



Legislature of the Virgin Islands

P.O. Box 1690, Emancipation Garden Station

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POST AUDIT DIVISION

November 13, 2025

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.

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. BR-25-0757 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	N/A
Certificate of Good Standing	6/30/2025

PAYMENT TERMS

The Lease requires annual rent of \$12,000.00, payable in equal monthly installments of \$1,000.00 due in advance of the first day of each month following the Construction Period, which is thirty-six (36) months. During the Construction Period, rent will be reduced to \$500.00 per month, beginning in the thirteenth calendar month of the initial term. ***The Lessee will not be charged any rent during the first calendar year of the term.***

A master lease agreement which allows for subleasing portions of the premises, the Lessee will pay the Lessor an additional amount equal to thirty percent (30%) of all base rent (as defined in each subtenant's lease agreement) actually collected from all subtenants on the premises. Paid on or before the 15th calendar day of each succeeding calendar month, no additional rent shall apply to any revenues derived from portions of the premises' income that result from improvements made by the Lessee.

Beginning after the first (1st) 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

The Improvements shall be completed no later than thirty-six (36) months of the effective date, the thirty-six 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

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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

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	6/12/2025
Lauren Doudreaux	Assistant Attorney General	Department of Justice	6/7/2025
Honorable Albert Bryan Jr.	Governor	Office of the Governor	7/25/2025

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. Under the agreement, the lessee will not remit payments until the property is formally acquired, and retains the option to terminate the lease if acquisition cannot be completed within a reasonable timeframe. 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', with a stylized flourish at the end.

Theodora Philip, DBA.
Post Auditor

APPENDIX I



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