

Testimony of
Vincent Richards

Assistant Commissioner of the Department of Property and Procurement
On behalf of

Lisa M. Alejandro
Commissioner of the Department of Property & Procurement

On

Lease Agreements between the Department of Property and Procurement on behalf of the
Government of the Virgin Islands and Accent Property Management, LLC, Commercial
Investments, LLC, and Submarine Base Warehouse, LLC

Contract of Sale of Real Property Between the Government of the Virgin Islands
and Z Property VI, LLC

Before

Committee on Budget, Appropriations, and Finance

Monday, December 15th, 2025

Earl B. Ottley Legislative Hall
ST. THOMAS, U.S. VIRGIN ISLANDS

Good Morning, Committee Chair Novelle E. Francis, Jr., Vice-Chair Marvin A. Blyden, Committee members – Honorable Senators, Kurt A. Vialet, Dwayne M. DeGraff, Ray Fonseca, Hubert L. Frederick, and Marise C. James, Non-Committee members, Central and Legislative Staff, fellow testifiers, visitors present in the chambers, and members of the viewing and listening audience.

I am Vincent Richards, Assistant Commissioner of the Department of Property and Procurement (DPP). I testify today on behalf of Commissioner, Lisa M. Alejandro, to offer testimony on three proposed Lease Agreements in the St. Thomas/St. John District and a proposed sale of real property in the St. Croix District which are before this Committee for consideration. DPP requests this Committee's, and ultimately the full Senate's approval of these Lease Agreements between the Government of the Virgin Islands ("GVI") and Accent Property Management, LLC (*hereafter "Accent"*) (*Bill No. 36-0199*), Commercial Investments, LLC (*hereafter "Commercial Investments"*) (*Bill No. 36-0204*), and Submarine Base Warehouse, LLC (*hereafter "Subbase Warehouses"*) (*Bill No. 36-0205*) and the Contract of Sale with Z Property VI, LLC (*hereafter "Z Property"*) (*Bill No. BR25-0942*).

I. Bill No. 36-0199 (Accent Property Management, LLC)

The Lease Agreement between the GVI and Accent Property Management, LLC is for Parcel Nos. 123 and 129 Subbase, St. Thomas, U.S. Virgin Islands. Accent will perform major capital improvements to these hurricanes Marilyn, Irma & Maria damaged buildings and will conduct a phased redevelop the property, then establish and manage a slate of subtenants on the Premises.

The term of this Lease Agreement is for thirty (30) years, additional optional terms, if the Lessee is not in default. The annual rent will be **One Hundred Forty-Four Thousand Dollars (\$144,000.00)** annually, but pay a reduced rent during the Construction & Financial Stabilization Period of this Lease. The Lessee will be required to pay Additional Rent of up to Thirty percent (30%) of all base rent collected.

Accent will undertake at its own cost and expense, phased property improvements valued at approximately **Three Million Dollars (\$3,000,000.00)**. On Parcel No. 123 Subbase, Accent will repair the existing building or, if necessary, demolish the structure and construct a new building in its place. On Parcel No. 129 Subbase, the Lessee will renovate the interior and exterior, including roof repairs and the replacement of windows, siding, and doors as needed. When completed, this project will bring an additional 40,000 square feet of warehouse office space back online and into the market.

II. Bill No. 36-0204 (Commercial Investments, LLC)

The Lease Agreement between the GVI and Commercial Investments, LLC is for Parcel No. 30 Submarine Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of a one (1) story building. The property will be used as a logistics storage warehouse and for other related purposes.

This Lease Agreement is for thirty (30) years with renewal options once the Lessee is not in default. The annual rent will be **Sixty Thousand Dollars (\$60,000.00)** in installments of **Five Thousand Dollars (\$5,000.00)** during the term of this Lease. Lessee shall be required to pay reduced rent during a Permitting and Construction Period of up to twelve (12) months. If the Lessee sublease any part or whole of the Premises, they shall pay Additional Rent of up to Thirty percent (30%) of all base rent collected.

Commercial Investments, LLC shall provide at its own cost and expense the following improvements, at an estimated cost of **Five Hundred Thousand Dollars (\$500,000.00)**. The improvements include demolishing and rebuilding the interior office, repairing or replacing the roof, exterior metal wall panels, and insulation, replacing or upgrading plumbing and electrical and HVAC systems, replacing roll-up doors, installing exterior lighting and perimeter fencing, installing a security and surveillance system, a container loading dock, and installation of an emergency generator.

When completed, this project will bring an additional 4,500 square feet of warehouse, office space back online and into the market.

III. Bill No. 36-0205 (Submarine Base Warehouse, LLC)

The Lease Agreement between the Government of the Virgin Islands and Submarine Base Warehouse, LLC is for Parcel Nos. 12, 12A, and 145 Submarine Base, St. Thomas. Under this agreement, the tenant will develop two brand new bulk storage warehouses, along with parking and other permitted uses on the premises. The lease term is for thirty (30) years, with optional terms if the Lessee is not in default.

The Annual rent is **Thirty-Six Thousand Dollars (\$36,000.00)**, payable in monthly installments of **Three Thousand Dollars (\$3,000.00)**. In addition to the base rent, the Lessee will pay the GVI up to an additional 30% percent of all base rent collected from subtenants.

At its own cost and expense, Submarine Warehouses will demolish derelict structures, clear debris, construct buildings/warehouses, install security fencing, and pave parking areas. When completed,

this project will bring **over 30,000 square feet of new warehouse and flexible space** into a market that is already experiencing a significant shortage of commercial and industrial properties.

When completed, this project will bring an additional 30,000 square feet of new warehouse and flexible space online into an already tight commercial and industrial zoned market inventory, helping to meet the growing demand for modern business and recovery infrastructure on St. Thomas.

The inclusion of a **revenue-sharing component** from subtenant base rent ensures that the GVI benefits not only from base rent, but also from the commercial success of the development. This performance-based provision incentivizes the Lessee to maintain high occupancy and ensures a growing, diversified revenue stream for the government over time.

These structured rent schedules are both prudent and feasible as it balances immediate fiscal responsibility with long-term economic and infrastructural gains for the GVI. By providing a reduced construction period rent during the earlier years, the agreements allow the Lessees to direct critical capital toward site preparation and development costs—including demolition, debris removal, and construction of modern warehouse facilities. This front-loaded investment phase is essential to transforming currently underutilized government property into productive, revenue-generating assets.

Collectively, these projects will bring approximately **45,000 square feet of badly needed Warehouse & Office space** back into the market, helping to strengthen the commercial and industrial capacity of Subbase. Just as importantly, they will improve the look and feel of the area while supporting the growing number of disaster recovery and reconstruction projects we expect to see over the next decade. These investments will create opportunities for locally owned businesses and help address the shortage of quality commercial space in the St. Thomas District.

These locally driven, developments align perfectly with the larger revitalization efforts that the Government of the Virgin Islands and VI Port Authority will soon undertake in the Subbase area. Together, they represent a transformative step toward rebuilding and reenergizing this vital district. At the end of their lease terms, the properties will be returned to the Government in greatly improved condition. For these reasons, the Department of Property and Procurement respectfully requests that the Committee on Budget, Appropriations, and Finance vote in favor of these lease agreements, which will help unlock the true value of these GVI-owned properties and strengthen our territory's future.

IV. Bill Request No. BR25-0942 (Z Property VI, LLC)

The Government of the United States Virgin Islands through its Department of Property and Procurement (DPP) seeks legislative approval sell **Parcel 20-A Hospital Street, Christiansted, St. Croix**, to **Z Property VI, LLC**, for the agreed purchase price of **Two Hundred Sixty Thousand Dollars (\$260,000.00)**.

Parcel 20-A Hospital Street was acquired by the Government of the Virgin Islands in 1997 through a Deed of Gift from Ms. Gwyneth Francis Civil. Since its acquisition, the property has remained unmaintained and has not served any active governmental purpose. Over nearly three decades, the parcel has continued to deteriorate due to inactivity, creating both maintenance burdens and liability concerns for the Government.

Z Property VI, LLC expressed an interest in purchasing the parcel for redevelopment, and the GVI has no current or future need for the subject property. This expression of interest aligned with the Government's objectives to encourage investment, restore vitality in the Christiansted area, and transition unused government-owned properties into productive and beneficial use.

Although 31 V.I.C. § 205 does not require three appraisals as part of the disposition process for government property, to support the evaluation process, the Department engaged three independent appraisers to determine the fair market value of the parcel in the interest of transparency, accuracy, and thorough review.

Z Property VI, LLC agreed to pay **Two Hundred Sixty Thousand Dollars (\$260,000.00)**. This agreed purchase price provides a substantial financial benefit to the Government. To further demonstrate commitment, the buyer remitted an earnest deposit of **Twenty-Six Thousand Dollars (\$26,000.00)** to the Department.

The sale eliminates a longstanding public liability. The property's deteriorated condition poses risks and requires ongoing maintenance that the Government can avoid by transferring ownership to a capable private developer. The financial return is exceptionally favorable to the GVI. The redevelopment of Parcel 20-A will provide economic and community benefits, such as increased economic activity, improved public safety, and enhanced appearance of the surrounding area. Additionally, the property has no identified present or future governmental use, making continued retention unnecessary. Finally, the Department has followed all appropriate procedures, including appraisal review, legal examination, and financial vetting, and has adhered to all statutory and regulatory requirements pertaining to the disposition of government-owned property.

Based on the financial advantages, community benefits, buyer qualifications, and lack of government need for the property, the Department of Property and Procurement strongly recommends approval of **Bill No. BR25-0942**. The sale of Parcel 20-A Hospital Street to Z Property VI, LLC will eliminate a Government liability, generate substantial revenue for the Territory, advance redevelopment objectives for Christiansted, and convert an abandoned parcel into a productive community asset. This transaction is prudent, responsible, and clearly in the best interest of the Government and the people of the Virgin Islands.

In our capacity as custodian of all properties owned by the Government of the Virgin Islands, the Department of Property and Procurement—under Commissioner Lisa M. Alejandro remains committed to working collaboratively with this esteemed body. We appreciate the opportunity to conduct site inspections alongside committee members prior to the consideration of these lease agreements, thereby ensuring full transparency and procedural integrity.

I am pleased to affirm that each prospective Lessee has submitted all requisite documentation and has indicated full compliance with the terms and conditions of their proposed leases, including all licenses, insurance obligations and mandated development plans. Their diligence underscores the strength of the partnerships being forged between the Department, local business owners, and the broader development community.

Through these strategic collaborations, the Department of Property and Procurement will advance the rehabilitation and adaptive reuse of long-vacant Government properties. This undertaking is not merely an administrative exercise; it is a tangible demonstration of our enduring commitment to revitalizing underutilized assets and contributing meaningfully to the sustained economic recovery and future prosperity of the Virgin Islands.

Chairman and Members of the Committee, thank you for the opportunity to present this testimony and for your consideration of this legislation. I stand ready to answer any questions you may have regarding these leases and this sale.

Thank you for your consideration. This concludes my Testimony, and I am prepared to answer any questions the Committee may have regarding the proposed Lease Agreements.
