



Legislature of the Virgin Islands

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POST AUDIT DIVISION

April 13, 2026

MEMORANDUM:

TO: Honorable Novelle E. Francis, Jr.
Chairperson,
Committee on Budget, Appropriations and Finance
36th Legislature of the Virgin Islands

FROM: Post Audit Division

SUBJECT: Lease Agreement

LESSOR: Department of Property & Procurement

LESSEE: Hearts in Service Association, Inc.

PREMISES: Parcel No. 175C Estate Anna's Retreat, No. 1 New Quarter, St. Thomas, Virgin Islands consisting of a two-story concrete building on approximately 16,041 U.S. sq. ft. or 0.368 U.S. acres, of land more/less.

TERM: Fifteen (15) year period, with an option to renew for two (2) five (5) year periods. The initial lease term commences on the first day of the month following approval by the Legislature and the Governor of the Virgin Islands.

PURPOSE: These properties will be utilized to provide eligible programs and services to families with children who have become homeless, individuals, veterans, and at-risk youths ~~including transitional housing~~, operation of a soup kitchen, and, in the event of a disaster, the Premises may be used by the Lessor as a temporary shelter.

LEASE SUMMARY

BACKGROUND: Hearts in Service Association, Inc. is a Non-Profit 501 (c)(3) that has been operating in the United States Virgin Islands (USVI) since 2003. Hearts in Service Association Inc. is a St. Thomas-based, faith-based volunteer group founded by members of Bethel Missionary Baptist Church, dedicated to supporting the homeless and vulnerable population through meals, clothing, and transitional housing in Anna's Retreat. Hearts in Service hosts a large annual Christmas Feast at Emancipation Garden, serving hundreds of meals to the homeless and community members, including clothes and health

screenings. The organization has recently transitioned from providing immediate emergency relief to long-term stability by opening transition homes in Estate Anna's Retreat. These residences represent the fulfillment of a long-term goal to provide a safe space for individuals to bathe, sleep, and eventually achieve self-sustainability.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	501(c)(3)
Trade Name Registration	N/A
Certificate of Liability Insurance	4/28/2026
Certificate of Good Standing	6/30/2026

AMENDED PAYMENT TERMS

The Lease requires ~~\$12,000.00~~ \$1,200.00 per annum, payable in equal monthly installments of ~~\$1,000.00~~ \$100.00 due on the first of each month after ~~the Construction of twelve (12) months. During the Construction Period of twelve (12) months, there will be a reduced rent of \$100.00 per month, for months one through twelve (1-12). After the first (1st) initial term, and every year after, including the renewal term, the rent shall be adjusted in accordance with the Consumer Price Index, but not more than 3% over any preceding year period. At no time will any rent determined in the above manner be reduced below the annual rent of \$12,000.00.~~ A late charge will be assessed after ten (10) days of the due date for an additional ten percent (10%) of the monthly payment.

~~If the Lessor consents to sublease the Premises or any part thereof, in this agreement, without Lessor's advance written consent, Lessee shall pay to the Lessor an additional amount of 30% monthly of such subleasing income.~~

IMPROVEMENTS

According to the lease terms, the Lessee shall provide the improvements listed below at its own cost and expense, which are estimated to cost approximately Two Hundred Thousand Dollars (\$200,000.00). Improvements to the property include the following:

1. Redesign bath and shower facilities;
2. Renovate kitchen;
3. Redesign/renovate common areas;
4. Upgrade utilities; and
5. Interior and exterior beautification.

The Improvements shall be completed no later than twelve (12) months of the effective date, the twelve-month period referred to herein as the "Construction Period".

Lessee agrees to keep the said Premises and appurtenances as repaired, in a clean, sightly, and tenantable condition, and to return said Premises to Lessor upon the expiration or other termination of this Lease, in as good condition as it was since the last repairs were made, less reasonable wear and tear from intervening use.

LIABILITY INSURANCE

Under the terms of the Lease, the Lessee agrees to:

- Keep in force a policy of public liability and property damage insurance with limits of not less than:
 - One Million Dollars (\$1,000,000.00) property damage,
 - One Million Dollars (\$1,000,000.00) for one person injured or killed, and
 - ~~Three Million Dollars (\$3,000,000.00)~~ **One Million Dollars (\$1,000,000.00)** for any number of persons injured or killed in any one accident.
- All of the said insurance shall be in a form satisfactory to Lessor and shall provide that it shall not be subject to cancellation, termination, or change, except after thirty (30) days' prior written notice to Lessor.

ADDITIONAL INFORMATION

Detailed information on the following items can be found in the attached lease document:

Items	Page
• Improvements	4-5
• Mechanic’s Lien	6
• Insurance and Indemnity	6-7
• Entry by Lessor	7
• Condemnation	7-8
• Cancellation, Termination, Assignment, and Transfers	8-10
• General Terms and Conditions	10-16

EXECUTIVE BRANCH APPROVALS

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Department of Property & Procurement	02/10/2026
Tylor Williams	Assistant Attorney General	Department of Justice	02/11/2026
Honorable Albert Bryan Jr.	Governor	Office of the Governor	03/03/2026

CONCLUSION

The Department of Property and Procurement has amended an executed lease with Hearts in Service Association, Inc., which provides programs and services to eligible populations, including families with children experiencing homelessness, individuals, veterans, and at-risk youth. These services include operating a soup kitchen and in the event of a disaster, allowing the premises to be used as a temporary shelter.

The amendments to the lease include:

1. Removal of transitional housing as a permitted use of the premises;
2. Elimination of the option to renew at the rental rate specified in Paragraph 3.03 (To be deleted in #5);
3. Reduction of the Annual Rent from \$12,000.00 to \$1,200.00 payable in monthly installments of \$100.00;
4. Removal the construction period;
5. Elimination of the rent readjustment provisions;
6. Reduction of required Liability Insurance coverage from \$3,000,000.00 to \$1,000,000.00 per occurrence; and
7. Modification of the insurance submission requirement, changing the deadline from within twenty (20) days of the lease commencement date to within twenty (20) days after the lessee receives occupancy certificates for the premises.

According to the documentation, the amended lease is intended to comply with all applicable and current policies and regulations.



Theodora Philip, DBA.
Post Auditor

APPENDIX I







HISA's FUTURE EXPANSION:
ONE STOP CENTRALIZED TRANSITIONAL HOUSING COMMUNITY



As we look to the future, our aspirations continue to grow. We are excited to share our plans for the expansion of HISA's services through the development of the One Stop Centralized Transitional Housing Community. The project is envisioned as a comprehensive support facility, designed to address the myriad of needs faced by individuals and families