



Legislature of the Virgin Islands

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POST AUDIT DIVISION

July 29, 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: Renewal to Lease Agreement

LESSOR: Department of Property & Procurement

LESSEE: K9's on Patrol Service, Inc. assigned to Paradise Paws VI, LLC.

PREMISES: Parcel No. 180-1 Submarine Base, No. 6 Southside Quarter, St. Thomas, Virgin Islands, consisting of approximately 49,317.7 sq. ft. and a portion of Parcel No. 180-3 Submarine Base, No. 6 Southside Quarter, St. Thomas, Virgin Islands, consisting of approximately 62,808.1 sq. ft.

TERM: Ten (10) year period, with an option to renew for four (4) 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: The properties will be utilized for the operation of a K9 kennel, training facility for the dogs, retail sales and office, warehouse facility, and any other related activities.

LEASE SUMMARY

BACKGROUND: **Bill No. 36-0331** Paradise Paws VI, LLC is a locally owned pet care business that has served the United States Virgin Islands since 2014, building on operations that began in 2006 as K9's on Patrol Service Inc. The company provides comprehensive pet care services, including boarding, obedience training, pet sitting, doggy daycare, shipping coordination, and personal protection training, with a commitment to delivering safe, reliable and compassionate care for pets throughout the territory.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	3/31/2027
Trade Name Registration	N/A
Certificate of Liability Insurance	3/3/2027
Certificate of Good Standing	6/30/2026

PAYMENT TERMS

The Lease requires \$48,000.00 per annum, payable in equal monthly installments of \$4,000.00 due on the first of each month for the first five (5) years. During the Construction Period of eighteen (18) months, a reduced rent of two thousand (\$2,000.00) shall be paid. After the first (1st) five (5) years of the 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 5% over any preceding year period. At no time will any rent determined in the above be reduced below the annual rent of \$48,000.00. A late charge will be assessed after ten (10) days of the due date for an additional ten percent (10%) of the monthly payment.

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 Three Hundred Fifty Thousand Dollars (\$350,000.00). Improvements to the property include the following:

1. Erect a perimeter fencing and warehouse facility;
2. Construct kennels, including but not limited to installing piping, fencing, gravel and concrete blocks, although the kennels are removable;
3. Erect office structure/trailer;
4. Install lighting throughout the premises; and
5. Landscaping of the premises.

The Improvements shall be completed within eighteen (18) months of the effective date, 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:
 - Three Hundred Thousand Dollars (\$300,000.00) property damage,
 - Three Hundred Thousand Dollars (\$300,000.00) for one person injured or killed, and

- Five Hundred Thousand Dollars (\$500,000.00) 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	7 – 9
• Mechanic's Lien	9
• Insurance and Indemnity	10
• Entry by Lessor	11
• Condemnation	11 – 12
• Cancellation, Termination, Assignment, and Transfers	12 – 13
• General Terms and Conditions	14 – 17

EXECUTIVE BRANCH APPROVALS

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Department of Property & Procurement	5/19/2026
Tylor Williams	Assistant Attorney General	Department of Justice	5/27/2026
Honorable Albert Bryan, Jr.	Governor	Office of the Governor	

CONCLUSION

The original lease agreement established a minimum annual rental payment of **\$48,000**. Amendment No. 1 revised the renewal provision by increasing the available renewal options from **four (4) additional five (5)-year terms to eight (8) additional five (5)-year terms**. However, the amendment did not alter the minimum annual rental requirement or any other financial terms of the lease.

According to the Department of Property and Procurement's **FY 2027 Budget Presentation, Paradise Paws VI, LLC pays \$1,767.22 per month, or \$21,206.64 annually**, which is **\$26,793.36 less than the minimum annual rent** required under the initial lease agreement.

During the review, no executed lease amendments were provided to support a reduction in the annual rental amount. Although the Department submitted requests to exercise three of the available renewal options, no fully executed documents acknowledging or approving the renewal requests were provided. **Furthermore, the extension documents reviewed do not bear the signature of the Governor**, indicating that the renewals were not fully executed. In the absence of executed renewal documents and any amendment modifying the rental amount, there is insufficient evidence to support the reduced annual rent reflected in the FY 2027 Budget Presentation.

Honorable Novelle E. Francis, Jr.

Lease Agreement between Property & Procurement and Paradise Paws VI, LLC.

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Accordingly, the Department should provide fully executed renewal documents or other legal authority supporting both the current lease term and the annual rental amount. *If such documentation cannot be produced, the Department should reconcile the discrepancy between the contractual minimum annual rent of \$48,000 and the reported annual rental payment of \$21,206.64 and determine whether corrective action is necessary to ensure compliance with the terms of the lease agreement.*

A handwritten signature in blue ink, appearing to read 'Theodora Philip, DBA.', with a stylized flourish at the end.

Theodora Philip, DBA.
Post Auditor

APPENDIX I

