



Legislature of the Virgin Islands

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POST AUDIT DIVISION

January 13, 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: Submarine Base Warehouse, LLC.

PREMISES: Parcel No. 12 and 12A Submarine Base, Crown Bay Fill No. 6 Southside Quarter, St. Thomas, United States Virgin Islands, consisting of a combined 20,423 U.S. sq. ft. or 0.469 U.S. acre(s) of land more-or-less; *and* Parcel No. 145 (Consolidated) (Crown Bay Fill) Submarine Base No.6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of approximately 39,756 U.S. sq. Ft. or 0.91 U.S. acre of improved land.

TERM: Thirty (30) year period, with an option to renew for three (3) additional terms of ten (10) years commencing on the first day of the month following approval by the Legislature of the Virgin Islands.

PURPOSE: These properties will be utilized for bulk storage, establishing a slate of subtenants on the premises, parking, and other permitted purposes contingent on the lessee's ability to obtain and maintain required permits, licenses, and any required rezoning of the Premises to a zoning designation compatible to the intended operations.

LEASE SUMMARY

BACKGROUND: Submarine Base Warehouse, LLC is a locally owned and operated business in the U.S. Virgin Islands, dedicated to redeveloping derelict government-owned properties into a vibrant commercial corridor. Bill No. 36-0205 aims to provide bulk storage facilities, modern commercial spaces for subtenants, and parking within the Subbase container port.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	4/30/2026
Trade Name Registration	N/A
Certificate of Liability Insurance	03/19/2026
Certificate of Good Standing	6/30/2026

PAYMENT TERMS

The Lease requires annual rent of \$36,000.00, payable in equal monthly installments of \$3,000.00 due in advance of the first day of each month following the Construction Period, which is forty-eight (48) months. During the Construction Period, rent will be reduced to \$1,000.00 per month, for months one through twenty-four (1-24); and \$2,000 for months twenty-five through forty-eight (25-48). *Under this lease, a 200% rent increase will apply if the Lessee enters a hold over period for renewals or extensions.*

The Lessee has the right to sublease all or any portion of the Premises with the prior written consent of the Lessor. As additional rent, the Lessee agrees to pay the Lessor a revenue share equal to a percentage of all base rent received from any sublease agreement, as set forth below:

- a. Five percent (5%) of all base rent actually collected monthly by Lessee per month from the first (1st) year through the fifth (5th) year of the initial term.
- b. Ten percent (10%) of all base rent actually collected monthly by Lessee per month from the sixth (6th) year through the tenth (10th) year of the initial term.
- c. Fifteen percent (15%) of all base rent actually collected monthly by Lessee per month from the eleventh (11th) year through the fifteenth (15th) year of the initial term.
- d. Twenty percent (20%) of all base rent actually collected monthly by Lessee per month from the sixteenth (16th) year and continuing through the renewal terms.

Beginning after the fourth (4th) year of the initial term, and annually thereafter, including during any renewal term; the rent shall be adjusted in accordance with the Consumer Price Index, provided that any increase shall not exceed 3% over the rent of the preceding year.

A late charge equal to ten percent (10%) of the monthly payment will be assessed on any rent not paid within ten (10) days after the due date.

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 Million Dollars (\$ 2,000,000.00).

1. Demolish and/or repair derelict structures;
2. Clear premises of debris,
3. Design and build additional warehouse;
4. Repair and/or erect security fencing as needed; and
5. Pave parking area

Honorable Novelle E. Francis, Jr.
Lease Agreement between Property & Submarine Base Warehouse, LLC.
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The Improvements shall be completed no later than forty-eight (48) months of commencement date of this lease “Construction Period”.

Additionally, upon completion of any improvements on the premises, the Lessee shall notify the Lessor, who shall notify the Tax Assessor. The Lessee shall pay all taxes, assessments, and other charges assessed during the term of the Lease by the Office of the Lieutenant Governor or the Tax Assessor.

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	4-5
• Mechanic’s Lien	6
• Insurance and Indemnity	7-8
• Entry by Lessor	8
• Condemnation	8
• Cancellation, Termination, Assignment, and Transfers	9-10
• General Terms and Conditions	11-14

EXECUTIVE BRANCH APPROVALS

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

CONCLUSION

The Department of Property and Procurement has executed a lease agreement with Submarine Base Warehouse, LLC for the renovation and repurposing of the premises into bulk storage facilities, modern commercial spaces for subtenants, parking, and other permitted uses. The property is currently occupied by the Bureau of Motor Vehicles and LAS Cargo.

Documentation confirms that the agreement complies with all applicable policies and updated regulatory requirements. Based on this verification, the Post Audit Division recommends approval of the lease between the Department of Property and Procurement and Submarine Base Warehouse, LLC.

A handwritten signature in blue ink, appearing to read 'Theodora Philip, DBA'.

Theodora Philip, DBA.
Post Auditor

APPENDIX I

PROJECT OVERVIEW

FLEXIBLE COMMERCIAL-RETAIL- OFFICE-WAREHOUSE BUILDING

This proposed building site was previously destroyed and has long been underutilized. It is situated on a major roadway in and out of the Subbase area.

SBW proposes to develop this site by constructing an aesthetically pleasing 6,000 sq. ft. building with a flexible floor plan, that can be built out to the subtenants' specific needs. The building will bring well maintained, affordable & additionally needed space to the Subbase area. This location when developed will offer ideal spaces for local and visitor-targeted retail, office and commercial businesses. The facility will include an emergency standby generator and a roof-mounted solar array to offset utility costs.

SBW is interested in a 50-year ground lease, and optional terms, with an incremental base rent. This project can be completed within 18-24 months after it is CZM permitted. Planned improvements will enhance the general appearance of the Subbase area, create needed leasable space in the area, generate new permanent jobs all expanding the GVI tax base.



- See above illustrations of potential floor space configurations -

NO. 12 & 12A SUBBASE

6000 SQ FT FLEXIBLE COMMERCIAL-OFFICE-RETAIL-WAREHOUSE BUILDING



Current view of No. 145 SubBase



PARCELS NO. 145 SUBBASE

Parcel No. 25

NEW CONSTRUCTION OF BUILDING A ELEVATION RENDERING

Building A is the former site of a warehouse that was destroyed in 2017. SBW proposes to rebuild a steel framed warehouse building on the site within the footprint of the old building. The 6000 sq. ft. building will be divided into four (4) 1500 sq ft individual bays with a loading dock, and restrooms. An emergency generator will also be installed to support the property, and a roof-mounted solar array to offset utility costs.

We anticipate this building, and its spaces can offer alternate locations to current tenants of VI Port Authority, who are to be soon displaced by the planned redevelopment and expansion of the Crown Bay Cruise Facility.



COMPLETE REDESIGN & NEW CONSTRUCTION BUILDING A