



# Legislature of the Virgin Islands

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## POST AUDIT DIVISION

March 4, 2025

### MEMORANDUM:

**TO:** Honorable Novelle E. Francis, Jr.  
Chairperson,  
Committee on Budget, Appropriations and Finance  
36<sup>th</sup> Legislature of the Virgin Islands

**FROM:** Post Audit Division

**SUBJECT:** Lease Agreement

**LESSOR:** Department of Property & Procurement

**LESSEE:** Tropical Marine, Inc.

**PREMISES:**

- a. Parcel No. 37-1 Estate Nadir, No. 2 Red Hook Quarter, St. Thomas, United States, Virgin Islands consisting of 20,908.8 U.S. sq. ft. or 0.48 U.S. acres more-or-less, and
- b. A portion of unsurveyed Estate Nadir, No. 2 Red Hook Quarter, St. Thomas, U.S. Virgin Islands, consisting of 7,083 U.S. sq. ft. or 0.163 U.S. acre(s) of land more-or-less.

**TERM:** Fifty (50) 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:** The property will be used for the operation of a retail shop, commercial spaces, marine engine repair shop, the import of sale of goods, parking lot, and for other related purposes.

### LEASE SUMMARY

**BACKGROUND:** Tropical Marine, Inc. is a long standing corporation doing business in the U.S. Virgin Islands whose purpose is to operation of a retail shop, commercial spaces, marine engine repair shop, the import of sale of goods, parking lot, and for other related purposes.

### REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	8/31/2025
Trade Name Registration	N/A
Certificate of Liability Insurance	7/22/2025
Certificate of Good Standing	6/30/2025

### PAYMENT TERMS

The lease requires an annual rent of \$30,000, payable in equal monthly installments of \$2,500, due on the first day of each month during the term of the lease. During the 24-month construction period, the rent will be reduced to \$2,000 per month for the first 24 months. If all the improvements specified in the lease are completed before the end of the construction period, the full annual rent of \$30,000 will begin in the month immediately following the completion of the improvements. After the second year of the initial term, and every year thereafter, the rent will be adjusted based on the Consumer Price Index, but the increase will not exceed 3% over the previous year's rent. Additionally, the rent will never be reduced below the original annual rent of \$30,000. A late charge of 10% of the monthly payment will be assessed if the rent is not paid within ten (10) days of 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 Eight Million Four Hundred Dollars (\$8,400,000.00). Improvements to the property include the following:

- a. Remove debris;
- b. Construct driveway and parking area;
- c. Install security fencing and lighting; and
- d. Build an adjacent boat dock and boardwalk.

The improvements shall be completed no later than twenty-four (24) months after the Commencement Date of this Lease ("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:
  - 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**

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

<b>Items</b>	<b>Page</b>
• Improvements	4-5
• Mechanic’s Lien	6
• Insurance and Indemnity	6-7
• Entry by Lessor	7
• Condemnation	7-8
• Cancellation, Termination, Assignment, and Transfers	8-10
• General Terms and Conditions	10-14

**EXECUTIVE BRANCH APPROVALS**

<b>Signee</b>	<b>Title</b>	<b>Department</b>	<b>Date of Signature</b>
Lisa M. Alejandro	Acting Commissioner	Department of Property & Procurement	12/16/2024
Sean P. Baily	Assistant Attorney General	Department of Justice	12/30/2024
Honorable Albert Bryan Jr.	Governor	Office of the Governor	1/15/2025

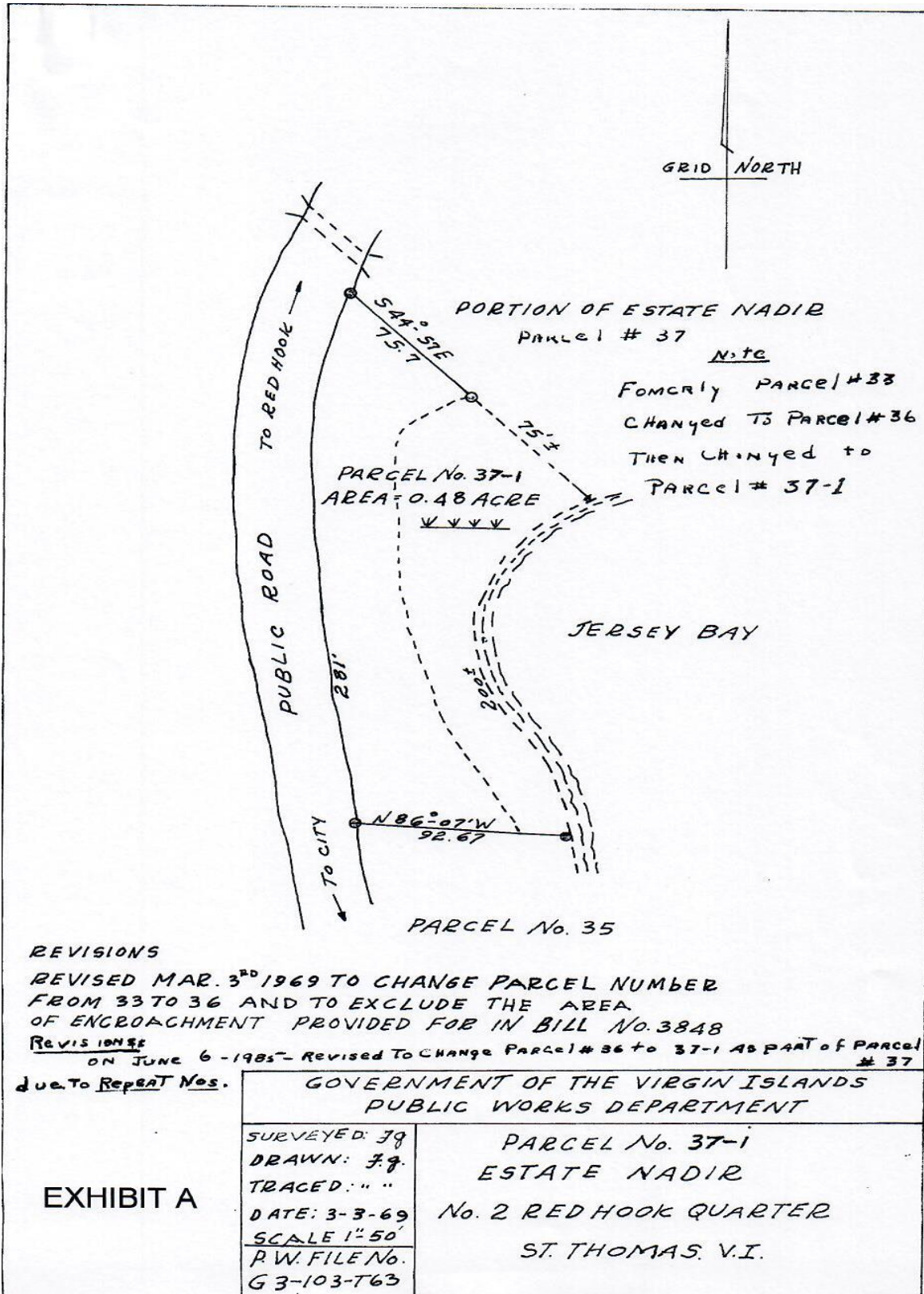
**CONCLUSION**

The Department of Property and Procurement has entered into a lease agreement with Tropical Marine, Inc. for the operation of a retail shop, commercial spaces, a marine engine repair shop, the import and sale of goods, as well as a parking lot and other related activities. The Department of Property and Procurement has confirmed that the terms and conditions of this lease are consistent with those applied in other similar leases issued by the Department. According to the Department, this agreement complies with all relevant 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 Tropical Marine, Inc.



Nikia A. Fleming  
Acting Post Auditor

APPENDIX I









A PORTION OF UNSURVEYED ESTATE NADIR, NO. 2 RED HOOK QUARTER, ST. THOMAS, VI



# EXHIBIT C



**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 the GIS data presented on this map.

Geometry updated 06/2023  
Data updated 06/2023

Print map scale is approximate.  
Critical layout or measurement activities should not be done using this resource.