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 PEO Productions, LLC d/b/a WSTA Radio, Accent Property Management, LLC, Commercial Investments, LLC, and Submarine Base Warehouse, LLC

Before

Committee on Budget, Appropriations, and Finance

Monday, November 17th, 2025

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. Vialet, Dwayne M. DeGraff, Ray A. Fonseca, Hubert L. Frederick, and Marise C. James, 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 Virgin Islands Department of Property and Procurement (DPP). 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. Today, DPP requests this Committee's, and ultimately the full Senate's approval of the Lease Agreements between the Government of the Virgin Islands ("GVI") and PEO Productions, LLC d/b/a WSTA Radio **(*hereafter "PEO Productions"*) (*Bill No. 36-089*)**, Accent Property Management, LLC ***(hereafter "Accent") (Bill No. 36-0199),*** Commercial Investments, LLC ***(hereafter "Commercial Investments) (Bill No. BR25-0692),*** and Submarine Base Warehouse, LLC ***(hereafter "Subbase Warehouses") (Bill No. BR25- 0757).***

These Lease Agreements all require legislative approval in accordance with 31 V.I.C. § 205(c). The term will commence on the first (1st) day of the month following the approval of the Legislature of the U.S. Virgin Islands. As the premises owner, DPP will be required to execute all permits and licenses required for the premises. These Lessees have provided the required documentation to support the processing of their respective Lease Agreements with the Government, including but not limited to their respective Business License and Certificate of Good Standing.

I. **Bill No. 36-0089 (PEO Productions, LLC d/b/a WSTA Radio)**

This Lease Agreement between the GVI and PEO Productions, LLC d/b/a WSTA Radio is for ***Parcel Nos. 121, 167, and 171 Submarine Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands.*** The term of this Lease Agreement is for twenty (20) years and provides for a renewal option of two (2) additional terms of five (5) years each.

PEO Productions shall use the properties to continue to operate a radio station and radio tower. The annual rent will be **Thirty Thousand Dollars ($30,000.00)**, payable at the monthly rate of **Two Thousand Five Hundred Dollars ($2,500.00)** during the term of this Lease.

The Lessee during the Construction Period of twenty-four (24) months shall be required to pay reduced rent in the amount of **One Thousand Dollars ($1,000.00)** per month. The rent payable under this Lease shall be adjusted after the first (1st) year of the Initial Term, and every year thereafter, including any Renewal Term, in accordance with the increase of the Consumer Price Index ("CPI").

As part of the consideration for this Lease Agreement, PEO Productions will provide at its own cost and expense improvements to the premises, at an estimated cost of **One Hundred Thousand Dollars ($100,000.00).** The improvements include roofing repair, hurricane shutters installation and security fencing.

II. 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 -Yes Marilyn-, Irma & Maria impaired Premises and will redevelop the property in phases, then establish and manage a slate of subtenants on the Premises.

The term of this Lease Agreement is for thirty (30) years, with renewal options of three (3) additional ten (10) year terms, if the Lessee is not in default. The annual rent will be **One Hundred Forty-Four Thousand Dollars ($144,000.00)** in installments of **Twelve Thousand Dollars ($12,000.00)** during the term of this Lease. The annual rent shall commence after the Construction & Financial Stabilization Period of sixty (60) months or less. Lessee will be required to pay reduced rent during the Construction & Financial Stabilization Period of **Six Thousand Dollars ($6,000.00)** per month for months one through twenty-four (1-24) and **Nine Thousand Dollars ($9,000.00)** per month for months twenty-five through sixty (25-60) of this Lease.

If the Lessor consents to sublease portions of the Premises, Lessee shall pay to the Lessor an Additional Rent of up to Thirty percent (30%) of all base rent collected by Lessee. Rent will also be subject to annual adjustment based on the Consumer Price Index.

Accent will undertake at its own cost and expense, phased property improvements valued at a minimum of One Million Dollars ($1,000,000.00). On Parcel No. 123 Subbase, the Lessee will repair the existing building or, if necessary, obtain all required permits and approvals to demolish the existing structure and construct a new building in its place. On Parcel No. 129 Subbase, which contains two existing buildings, the Lessee will renovate both the interior and exterior, including roof repairs and the replacement of windows, siding, and doors as needed.

When completed, this assemblage will bring an additional 20,000 square feet of warehouse, and office space back online and into the market.

III. Bill No. BR25-0692 (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.

The term of this Lease Agreement is for thirty (30) years with renewal options of two (2) additional ten (10) year terms, if the Lessee is not in default. The annual rent will be **Forty-Eight Thousand Dollars ($48,000.00)** in installments of **Four Thousand Dollars ($4,000.00)** during the term of this Lease. Lessee shall be required to pay reduced rent during a Permitting and Construction Period of up to twenty-four (24) months, of **Five Hundred Dollars ($500.00)** per month. If the Lessor consents to sublease the Premises, Lessee shall pay to the Lessor an Additional Rent of up to Thirty percent (30%) of all base rent collected by Lessee. Rent will also be subject to annual adjustment based on the Consumer Price Index**.**

Commercial Investments, LLC shall provide at its own cost and expense the following improvements, at an estimated cost of **Six Hundred Thousand Dollars ($600,000.00)**. The improvements include demolishing and rebuilding the interior office, repairing or replacing the roof, exterior metal wall panels, and insulation, replacing or upgrading plumbing and electrical and HVAC systems, replacing rollup doors, installing exterior lighting and perimeter fencing, installing a security and surveillance system, container loading dock, and installation of an emergency generator and optional solar panels with battery system.

When completed, this project will bring an additional 4,500 square feet of warehouse, office space back online and into the market.

IV. Bill Request No. 25-0757 (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**,** No. 6 Southside Quarter, St. Thomas. Under this agreement, the Lessee will develop two bulk storage warehouses, along with parking and other permitted uses on the premises. The lease term is for thirty (30) years**,** with the option to renew for three (3) additional ten-year terms**.**

The annual rent is **Twelve Thousand Dollars ($12,000.00)**, payable in monthly installments of **One Thousand Dollars ($1,000.00)**. However, during the first year of the lease, no rent will be paid, and beginning in the thirteenth month, a **(CZM) Permitting and Construction period** rent of $500.00 per month will apply through the thirty-sixth month**.** In addition to the base rent, the

Lessee will pay additional rent equal to 30% percent of all base rent collected from subtenants, which will be remitted monthly to the Government. Rent will also be subject to annual adjustment based on the Consumer Price Index**.**

At its own cost and expense, Subbase Warehouses will invest approximately Two Million Dollars ($2,000,000.00) to demolish derelict structures, clear debris, construct new bulk storage warehouses, install security fencing, and pave parking areas. When completed, this project will bring **over 30,000 square feet of new warehouse and flexible space** into a market that is already experiencing a significant shortage of commercial and industrial properties.

DPP in three of these lease agreements included a **scaled revenue-sharing component** from subtenant rent revenue. This ensures that the GVI benefits not only from a fixed rent rate, but also from the ongoing commercial success of these developments. 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 they balance immediate fiscal responsibility with long-term economic and infrastructural gains for the GVI. DPP also provided a rent abatement and/ or Permitting & Construction-Period Rent which allows the Lessee to direct critical capital toward site preparation and development costs—including permitting, demolition, debris removal, and construction of modern warehouse facilities. Concessions made in these kinds of front-loaded investment phased projects are essential to transforming currently underutilized government property into productive, revenue-generating assets.

Collectively, these projects will bring approximately **45,000 square feet of badly needed warehouse and office space** back into the market, helping to strengthen the commercial and industrial capacity of Subbase. Just as importantly, they will improve the look and feel of the area while supporting the growing number of disaster recovery and reconstruction projects we expect to see over the next decade. These investments will create opportunities for local businesses and help address the shortage of quality commercial space in the St. Thomas District.

As the custodian of all GVI-owned properties, the Department of Property and Procurement, under the leadership of Commissioner Lisa M. Alejandro, has worked closely with members of this committee to tour these properties in advance of these lease agreements. The prospective Lessees have submitted all required documentation and will comply with the terms of their leases, including insurance and development plans. Through these partnerships, local businesses will rehabilitate and repurpose long-vacant properties - demonstrating their long-term commitment to the Virgin Islands' economic recovery and growth.

These developments align perfectly with the larger revitalization efforts that the Government of the Virgin Islands and VI Port Authority will soon undertake in the Subbase area. Together, they represent a transformative step toward rebuilding and reenergizing this vital district. At the end of their lease terms, the properties will be returned to the Government in greatly 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 help unlock the true value of these GVI-owned properties and strengthen our territory's future.

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.