



Legislature of the Virgin Islands

P.O. Box 1690, Emancipation Garden Station
St. Thomas, U.S. Virgin Islands 00804

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POST AUDIT DIVISION

January 15, 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: DM Hospitality, LLC.

PREMISES: Parcel No. 2C Crystal Gade, Queen's Quarter, St. Thomas, U.S. Virgin Islands, consisting of a two (2) story building residing on 967 U.S. sq. ft. or 0.22 U.S. acre (s) of improved land more-or-less; and

A port of Parcel No. 3 Crystal Gade, Queen's Quarter, St. Thomas, U.S. Virgin Islands, consisting of a two (2) story building of 1,650 U.S. sq. ft. or 0.037 U.S. acre(s) of improved land more-or-less.

TERM: Thirty (30) year period, with an option to renew for two (2) ten (10) 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 for the operation a food and beverage management company, including a bakery and deli, a jewelry business management company and other related business purposes.

LEASE SUMMARY

BACKGROUND: DM Hospitality, LLC has been a locally owned and operated business in the United States Virgin Islands since 2020, specializing in property management, hospitality services, and event planning. The company currently manages Magens Bay Beach Club, Pink Lotus, and Island Grind Wine, Coffee, and Cafe.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	1/31/2026
Trade Name Registration	N/A
Certificate of Liability Insurance	N/A
Certificate of Good Standing	6/30/2026

PAYMENT TERMS

The Lease requires \$12,000.00 per annum, payable in equal monthly installments of \$1,000.00 due on the first of each month after the Construction and Stabilization Rent Period of one hundred and twenty (120) months. During the Construction Period of thirty-six (36) months, there will be a reduced rent of:

- \$100.00 per month, for months one through twelve (1-12) and
- \$300.00 per month, for months thirteen through thirty-six (13-36).

During the Stabilization Period, of eighty-four (84) months, lessee shall pay a reduced rent of:

- \$600.00 per month, for months thirty-seven through one hundred twenty (37-120).

After the first (1st) ten (10) 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 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 Fifty Thousand Dollars (\$250,000.00). Improvements to the property include the following:

1. Obtain all required permits and specifically approval of the Historic Preservation Committee (if required);
2. Repair or renovate the building as needed, interior, electrical, plumbing, HVAC and mechanical systems as needed; and
3. Install an emergency backup generator, security lights and cameras.

The Improvements shall be completed no later than thirty-six (36) 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.

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Lease Agreement between Property & Procurement and DM Hospitality, LLC.

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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.

ADDITIONAL INFORMATION

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

Items	Page
• Improvements	5-6
• Mechanic's Lien	6
• Insurance and Indemnity	7-8
• Entry by Lessor	8
• Condemnation	8-9
• Cancellation, Termination, Assignment, and Transfers	9-11
• General Terms and Conditions	11-15

EXECUTIVE BRANCH APPROVALS

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Department of Property & Procurement	12/2/2025
Daniel Morris	Assistant Attorney General	Department of Justice	12/11/2025
Honorable Albert Bryan Jr.	Governor	Office of the Governor	12/12/2025

CONCLUSION

The Department of Property and Procurement has signed a lease with DM Hospitality, LLC to renovate and operate a food and beverage management company with a bakery and deli, and a jewelry business management company. According to documents, this agreement complies with all relevant updated policies and regulations. Based on this confirmation, the Post Audit Division recommends the approval of the lease between the Department of Property and Procurement and DM Hospitality, LLC.



Theodora Philip, DBA.

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Post Auditor

APPENDIX I

US Virgin Islands

June 2, 2025

**PARCEL NO. 2C CRYSTAL GADE, AND PORTION OF PARCEL NO. 3 CRYSTAL GADE,
QUEENS QUARTER, USVI**



EXHIBIT B



**MAP FOR REFERENCE ONLY
NOT A LEGAL DOCUMENT**

US Virgin Islands makes no claims and no warranties,
expressed or implied, concerning the validity or accuracy of
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Geometry updated 04/2025
Data updated 09/2024

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October 27, 2025

**ACCESS TO PARCELS NO. 2A, 2B, & A PORTION OF 3 CRYSTAL GADE, AND A
PORTION OF NO. 2B COMMANDANT GADE, QUEENS QUARTER ST THOMAS VI**



EXHIBIT C



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