

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, Submarine Base Warehouse, LLC, and DM Hospitality, LLC

Before

Committee on Budget, Appropriations, and Finance

Tuesday, February 3rd, 2026

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. Violet, Dwayne M. DeGraff, Ray A. Fonseca, Hubert L. Frederick, and Marise C. James, Esq., 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 (the Department). I appear today on behalf of Commissioner, Lisa M. Alejandro, to offer testimony on four proposed Lease Agreements in the St. Thomas/St. John District, which are before this Committee for consideration. The Department 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*), Submarine Base Warehouse, LLC (*hereafter "Subbase Warehouses"*) (*Bill No. 36-0205*), and *DM Hospitality, LLC (hereafter "DM Hospitality") (BR25-0956).*

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 redevelopment of the property. Accent will then establish and manage a slate of subtenants on the Premises.

The term of this Lease Agreement is for thirty (30) years, with 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** the Lessee will 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 from its subtenants.

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 of the building, repair the roof and replace the windows, wooden building siding, and doors. When completed, this project will bring an additional 40,000 square feet of warehouse & office space back online and into the market.

Accent and the Department executed a one-year lease agreement, during which Accent has already expended tens of thousands of dollars in removing over a dozen derelict vehicles, boat, and appliances dumped on the property, as well as installing a gate to control unauthorized access.

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 subleases any part or whole of the Premises, they shall pay Additional Rent of up to Thirty percent (30%) of all base rent collected from its subtenants.

Commercial Investments 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 roof, repairing or replacing exterior metal wall panels, and insulation, upgrading dated plumbing, electrical & HVAC systems, replacing rollup doors, installing exterior lighting and perimeter fencing, installing a security and surveillance system, and installation of an emergency generator.

When completed, this project will bring an additional 4,500 square feet of warehouse and 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 buildings, to be used as a bulk storage warehouse and or flex space 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, Subbase Warehouses will pay the GVI up to an additional 30% percent of all base rent collected from subtenants.

Subbase Warehouses, at its own cost and expense, will demolish the current derelict structures, clear debris, immediately saving the GVI an estimated \$250,000.00 - it previously planned to spend, now redirecting those funds to the acquisition of alternative properties. Submarine Warehouses is also required to install security fencing and repave the parking areas.

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

VI. Bill Request No. BR25-0956 (DM Hospitality, LLC)

The Lease Agreement between the GVI and DM Hospitality, LLC (DM Hospitality) is for Parcel No. 2C Crystal Gade and a portion of Parcel No. 3 Crystal Gade, Queen's Quarter, St. Thomas, U.S. Virgin Islands. Both properties consist of two-story buildings where the Lessee will operate a food and beverage management company with a bakery and deli, jewelry business management, and other related purposes.

The term of this Lease Agreement is for thirty (30) years, with additional optional terms, if the Lessee is not in default. The annual rent will be **Twelve Thousand Dollars (\$12,000.00)**. A reduced rent will be paid during the Construction & Stabilization Period of this lease while DM Hospitality will undertake, at its own cost and expense, phased property improvements valued at approximately **Two Hundred Fifty Thousand Dollars (\$250,000.00)**.

This structure is located within the historic town of Charlotte Amalie; thus, the improvements are all subject to the approvals of the Historic Preservation Committee. DM Hospitality has previously renovated multiple buildings and spaces within the district. Their latest project is the opening of the Island Grind located on Main Street, featuring a deli, café, and wine bar offerings.

As outlined in the Lease, DM Hospitality's repairs or renovations include the exterior, interior, electrical, plumbing, HVAC, and other mechanical systems like an emergency backup generator, security lighting, and cameras.

This project will restore and repurpose another underutilized property within the GVI's real estate portfolio, contributing to economic activity, preservation of a historic asset, and the continued revitalization of Charlotte Amalie.

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. These phased projects are essential to transforming currently underutilized government property into productive, revenue-generating assets.

Collectively, these projects will bring approximately 74,500 square feet of desperately needed warehouse space to the market, strengthening our commercial and industrial capacity. Just as importantly, they will enhance the appearance and functionality of their surrounding areas while supporting the growing demand generated by disaster recovery and reconstruction efforts anticipated over the next decade. These investments will create meaningful opportunities for locally based developers and locally owned businesses, while helping to address the shortage of quality commercial space within the St. Thomas District.

These locally driven developments align seamlessly with the broader revitalization initiatives the Government of the Virgin Islands and the Virgin Islands Port Authority plan to undertake in the Subbase area. Together, they represent a transformative step toward rebuilding and reenergizing this critical district. At the conclusion of the lease terms, the properties will be returned to the Government in significantly 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 unlock the full value of GVI-owned properties and strengthen the long-term future of our territory.

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