



Legislature of the Virgin Islands

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POST AUDIT DIVISION

August 20, 2026

MEMORANDUM

TO: Senator Novelle E. Francis, Jr.
Chairperson
Committee on Budget, Appropriations, and Finance
36th Legislature

FROM: Post Audit Division

SUBJECT: Lease Agreement

LESSOR: Department of Property and Procurement

LESSEE: Eight One Subbase, LLC

PREMISES : Parcel No. 81A-Revised, Submarine Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of 8,189 U.S. sq. ft., or 0.188 U.S. acre(s) of improved land more-or-less, which is zoned 1-2 for "Light Industry"; and

Parcel No. 81B-(Revised) Submarine Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, comprising of approximately 20,402 U.S. sq. ft., or 0.4684 U.S. acre(s) of improved land more-or-less, which is zoned 1-2 for "Light Industry."

TERM: The lease shall have a term of twenty (20) years, commencing on the first day of the month following approval by the Legislature of the Virgin Islands, with an option to renew for three additional 10-year terms;

PURPOSE: The property will be used to develop and operate a mobile vendor food court, including related amenities such as a bar, restroom, parking areas, and storage facilities, and to manage a slate of subtenants

LEASE SUMMARY

BACKGROUND: Eight One Subbase proposes the development of *Reggae Food Yard*, a dedicated mobile food van courtyard in Subbase, St. Thomas, designed to provide a vibrant, affordable, and welcoming culinary destination for residents and visitors alike.

Strategically located on a hill overlooking the Crown Bay Cruise Ship Dock, the project, which features designated parking, shaded seating, entertainment, and utility connections, will capitalize on local traffic, port activity, and tourist movement while supporting small businesses, local cuisine, entrepreneurship and community-oriented gathering.

Honorable Novelle E. Francis, Jr.
Lease Agreement between Property & Procurement and Eight One Subbase, LLC

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	4/15/2025 -4/30/2026
Certificate of Good Standing	6/30/2026

PAYMENT TERMS

The lease requires an annual rent of Twelve Thousand Dollars (\$12,000), payable in equal monthly installments of One Thousand Dollars (\$1,000), due on the first day of each month after the permitting and construction period of thirty- six (36) months; of which, there will be a reduced rent of:

- \$100.00 per month, for months one through eighteen (1-18),
- \$500.00 per month, for months nineteen through thirty-six (19-36),

After the first month of the initial term, and every year thereafter, including any renewal term, the rent will be adjusted based on the Consumer Price Index. As an additional rent, the Lessee agrees to pay the Government an amount equal to a percentage of all base rent actually received by the Lessee from any subleases.

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 Five Hundred Thousand Dollars (\$500,000.00). Improvements to the property include the following:

1. Obtain all required permits;
2. Remove and dispose derelict articles;
3. Clear brush and excavate site (81A and B);
4. Install Electrical & Plumbing utility infrastructure;
5. Construct Structures (or Erect Modular Structures);
6. Install an emergency generator; and
7. Erect Security Fencing, Security and Surveillance system lighting, and access controls.

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
 - 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.

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ADDITIONAL INFORMATION

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

Items	Page
• Improvements	15 – 17
• Mechanic's Lien	17
• Insurance and Indemnity	17 – 18
• Entry by Lessor	18
• Condemnation	18-19
• Cancellation, Termination, Assignment, and Transfers	19 – 21
• General Terms and Conditions	22 – 25

EXECUTIVE BRANCH APPROVALS

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Dept. of Property & Procurement	04/01/2026
Rhea C. Gordon Esq	Attorney General Nominee	Department of Justice	04/17/2026

ANALYSIS

The proposed Reggae Food Yard represents an estimated *\$575,000 private investment* to develop the leased government property in Subbase, St. Thomas. According to the proposal, the project would be financed through private equity and potential conventional lending, SBA financing, VIEDA funding, grants, and vendor co-investment.

The estimated development costs include:

- \$200,000 for site preparation and infrastructure
- \$100,000 for sub-lessor improvements
- \$100,000 for utilities
- \$50,000 for a generator/related equipment
- \$50,000 for seating, shading, landscaping and signage
- \$15,000 for permits and legal expenses
- \$10,000 for marketing and branding
- \$50,000 is being budgeted for contingency

For a total estimated investment of \$575,000.

The proposed revenue model is based primarily on vendor lease fees, with eight vendors paying \$1,000 per month, generating an estimated \$96,000 annually. The proposed, is also projecting \$12,000 to \$24,000 annually from events and other activities, for an estimated gross revenue of approximately \$100,000 to \$125,000.

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CONCLUSION

Bill No. 36-0339 presents an opportunity to activate an underutilized property while supporting local entrepreneurship, small businesses, and tourism. The development of a dedicated mobile food van courtyard in Subbase would provide a structured and welcoming space for residents and visitors while complementing the area's existing commercial and port activity.

Given its strategic location overlooking the Crown Bay Cruise Ship Dock and its proposed amenities, the project has the potential to contribute to economic activity and create a vibrant community gathering space. Accordingly, the proposed lease merits consideration, provided that the terms adequately protect the interests of the Government of the Virgin Islands and ensure the property's productive and responsible use.

A handwritten signature in blue ink, appearing to read 'Theodora Philip, DBA', with a long horizontal flourish extending to the right.

Theodora Philip, DBA
Post Auditor

Honorable Novelle E. Francis, Jr.
Lease Agreement between Property & Procurement and Eight One Subbase, LLC

Exhibit A



Exhibit B



Honorable Novelle E. Francis, Jr.
Lease Agreement between Property & Procurement and Eight One Subbase, LLC

Exhibit C



Exhibit D



Exhibit E



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Exhibit G

The accompanying generated images are conceptual renderings intended to illustrate the proposed development and do not represent final architectural plans or existing site conditions.

