



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

November 11, 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: PEO Productions, LLC d/b/a WSTA Radio

PREMISES:

- a. Parcel No. 121 Submarine Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of approximately 12,160.35 sq. ft. or 0.279 acres of improved land more or less, and
- b. Parcel No. 167 Sub Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of approximately 2,971.58 sq. ft. or 0.0682 acres of improved land more or less; and
- c. Parcel No. 171 Sub Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of approximately 1,437.75 sq. ft. or 0.033 acres of improved land more or less.

TERM: Twenty (20) year period, with an option to renew for two (2) five (5) 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 to operate a radio station and radio tower, and for other related purposes.

LEASE SUMMARY

BACKGROUND: PEO Productions, LLC, operating as WSTA Radio, is a locally owned radio station in the U.S. Virgin Islands. As the first station to broadcast in the territory, WSTA offers a full-service variety format and is well-known for its commitment to community engagement and public service, often continuing operations during major hurricanes.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	4/30/2025
Trade Name Registration	3/01/2027
Certificate of Liability Insurance	3/12/2026
Certificate of Good Standing	6/30/2025

PAYMENT TERMS

The Lessee shall pay to the Lessor an annual rent of \$30,000, payable in equal monthly instalments of \$2,500, due on the first day of each month, commencing after the Construction Period of twenty-four (24) months.

During the Construction Period, the Lessee shall pay a reduced rent of \$1,000 per month for a period not to exceed twenty-four (24) months.

If the lease is assigned or transferred, the Assignee shall pay the Lessor an annual rent of \$90,000, payable in equal monthly instalments.

Beginning after the first year of the initial term and continuing annually thereafter, the rent shall be adjusted according to the Consumer Price Index (CPI). Any such increase shall be capped at three percent (3%) of the preceding year's rent. Under no circumstances shall the rent be reduced below the original annual amount of \$30,000.

A late fee of ten percent (10%) of the monthly payment shall apply if rent is not received 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 One Hundred Thousand Dollars (\$100,000.00). Improvements to the property include the following:

- a. Security Fencing;
- b. Repair Roofing; and
- c. Install hurricane shutters.

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

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 goof 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	5
• Insurance and Indemnity	6
• Entry by Lessor	7
• Condemnation	7-8
• Cancellation, Termination, Assignment, and Transfers	8-10
• General Terms and Conditions	10-14

EXECUTIVE BRANCH APPROVALS

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Department of Property & Procurement	3/19/2025
Lauren Doudreaux	Assistant Attorney General	Department of Justice	3/26/2025
Honorable Albert Bryan Jr.	Governor	Office of the Governor	4/1/2025

ANALYSIS

WSTA Radio, known as “The People’s Station” is a historic radio station licensed in St. Thomas U.S. Virgin Islands. Serving as the territory’s primary entry point station in the Emergency Alert System, it plays a critical role in ensuring residents receive vital information during emergencies. Previously owned by Ottley Communications Corporation, the station now operates as PEO Productions, LLC and maintains a full-service variety format, featuring a mix of music, news, and talk programming.

Based on budgetary information submitted in prior years to the Post Audit Division by the Department of Property & Procurement, the previous rental rates for Parcels No. 121, 167 and 171 – comprising the radio station, parking area, and tower site, respectively – are provided in the following table.

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Category	Amount
Rent Range from 1996 – 2021*	\$898.00 - \$1,078.82
New Rent Amount	\$2,500.00
Min. - Max. Increase	\$1,421.18 - \$1,602.00
Min. - Max. % Increase	131.7% - 178.4%

* The rent range was based on the Lease Agreement between Property and Procurement and Ottley Communications.

Bill No. 36-0089 proposes an amended lease agreement establishing a 24-month construction period during which the Lessee will pay a reduced rent of \$1,000 per month. A sound and forward-thinking accommodation, the measure balances fiscal responsibility with practical support for development, allowing necessary capital improvements while acknowledging the upfront financial demands of construction.

In conjunction with this accommodation, Subsection (a) of Section 3.01 introduces a 200% escalation in rent from **\$30,000 to \$90,000 annually if the lease is reassigned or transferred**. This serves as a safeguard to protect the Government's interests. While the base lease terms are intended to support a community-serving local broadcaster, the rent increase deters speculative or profit-driven transfers that could allow private entities to benefit from publicly subsidized terms. Should a transfer occur, the increased rent ensures the public continues to receive fair market value for the use of government owned property.

However, this provision directly conflicts with Section 9.04, which expressly prohibits any assignment or transfer of the lease without the Lessor's prior written consent. This deviation from standard leasing practices historically administered by the Department of Property and Procurement raises questions of enforceability and intent. If transfers are prohibited, imposing a financial penalty for an action that cannot legally occur is redundant and potentially misleading.

Further complicating the matter, Section 9.05, which addresses subleasing, requires the Lessee to remit an additional 30% of monthly sublease income to the Lessor as supplemental rent. This introduces a third, and potentially conflicting, financial consequence related to third party use of the premises. The coexistence of a \$90,000 escalation under Section 3.01 (a) and the 30% surcharge under Section 9.05 creates ambiguity regarding enforcement, potential overlap of penalties, and overall intent.

These contradictions should be clarified to ensure coherent enforcement, transparency in financial obligations, and alignment with established leasing policies and practices.

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CONCLUSION

The proposed 20-year lease between the Department of Property and Procurement and PEO Productions, LLC, operating as WSTA Radio, seeks to formalize the continued use of government property for the operation of a radio station, transmission tower, and related facilities. WSTA Radio, a locally owned station, plays a vital role in enhancing community awareness, delivering public service programming, and maintaining operations during emergencies and natural disasters. As such, the lease would support the continuity of a critical public communications resource within the Territory.

The lease's combination of development-phase flexibility and long-term fiscal safeguards represents a balanced approach of supporting small business growth while protecting the government's financial and property interests. The 200% rent escalation clause applicable upon reassignment or transfer serves as a reasonable deterrent against unauthorized or speculative transactions.

However, prior to approval, clarification should be provided regarding the interaction between this escalation clause and existing restrictions on lease assignments and subleasing to ensure internal consistency and enforceability.

Subject to this clarification, the Post Audit Division supports *approval* of the lease agreement.

A handwritten signature in blue ink, appearing to read 'Theodora Philip, DBA', with a horizontal line extending to the right.

Theodora Philip, DBA.
Post Auditor

APPENDIX I



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May 13, 2025

