefferson. These terms are expected and present Parish contracts. For example, the Parish model language for Requests for Proposal gives notice of the following conditions relating to governing law:

All activities associated with this RFP process shall be interpreted under the laws of the State of Louisiana. All proposal submissions **shall be governed in accordance with provisions of Louisiana State laws and Jefferson Parish Code of Ordinances**; standard terms and conditions; Resolution No. 136353. (Bold supplied)

And again, the Parish model language for Requests for Proposal gives notice of the following conditions relating to venue and jurisdiction:

Proposer, as evidenced by his/her signature on the signature page, agrees that the ensuing contract shall be made in accordance with the laws of the

State of Louisiana. The Proposer hereby agrees as evidenced by his/her signature on the signature page, to **the exclusive jurisdiction and venue of the 24th Judicial District Court for the Parish of Jefferson, State of Louisiana.** (Bold supplied)

These terms are critical for ensuring that any legal disputes are resolved under **Louisiana law** and within the **24th Judicial District Court for the Parish of Jefferson**, and their absence can result in jurisdictional disputes and increased litigation costs should disputes arise.

Risks are amplified and foreseeable given POB Gretna Beer, LLC and POB Restaurant Gretna, LLC are domiciled in New Orleans, Louisiana. As of 04/28/2025, POB Restaurant Gretna, LLC is not in good standing with the State of Louisiana.

- **Inspector General.** Not long after the Office of Inspector General was established, the Parish incorporated key provisions of JPCO 2-155.10, Office of Inspector General, into Parish contracts. These provisions serve as clear notice to vendors, contractors, and program participants of the obligation to **cooperate with oversight**. For example, Jefferson Parish’s *Standard Terms and Conditions* in model language for Requests for Proposals state:

Inspector General: It shall be the duty of every parish officer, employee, department, agency, special district, board, and commission and the duty of every contractor, subcontractor, and licensee of the parish, and the duty of every applicant for certification of eligibility for a parish contract or program, to cooperate with the inspector general in any investigation, audit, inspection, performance review, or hearing pursuant to JPCO 2-155.10(19). By signing this document, every corporation, partnership, or person contracting with PARISH, whether by cooperative endeavor, intergovernmental agreement, bid, proposal, application or solicitation for a parish contract, and every application for certification of eligibility for a parish contract or program, attests that it understands and will abide by all provisions of JPCO 2-155.10.

In the course of performing and preparing this evaluation of lease transaction and other open matters, the JPOIG has sought cooperation from Port Orleans’ entities by way of requests for records as well as request for interview. By correspondence dated 10/24/2024, counsel for Port Orleans Brewing Company, LLC wrote:

POB falls outside the purposive, definitional, and jurisdictional contours established by “local ordinance” – it is not the target allowed for administrative subpoena use...

Under the proposed relationship, POB will be a ‘tenant,’ and it is not (and

will not be) an “entity’ subject” to the IG’s administrative subpoena power, as those are defined under Section D..

POB objects to the POB SDT because POB falls outside of the types of investigative targets found in the expressed purpose, definitions, and jurisdictional reach of the statutory administrative IG subpoena for Jefferson Parish.

This early refusal to cooperate is especially troubling given that the terms of the lease provide POB Gretna Beer, LLC and POB Restaurant Gretna, LLC with the right to occupy a publicly funded building on Parish-owned property for up to 25 years and without paying any guaranteed base rent.

- **Security and Guaranty.** It is standard and customary practice in commercial leasing for lessors to require both a security deposit and a personal guaranty. These provisions serve as critical financial safeguards. A security deposit provides immediate recourse to cover unpaid rent, property damage, or other lease violations, and typically equates to several months’ rent. A personal guaranty, especially common from business owners or principals of newly formed entities, ensures that if a lessee defaults, the lessor can still pursue recovery from an individual with financial responsibility.

POB Gretna Beer, LLC and POB Restaurant Gretna, LLC were formed only three days before entering leases with JFI. These entities have no identified assets or value leaving JFI, JRI, and the Parish wholly unprotected.

If the lessees fail to meet lease obligations, neither JFI, JRI, nor the Parish will have any means of recovering losses, leading to a waste of public funds. This omission is especially concerning given the long lease term, lack of base rent, and limited ability to replace or re-lease specialty space, such as a brewery, in the event of default.

➤ **Undefined and/or materially deficient terms**

Separate and apart from customary and expected terms, there are critical lease terms materially deficient so as to make them unenforceable:

- **Lease premises.** Fundamental to a commercial lease is a detailed description of the lease premises. This includes identifying the exact location, square footage, boundaries, and a detailed legal or survey description of the space. The size and parameters of common areas should be identified. The leases executed by JFI and approved by the Parish Council have the following description:

Whereas Lessor is the owner of property bearing on the corner of Huey P. Long Avenue and Second Street, Gretna, Louisiana 70053,

in the Parish of Jefferson, State of Louisiana (“Leased Premises”).

This could describe any one of several existing buildings on the corner of Huey P. Long and Second Street. The lack of clear definition of leased space makes the terms unintelligible. The obvious ambiguity was noticed by the commercial lease expert who wrote:

It is highly unusual, if not unprecedented, for what is ultimately represented as an executable lease to not clearly/precisely identify the leased premises.⁴⁴

- **“Contract Documents.”** There is a repeated reference to “Contract Documents” throughout the lease terms. According to JFI representatives, the term may refer to construction contract documents.⁴⁵ According to Trapolin-Peer, the term refers to a series of documents, to include but not be limited to construction contracts.⁴⁶ Under the terms of the lease, the reference directly affects to the relative obligations of the parties, but the term is wholly undefined and is included without context. The lack of clarity was discussed by the commercial lease expert who wrote:

The second point of particular interest, which arises in analyzing this lease section, is the repeated reference to work being accomplished “in accordance with Contract Documents.” At lease execution, it does not appear any “Contract Documents” existed which provided construction details, and thus, the precise construction obligations of landlord potentially not truly defined. This introduces a significant amount of uncertainty about the ultimate cost of the project.

➤ **“Permitted Use” Risks**

The lease terms provide that the leased 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.

While flexibility in terms can be beneficial, such broad and open-ended language is troubling where public funds are expended to not only construct the exterior and interior for special use as a brewery and restaurant, but to equip the space with brewery and restaurant equipment procured with public funds. The risks associated with this language

⁴⁴ Appendix A, p. 3.

⁴⁵ The JPOIG interviewed JFI President William Lazaro and JFI Counsel David Colvin on 03/24/2024.

⁴⁶ The JPOIG interviewed Trapolin-Peer principal Paula Peer on 04/17/2024.

were noted by the commercial lease expert who wrote:

This lease clause is more expansive than most commercial leases, particularly with the inclusion of the phrase “any other purpose.” Most leases identify the particular use intended and often include lessor’s approval for a changed use not indicated at lease inception.

Most importantly, however, this “open ended” use identification is a significant risk for lessor, given the rent structure proposed and lease assignment rights as stated in this lease.⁴⁷

This “any other purpose” permitted use creates long-term and significant risk that the space could be used for a purpose inconsistent with a best use and return on investment. Without clear limitations tied to the Parish funded improvements, JFI has little recourse if the use changes or fails to deliver the economic, operational, or community impacts originally anticipated. In short, **the Parish is funding a use which JFI has not clearly defined or contractually protected.**

➤ **“Rent” Risks**

The lease terms provide:

Tenant agrees to pay Lessor during the Rent Term a base monthly rental installment as follows: (a) for the first 30 months of the Rent Term, a sum equal to three (3%) of Gross Revenue, as defined below; and (b) for the remainder of the Rent Term, a sum equal to six percent (6%) of Gross Revenue.

This percentage-only rent structure is highly irregular. As noted by the commercial lease expert:

The above rent structure would be entirely unacceptable in a private sector commercial lease... I have never seen a lease contracted for a similar type of commercial space wherein the rent due lessor was entirely based upon a percentage of “Gross Revenue.” I also contacted multiple, experienced real estate brokers active in commercial property leasing for many years to inquire of their experience; none had likewise ever seen a percentage rent only lease provision for similar properties.⁴⁸

Research suggests that percentage rent only is the exception and not the custom. More common is a guaranteed base rent (minimum rent), with percentage rent applied only to

⁴⁷ Appendix A, p. 4.

⁴⁸ Appendix A, p. 5.

revenue exceeding a defined breakpoint. Interestingly, proposals submitted by Port Orleans and Avo Taco originally included **minimum and maximum rent protections**, as shown in Letters of Intent dated 08/31/2022, and documented in JFI meeting minutes. Port Orleans proposed 6% of gross sales, with a **minimum of \$3,500/month** and **maximum of \$12,000/month**. Avo Taco made a like proposal. JFI meeting minutes show a motion to approve LOIs with 6% rent and a **minimum of \$3,500/month and maximum of \$10,000/month**, which passed unanimously.

Of further interest, JFI obtained an expert appraisal from Murphy Appraisal Services who concluded:

Market Rental Conclusion		
Appraisal Premise	Date of Value	Fair Market Rental Conclusion
Fair Market Rent	August 19, 2022	\$16.00 to \$20.00 PSF- Gross

Based on Murphy’s appraisal of August 2022, the fair market rental value for the spaces are:

- **POB Gretna Beer** (8,202 sq ft): \$10,936–\$13,670/month
- **POB Restaurant** (2,809 sq ft): \$3,745–\$4,682/month
- **Shared common space** (8,142 sq ft): \$10,856–\$13,570/month (unaccounted for in lease value)

In total, the JFI should reasonably expect **monthly rental income between \$25,537 and \$31,922** based on market rates. The percentage-only rent model lacks any assurance of achieving these returns. In order for JFI to receive monthly income of \$25,537 on a percentage of gross revenue only, Port Orleans (and Avo Taco) will need to generate between \$5,107,400 at 6% and \$10,214,800 at 3%. Port Orleans projected to only earn \$4.5 million. The lease provides that JFI will only receive 3% of gross revenue for the first 30 months, meaning JFI will barely receive 50% of fair market value.

By accepting a rent structure with no guaranteed base rent or escalation clauses, JFI has effectively subsidized commercial operations without securing even a minimum return on Parish’s \$10.3 million investment.

Compounding risks, the lease terms specifically exclude from gross revenue certain costs and discounts to include, “Discounts, promotions, bill-backs, rebate, **sales**, excise taxes, or state and federal taxes associated with Revenue Items.” (Bold supplied) Thus, and in its present form, the JFI executed and the Parish approved a proposed lease with a rent structure based upon Gross Revenue that excluded “sales” from the calculation. Equally concerning, the terms “discounts,” “promotions,” “bill-backs,” and “rebates,” are highly susceptible to interpretation placing at risk any enforcement of rent by JFI against lessees or their assigns.

➤ **“Sublease/assignment” Risks**

The lease terms provide that the tenant may not assign the lease or sublet part of the premises without obtaining the landlord’s prior written consent. However, the lease terms thereafter provide:

Tenant **may** assign the Lease without Landlord’s consent in the following situations:

- a. To an affiliate.
- b. In connection with a merger, consolidation, reorganization, or sale of the company or its assets.
- c. In connection with an offering of stock or any public trading of stock.

This open-ended language severely compromises JFI’s control over who occupies and operates the leased space. The commercial lease expert noted the associated risks:

This provision is concerning as written because if the landlord consent is not required, this circumstances effectively mitigates their ability to assess the financial capability of a prospective company purchaser and new lease. Further, in association with this and other listed situations where landlord consent is not needed, there is no affirmative statement regarding tenant remaining primarily liable; if such is the intent, such should be clearly stated.⁴⁹

Moreover, the term "**affiliate**" is undefined in the lease. “Affiliate” is highly susceptible to interpretation because it does not have a single, universal meaning. Without a clear definition, "affiliate" could be broadly interpreted to include any number of loosely connected entities, further diluting control over the property and its use. This lack of specificity invites ambiguity and legal disputes, potentially to the detriment of JRI, JFI, and the Parish.

The failure to tightly restrict and define assignment rights creates a real possibility that the property could be transferred to an unknown or unqualified third party without any approval from the JFI, leading to instability and diminished property value. The risk is compounded by the absence of an explicit requirement that the original tenant remains liable after any transfer.

➤ **“Landlord’s work” Risks**

The lease terms provide:

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*”

⁴⁹ Appendix A, p. 7.

Improvements,” outlines construction expectations. In commercial real estate, a "White Box" typically refers to a basic, unfinished space leaving the tenant responsible for all final interior finishes and specialized installations.

However, under the terms of this lease, JFI (and therefore the public) is responsible not only for the White Box construction but also for a highly customized and expensive tenant build-out, 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 (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 specifically includes Furniture Fixtures and Equipment (FF&E) which costs is customarily born by the Tenant. In addition to the above, JFI has committed to purchase brewery equipment for POB Gretna Beer. POB Gretna Beer and POB Restaurant Gretna will contribute little more than table and chairs; movable coolers; pots and pans; glass ware; and its own branding and signage.

The commercial lease expert noted that “identified items, which landlord is to provide, are not typically included for lease space in the marketplace when a ‘white box’ is the lease criteria.”⁵⁰

The Landlord’s work terms unfairly shift extensive construction and build-out costs to JFI, and thus the Parish. An active restaurateur with no interest in this project estimates costs of \$250–\$350 per square foot. This yields an estimated expense between **\$4.8 million and \$7.6 million**, just for interior improvements alone, costs that should normally be borne by a private tenant. This arrangement effectively **subsidizes a private commercial enterprise** at substantial public cost without securing guaranteed revenue or appropriate financial safeguards.

➤ **“Maintenance and repairs” Risks**

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

⁵⁰ Appendix A, p. 7.

under Civil Code articles 465-467.

The all-encompassing language and lack of attendant definitions places an unreasonable burden upon JFI to absorbing all costs of maintaining the property, having just absorbed all costs of a custom build out. Moreover, and given that the brewery equipment is permanently installed, it arguably places the burden on JFI to maintain it. The risks associated with these lease provisions was noted by the commercial lease expert:

Landlord is tasked with maintenance and repair obligations for most all improvement building components and mechanical/plumbing/electrical systems. Clarity or more detail would likely be required in leases for several atypical and unduly broad landlord responsibilities cited... Most private sector, commercial leases wherein it is intended for Landlord to provide a “white box” to Lessee, provides that upon acceptance of the leased space by Lessee they are responsible for most all interior maintenance needs and such is not provided in the leases reviewed.⁵¹

Why This Finding Matters:

While the leases were negotiated by JFI, an economic development corporation, the use of public funds in constructing the commercial spaces demands heightened scrutiny. The public has a vested interest in ensuring transparency, especially in transactions involving \$10.3 million in public investment. Missing terms, undefined terms, vague language, open-ended rights of assignment, lack of security deposit, and lack of personal guarantees exposes JFI to serious financial, legal, and operational risks. More importantly, it places the Parish at long-term financial, legal, and operational risks because JFI is historically dependent upon Parish funds.

Causes:

Neither JFI nor the Parish possessed the requisite experience in commercial development and negotiating commercial leases to ensure the fiscal viability of the project, risks were fairly apportioned, and terms protective of public funds and Parish property from future fraud, waste, and abuse.

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. Lon Ave which was prepared by the Port 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 favorable for Port

⁵¹ Appendix A, p. 7.

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 currently 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)

Recommendations:

JFI, in coordination with JRI and the Parish, should cancel the project as it is currently constituted in favor of critically reevaluating lease terms to achieve a more favorable outcome which will protect Parish funds committed to its development.

The Parish Council should engage legal counsel with expertise in representing commercial developers to provide comprehensive advice on risks attendant to these transactions and with sufficient experience, directly or indirectly, with governments of a similar size and budget as Jefferson Parish to adequately equate the risks given the unique nature of this transaction, i.e. public funds used to develop commercial space for private gain.



Observation #1: Lack of verifiable participation by Avo Taco Restaurant Concept.

The inclusion of the Avo Taco restaurant concept as part of the proposed commercial development cannot be substantiated. Despite repeated references to Avo Taco in both the proposal documents

and related materials, **there is no evidence or documentation verifying the entity’s formal participation** in the project.

Port Orleans proposal to JRI’s advertised request for proposal identified and incorporated “Avo Taco.” An Avo Taco operates from Port Orleans’ location at 4124 Tchoupitoulas Street, New Orleans. However, the **true nature of the relationship** between Port Orleans Brewing Company and Avo Taco at that location—whether a franchise, partnership, or sublease—**could not be verified due to a lack of cooperation from Port Orleans principals**. No contractual documentation, agreements, or corporate authorizations were provided to clarify this relationship.

JFI’s meeting minutes dated 08/02/2022, indicate that the organization was seeking letters of intent for a brewery and restaurant. Two letters were received:

- A letter of intent from **AV TA Holdings, LLC**, 376 Main Street, Center Moriches, New York, 11934, dated 08/31/2022. The letter is signed Niloy Thakkar as authorized agent. It identified the intended tenant as **“Westbank Tacos, LLC.”** There is no business registered in the State of Louisiana by the name “Westbank Tacos, LLC.” AV TA Holdings is also not registered to do business in the State of Louisiana, but it is assumed to be registered to do business in New York.
- A letter of intent from **Port Orleans Brewing Company, LLC**, 4124 Tchoupitoulas Street, New Orleans, LA 70115. The letter is signed by Don Noel as authorized agent. It identified the intended tenant as Port Orleans Brewing Company, LLC (or its assign). Port Orleans Brewing Company is a domestic limited liability company organized in the State of Louisiana.



Despite receiving these letters, **JFI did not execute leases with either AV TA Holdings, LLC or Port Orleans Brewing Company, LLC**. Instead, the executed leases are with two newly created entities formed on October 10, 2023:

- **POB Gretna Beer, LLC**, wholly owned by Port Orleans Brewing Company, LLC.
- **POB Restaurant Gretna, LLC**, also wholly owned by Port Orleans Brewing Company, LLC and currently listed as "not in good standing" with the Louisiana Secretary of State for failure to file an annual report (as of April 29, 2025).

The JPOIG has found **no documentation—such as corporate resolutions or agreements demonstrating that Avo Taco, or any legally associated entity, has committed to or is authorized to participate** in this project. Inquiries of JFI about Avo Taco did not produce any clarity. All available evidence indicates that Avo Taco, as referenced in the proposal, is a legally

distinct and unaffiliated entity whose role in the project remains unverified.

This absence of documentation **raises serious concerns about the transparency and validity of the tenant selection process**, and it undermines confidence in the project's proposed business model and public representation.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Jefferson Parish Office of Inspector General (JPOIG) conducted an evaluation of leases between JFI and POB Gretna Beer, LLC and JFI and POB Restaurant Gretna, LLC, which were approved by the Parish Council on 10/24/2023. The leases involve two spaces in a building not yet constructed on Huey P. Long Avenue in downtown Gretna.

The objectives of the evaluation were to:

1. Evaluate compliance with applicable laws;
2. Evaluate the adequacy and effectiveness of processes to solicit and select potential tenants; and
3. Evaluate the terms of the leases.

To meet these objectives, the JPOIG performed the following:

- Reviewed JPOIG Public Letter 2024-0001 and considered concerns raised in the letter regarding the POB leases.⁵²
- Reviewed relevant open-source documents, contracts, laws, and/or other relevant information to obtain an understanding of leases and establish criteria.
- Reviewed information received in response to subpoena.
- Conducted interviews.
- Retained a subject matter expert in commercial leases.

The scope of this evaluation relied upon data from 01/01/2022 through 12/31/2024.

The leases and actions taken by JFI and JRI, e.g. the solicitation of proposals and selection of Port Orleans, were evaluated against relevant state and local laws. This evaluation also considered whether the negotiated lease agreements for the publicly funded commercial spaces appropriately accounted for the Parish's risk of loss and potential return. The JPOIG considered whether relevant factors—including, but not limited to, proposed rent, anticipated revenue, tenant financial stability, architectural design, development and operational plans, uniqueness of the business model, and potential to stimulate additional commercial activity—were adequately analyzed or prioritized based on available documentation.

In connection with undertakings by the JPOIG, the JPOIG issued subpoenas to persons possessing information relevant to open matters, to include subpoena to Port Orleans and its principal, Thomas Discon. Port Orleans did not cooperate. On 10/10/2024, the JPOIG issued an administrative subpoena duces tecum to Port Orleans Brewing Company, LLC with attention to Port Orleans principal Andrew T. Lilly, with deadline to produce on or before 10/24/2024. On 10/24/2024, Mr. Lilly responded, objecting to the JPOIG's exercise of jurisdiction. He wrote "POB intends to help where required."

In March of 2025, JPOIG Counsel contacted Mr. Discon with attempts to schedule an interview with the POB Principal in regard to the Port Orleans project and lease. Mr. Discon did not

⁵² https://www.jpoig.net/images/JPOIG_2024-0001_Public_Letter_to_Parish_Council_-_Donating_Public_Funds_and_Property.pdf

voluntarily present for an interview. The JPOIG has sought a subpoena to compel attendance, but to date, the JPOIG has been unable to secure personal or domiciliary service.

RESPONSES: PARISH & NON-PARISH ENTITY COMMENTS

Pursuant to the Jefferson Parish Code of Ordinances (JPCO), the JPOIG must provide a draft of the report or recommendations to the person or entity being reported. The JPCO §2-155.10(9)(c) provides the following for all individuals or entities:

...shall have thirty (30) working days to submit a written explanation or rebuttal of the findings before the report or recommendation is finalized, and such timely submitted written explanation or rebuttal shall be attached to the finalized report or recommendation.⁵³

On 04/29/2025, the JPOIG provided the Draft Report to the following Parish individuals:

Councilman Scott Walker, At-Large	Councilman Byron Lee, District 3
Councilwoman Jennifer Van Vrancken, At-Large	Councilwoman Arita Bohannon, District 4
Councilman Joe Marino, District 1	Councilman Hans Liljeberg, District 5
Councilman Deano Bonano, District 2	

On that same date, the JPOIG provided the Draft Report to the following Non-Parish individuals:

Jefferson Redevelopment, Inc. through its president William Lazaro, Jr.

Jefferson Facilities, Inc. through its president, Wayne Nocito

On 05/13/2025, the JPOIG provided the Draft Report to Councilman Timmy Kerner, District 1.

Responses were due on 06/11/2025. On 05/09/2025, the JPOIG received a response from interim District 1 Councilman Joe Marino. On 06/11/2025, the JPOIG received a Joint response from JFI and JRI.

On 06/11/2025, the JPOIG received formal requests for an extension of the deadline to respond to the draft report from both Councilwoman At-Large Jennifer Van Vrancken and Councilman District 1 Timmy Kerner. The JPOIG granted the extension, establishing a new deadline of 06/25/2025, at 5:00 PM. The JPOIG received a response from Councilwoman Van Vrancken.

Comments received follow this page.

⁵³ JPCO §2-155.10 (9)(c).

From: [Joe Marino](#)
To: [Kim Chatelain](#)
Cc: [Scott Walker](#); [Arita Bohannan](#); [Hans Liljeberg](#); [Deano Bonano](#); [Jennifer Van Vrancken](#); [Byron Lee](#); [Jeffrey Adolph](#); [Britney Majure](#)
Subject: Response to JPOIG Review of Lease Transactions 2025-0001
Date: Friday, May 9, 2025 2:47:41 PM

You don't often get email from joem@jeffparish.gov. [Learn why this is important](#)

May 9, 2025

Dear Inspector General Chatelain,

In written response to your Evaluation Report 2025-0001 “Review of Lease Transactions for Multi-Use Development dated April 29, 2025, I am submitting the following:

Response to “Review of Lease Transactions for Multi-Use Development”
Evaluation Report 25-0001 by Councilman Joe Marino

ECONOMIC DEVELOPMENT

To begin with the underlying opinion of Michael Truax hired by the Inspector General is flawed. It is flawed because his findings/opinions regarding the two lease agreements are based upon comparing these leases to “leases for similar facilities in the **general/private sector** marketplace.” This is not a proper comparison as this development is part of a Jefferson Parish government economic development project. The goals of government differ significantly from the private sector. The goal with the Kingfish Riverview Development is to create a transformational economic development project designed to stimulate additional investment and growth on the Westbank. There is a civic component of the project as well with public spaces/linear park to create a mixed-use corridor that is attractive to young families.

There is no comparable market rate for this type of development on the Westbank. On the Westbank this is an unproven market for this type of facility. Additionally the Parish will own the buildings and is utilizing Federal ARPA dollars to completely fund and construct these commercial leasable spaces. It should also be noted that the Kingfish Riverview Development involves using the commercial leasable spaces as the local match to secure a three-level parking garage through state-funded capital outlay.

AMENDMENT AND RESTATEMENT OF THE LEASES

As a result of a productive meeting with the Inspector General the majority of the concerns expressed by the Inspector General have been addressed in the *Amendment and Restatement of the Commercial Lease between Jefferson Facilities Inc. and POB Gretna Beer LLC* and the *Amendment and Restatement of the Commercial Lease between Jefferson Facilities Inc. and POB Restaurant Gretna LLC* on April 22, 2025. Additionally Jefferson Facilities Inc negotiated additional

items into the leases like removing the capital cost reduction from the gross revenue. There is now a base rent (Minimum Annual Guarantee) which begins at month 37. The permitted uses have been narrowed and clearly defined. The leased premises of each are differentiated and are defined with Ex. B attached to each lease. A No Dark Provision was added to ensure that the premises will be operated and there is now a provision that the tenants use commercially reasonable efforts to operate for a minimum of 3,000 hours per calendar year. The leases now contain an Audit provision and section on Public use of meeting space in the Restaurant. Finally, the Completion date for the construction has been moved to January 2027.

REVIEW OF LEASES BY MICHAEL SHERMAN

Finally, attorney Michael Sherman was retained by Jefferson Facilities Inc to review and negotiate the amendments and restatement of the terms of the leases. He has negotiated over 1,000 commercial leases and gave his favorable approval opinion at length at the April 30, 2025 Parish Council meeting.

Thank you,
Joe Marino
Councilman, District 1

Any information provided to Jefferson Parish Government may be subject to disclosure under the Louisiana Public Records Law. Information contained in any correspondence, regardless of its source, may be a public record subject to public inspection and reproduction in accordance with the Louisiana Public Records Law, La. Rev. Stat. 44:1 et seq.

Notice: Jefferson Parish has gone .gov! Please take note of our new website address, www.jeffparish.gov and employee email addresses.

Joint Response of JFI and JRI to OIG

To: Kim Raines Chatelain, Inspector General

Date: June 11, 2025

Subject: JFI and JRI Joint Response Regarding OIG Review of Public-Private Lease Structure

Jefferson Facilities, Inc. (JFI) and Jefferson Redevelopment, Inc.(JRI) respectfully submit this joint response to your office's draft report relative to the lease agreements with POB Gretna Beer, LLC and POB Restaurant Gretna, LLC signed in October of 2023, and restated in April of 2025, involving the publicly owned building to be built to house Port Orleans Brewery and Avo Taco Restaurant.

JFI has taken two significant actions in 2025 to enhance landlord protections and protect the public interest:

- JFI has amended and restated both leases at issue. The Jefferson Parish Council approved these changes at a public hearing on April 30, 2025.
- JFI has secured two estoppel certificates signed by both lessees which provide verification and confirmation of the effect of the lease terms.

These two actions provide considerable landlord protections and address the bulk of concerns relative to lease provisions raised by the OIG. The specific changes are summarized in this response.

(a) Public-Private Partnership Structure

JFI and JRI are organized as an economic development corporation and public benefit corporation, respectively. Together, their goal is to serve the public interest which includes stimulating economic development.

The inspector general reviewed this transaction through the lens of a market real estate developer. JFI and JRI do not operate with the same objectives or under the same legal framework as a private, for-profit real estate developer.

This project represents a strategically structured economic development public-private partnership. The lease terms support the productive use and activation of a publicly owned asset while simultaneously promoting local business growth in the corridor and providing broader public benefits. The goal is to leverage public infrastructure in a way that incentivizes private investment aligned with community planning objectives.

Economic development efforts, by their very nature, must be adaptable to local conditions and community needs. There is no one-size-fits-all approach; rather, successful initiatives often require creative and flexible tools. These may include tax

Joint Response of JFI and JRI to OIG

incentives, cooperative endeavor agreements, infrastructure investments, or other mechanisms tailored to attract and sustain private enterprise in targeted areas. In this case, the lease reflects such flexibility — offering terms that are responsive to the unique challenges of the West Bank’s commercial real estate market while advancing long-term revitalization goals.

By fostering an environment conducive to economic activity, this partnership enhances the vibrancy and resilience of the surrounding neighborhood and helps fulfill the vision laid out in the adopted master planning documents.

(b) Return on Investment Considerations

The rate of return on this project should be evaluated in light of the financial structure supporting it, specifically net of any incentives or subsidies. In this case, the principal source of the capital investment originated from federal funding made available through the American Rescue Plan Act (ARPA). This distinction is critical when evaluating the overall value of the project to the public.

Because these federal stimulus dollars were distributed for the purposes of economic recovery and long-term revitalization, the Parish was able to leverage this funding to create a major economic development initiative without incurring a significant financial burden on local taxpayers. When considering public benefit versus cost, this substantially strengthens the argument in favor of the project’s net public value. The result is a community asset created with the assistance of external funds, designed to stimulate private investment, support neighborhood revitalization, and generate long-term economic activity in accordance with publicly adopted master planning goals. The return on investment must be measured with metrics beyond direct rent.

(c) Transparency of Process

JFI, JRI and tenants have appeared before the Parish Council on multiple occasions, ensuring the project has been subject to open discussion and public scrutiny throughout its development. These appearances have provided structured opportunities for open discussion, ensuring that the project remains aligned with the Parish’s strategic goals and creating a public forum for those with concern.

(d) Market Conditions

There is no traditional or comparable commercial market for a project of this unique nature. The structure, objectives, and public-private framework of the initiative fall outside conventional for-profit real estate development models.

Joint Response of JFI and JRI to OIG

We concur with the assessment provided by Inspector General's expert Michael Truax, who affirmed that this project is of a non-standard commercial market nature. In his review, he stated, "This project, as leased, is not economically feasible employing general real estate investment market parameters." That is precisely why this project, which is accretive to public interest goals, can only be carried out through a public-private partnership. This is an economic development project.

This initiative is not simply a commercial lease; it is a strategic economic development project intended to bring revitalization along a key corridor and enhance the quality of life for Jefferson Parish residents. It was carried out in compliance with the requirements of public benefit corporations, economic development corporations, and municipal law. This project's success depends on an understanding that its value lies not solely in immediate financial return as a real estate developer would seek, but in its capacity to stimulate lasting community and economic outcomes.

(e) Lease Amendments and Improvements

The lease has already been restated to improve clarity, reflect mutual fairness, add landlord protections, and address several key concerns. These revisions addressed many issues including:

- **Minimum Annual Rent Guarantee:** Ensures a base level of income.
- **Gross Revenue Definition:** Clarifies definition to promote transparency and accuracy in calculations.
- **Gross Revenue Audit Provision:** Allows for verification of reported revenue.
- **Public Use Procedure:** Outlines the process for utilizing the space for public purposes.
- **Lessee's Investment in Fixtures, Furniture, and Equipment:** Mandates Lessee expenditure to enhance the space.
- **Renewal Process:** Provides clear guidelines for extending the lease term.
- **"Go Dark" Provision:** Provides limitations on when the business may cease operations.
- **Conformance with Master Plan:** Ensures alignment with City of Gretna and Jefferson Parish planning guidelines.
- **Common Space Use:** Specifies that the common space is included in the restaurant lease, with usage rights for the brewpub space.
- **Restaurant Use:** Updates the permitted use to "Full Service Restaurant with an accessory bar" to align with Gretna's zoning code.
- **Brewery Use:** Emphasizes that the primary use of a portion of the property must be maintained as a brewery, brewpub, microbrewery, or distillery, and ensures terms comply with Gretna's zoning code.

Joint Response of JFI and JRI to OIG

- **Clarification on equipment:** Details the brewing equipment provided and the payment structure for its rent.

In addition, tenants have executed two estoppel certificates in favor of JFI that affirm the following key terms for both the restaurant and brewery:

- JFI and JRI are acting in the best interest of Jefferson Parish;
- Confirmed square footage of each space;
- Added a specific due date for rent payments;
- Restatement of the Lessor's audit rights;
- Required conceptual and brand approval for each tenant to ensure that the operations will be Port Orleans Brewing and Avo Taco, and any other concept must be approved by landlord;
- Acknowledged that the premises are publicly owned property;
- Clarified responsibility for attorney's fees and applicable interest;
- Specified governing law and venue; and
- Affirmed lessee's obligation to comply with public oversight.

These provisions in the estoppel certificates are intended to provide transparency and ensure alignment with public sector standards. They also further strengthen and verify lease terms.

Writ large, the amendment and restatement along with the verifications contained in the estoppel certificates respond to the bulk of lease concerns raised by the OIG and its expert.

(f) OIG Report Timing and Constructive Engagement

The OIG report was issued in April 2025, approximately 18 months after the lease was executed. A prior public letter was also issued September 19, 2024 almost a year after lease execution. While we appreciate oversight and welcome constructive feedback, the timing of the report significantly limited its usefulness. Had such input been provided closer to execution, it could have more meaningfully shaped the agreements.

The original lease agreements between JFI and its tenants required restatement and amendment due to a change in the building's completion date. While modifying the lease for this purpose, the JFI board also approved additional revisions to enhance the agreement and incorporate greater landlord protections.

JFI and JRI are committed to transparency and accountability and we welcome the opportunity to respond formally to the OIG. **The overwhelming majority of feedback provided by the OIG with respect to the lease terms has been addressed through a lease amendment and through estoppel certificates.**

Joint Response of JFI and JRI to OIG

Conclusion

JFI and JRI value the integrity of this public-private effort and remain committed to ensuring the long-term success of the property for the benefit of the Parish and its residents. We respectfully submit this memo as our response and look forward to further dialogue.

Thank you for the opportunity to provide this input.

Respectfully,

Jefferson Facilities, Inc. and

Jefferson Redevelopment Inc.



JENNIFER VAN VRANCKEN

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Dear Inspector General Chatelain,

June 24, 2025

I appreciate the opportunity to respond to the JPOIG report "Review of Lease Transactions for Multi-Use Development".

I **AGREE** with all 3 Findings of the report.

I **AGREE** with all 3 Recommendations, with slight modification.

Finding #1: JRI FAILED TO ESTABLISH FAIR AND REASONABLE CRITERIA FOR THE LEASE, MANAGEMENT AND OCCUPANCY FOR TWO COMMERCIAL LEASEABLE SPACES CONSTRUCTED WITH PUBLIC DOLLARS.

I **AGREE**.

The solicitation process was **neither fair nor transparent**.

JRI was in collaboration with POB for many months *prior* to advertising a request for proposals.

JRI restricted use of the two commercial leasable spaces to *only* a brew pub and restaurant and *only* with a single operator—a restriction not authorized or advantageous to the parish.

The targeted solicitation prevented the parish from using the RFP process to explore and determine the **highest and best use** of the spaces.

The RFP was drafted narrowly to exclude competition—confirmed by the fact that POB was the *only* response in a region overflowing with restaurants and craft brewers.

By contrast, Jefferson Parish regularly cancels and readvertises an RFP when it draws only a single response understanding that robust competition best serves the public.

Finding #2: JRI, IN CONCERT WITH JFI, SELECTED A VENDOR WITHOUT REQUIRING SUFFICIENT DETAILS TO SUPPORT AN INFORMED DECISION.

I **AGREE**.

Government should be conservative and cautious when using public funds.

JRI/JFI compounded an unfair RFP by failing to even adhere to its own process.

Despite the RFP requiring detailed plans for build out, operation and management... POB did not provide that data and JRI did not insist on obtaining it.

The absence of detailed data made it impossible for JRI/JFI to make a prudent decision, or to be in a position to reassure tax payers of a reasonable return on the public investment.

Finding #3: JFI ENTERED INTO LEASES WITH POB GRETNA BEER LLC AND POB RESTAURANT GRETNA, LLC WHICH ARE MATERIALLY DEFICIENT, AS TERMS AND CONDITIONS ARE INCOMPATIBLE WITH THOSE THAT MAY BE EXECUTED IN THE PRIVATE SECTOR, EXPOSING BOTH JFI AND THE PARISH TO UNREASONABLE AND INCALCULABLE LONG-TERM RISKS.

I AGREE with Finding # 3.

I do not have expertise in commercial real estate transactions, but in my role as Chief Operating Officer for the Parish and as a member of the Jefferson Parish Council, I have had innumerable opportunities to interact with those who do.

Savvy business people who reviewed the leases at my request echoed the same concerns as the expert retained by JPOIG and offered similar reactions: 1) the leases are extremely 'one sided' in favor of POB 2) the leases fail to include terms and protections standard to this type of contract and 3) if it was *their* money at risk, they would **not** agree to the leases.

JRI/JFI have no assets, so **all risk** of these flawed leases falls on the Parish and tax paying public.

The JPOIG makes 3 recommendations.

I AGREE with all 3 recommendations:

1. JRI, in coordination with JFI, should cancel the project as it is currently constituted, in favor of developing and issuing an RFP that establishes fair and reasonable criteria for soliciting suitable tenants for two commercial lease spaces in accordance with the Parish approved funding.

I AGREE, but suggest corrective action must include the Jefferson Parish Council *directly* drafting and advertising an RFP to ensure transparency and fairness in order to restore public trust.

- a. Jefferson Parish Council should introduce and approve a resolution directing JRI, in coordination with JFI, to rescind the selection of POB Gretna Beer LLC and POB Restaurant Gretna LLC, and to terminate the two leases with those entities.
- b. Jefferson Parish Council should amend the CEA with JRI to rescind its authorization to develop and construct two commercial leasable spaces.
- c. Jefferson Parish Council should *directly* draft a broad request for proposals for two commercial leasable spaces-- *not* limited to a brew pub and taco restaurant-- encouraging a diversity of responses and requiring detailed plans for build out, management and operation to empower a prudent selection.
- d. Jefferson Parish Council should follow standard protocol and authorize the Jefferson Parish Department of Purchasing to widely advertise the RFP in order to ensure transparency and restore public trust in the process.

2. JRI, in coordination with JFI, should cancel the project as it is currently constituted, in favor of critically reevaluating lease terms to achieve a more favorable outcome which will protect Parish funds committed to its development.
3. The Parish Council should secure the expertise of legal counsel with expertise in representing commercial developers to provide comprehensive advice on risks attendant to these transactions and sufficient experience, directly or indirectly, with governments of a similar size and budget as Jefferson Parish to adequately equate the risks given the unique nature of this transaction, i.e., public funds used to develop commercial space for private gain.

I AGREE, corrective action must be taken.

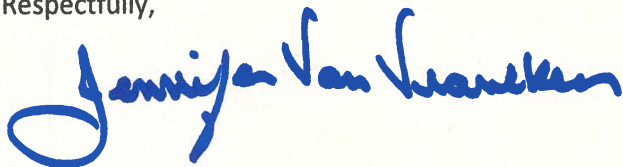
- a. The Parish Attorney, JEDCO and JRI confirmed at a public meeting, **no one reviewed the lease terms with the best interest of the parish and citizens in mind.**
- b. Despite the RFP promise to deliver 2 'shell' spaces, with the cost of build-out borne by the business, both leases deviate and **burden the parish and public funds** with the cost of acquiring, installing and maintaining the most expensive pieces of equipment (ex. brewing equipment, walk-in coolers) and fail to obligate the businesses to a specific investment or dollar amount.
- c. The Parish Council should rescind approval and terminate the two existing leases.
- d. On joint motion, all members of the Council should offer and approve a resolution (similar in substance to the attached resolution I sponsored on the 4/30/25 addendum agenda) to initiate the process of securing outside legal counsel to review and negotiate this highly specialized type of lease on behalf of the parish and citizens.

The JPOIG report summarizes:

The actions taken by JRI and JFI regarding the solicitation, selection, and leasing processes for the Parish's publicly funded commercial properties substantially compromised transparency, fairness, and financial stewardship. The cumulative effect is an elevated risk of waste, abuse, and financial loss, coupled with diminished assurance that public investment will yield its intended public benefits which risk can only be resolved by action of the Parish Council.

I fully agree and share the belief that the Parish Council **must** act.

Respectfully,



RESOLUTION NO.

A resolution requesting and directing the Parish Attorney's Office to prepare the documents necessary to enable the Jefferson Parish Council at its May 2025 meeting to solicit statements of qualifications for legal services with expertise in commercial real estate transactions to review and advise Jefferson Parish on proposed revised versions of commercial real estate leases related to the Kingfish Riverview Development, specifically to assess risk to the Parish, separate from Jefferson Facilities Inc. (JFI), for financial exposure and ongoing financial commitments and to negotiate terms most favorable to the Parish. (Parishwide)

WHEREAS, Jefferson Facilities Inc (JFI) and Port Orleans Brewery (POB) are presenting for consideration two revised commercial real estate transactional leases related to Kingfish Review Development; and

WHEREAS, in October 2023, JFI and POB presented two commercial real estate leases to Jefferson Parish at a 'Special' Council meeting where JFI and POB assured the Parish Council of the favorability of the terms of said leases; and

WHEREAS, in a Public Letter to the Jefferson Parish Council published in September 2024, the Jefferson Parish Office of Inspector General (OIG) raised concerns about JFI and the Kingfish Riverview Development, including but not limited to concern about inadequacies contained in the commercial real estate leases; and

WHEREAS, rather than address the substance of the Public Letter, efforts turned to questioning the independent functioning of the Office of Inspector General; and

WHEREAS, the Ethics and Compliance Commission (ECC) charged with oversight of the Office of Inspector General and its functions hired outside legal counsel to review and advise on the operations of the OIG; and

WHEREAS, following a thorough investigation of the matter, outside legal counsel submitted to the ECC a report affirming the independent and professional operations of the OIG; and

WHEREAS, the OIG notified the Council this month that an open review of the leases transactions is underway with the release of a draft report expected in May,

WHEREAS, the OIG has shared with this Council a concern over the refusal and lack of cooperation from POB representatives creating an obstacle to the review, and

WHEREAS, JFI and POB now present newly revised versions of the two original commercial real estate transactions to the Council for consideration, and

WHEREAS, it would be imprudent to consider the newly revised leases prior to receipt of the OIG review, and

WHEREAS, legal expertise specifically in commercial real estate transaction is necessary in order for the Parish to appropriately evaluate the terms contained therein or omitted from the proposed revised leases; and

WHEREAS, the Council desires an SOQ be prepared promptly for consideration at the May Council Meeting to ensure ample time to review the revised leases prior to the arrival of a problematic October 2025 deadline contained in the current leases, and

WHEREAS, the revisions proposed will serve to bind Jefferson Parish and its tax payers for a term of well over two decades; and

WHEREAS, it is in the best interest of Jefferson Parish and its tax payers to secure outside legal counsel with expertise in commercial real estate transactions to review and advise Jefferson Parish on the proposed revised versions of the commercial real estate leases related to the Kingfish Riverview Development, specifically to assess risk to the Parish, separate from Jefferson Facilities Inc. (JFI), for financial exposure and ongoing financial commitments and to negotiate terms most favorable to the Parish and its tax payers.

NOW, THEREFORE, BE IT RESOLVED by the Jefferson Parish Council of Jefferson Parish, Louisiana, acting as governing authority for said Parish:

SECTION 1. That the Parish Attorney's Office is hereby authorized to prepare a Statement of Qualifications to be ready for Council consideration at the May 2025 Council Meeting.

The foregoing resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT: None

This resolution is declared to be adopted on this the 30th day of April, 2025.

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BY INTERNET:

Visit our website at www.jpoig.net, click
"Report Waste, Fraud or Abuse"

BY PHONE:

Call our tip line at (504) 528-4444

BY MAIL:

990 N. Corporate Drive, Suite 300
Jefferson, LA 70123

IN PERSON:

Contact us at (504) 736-8962 to schedule an appointment

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