



Legislature of the Virgin Islands

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POST AUDIT DIVISION

October 15, 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: Lovango Island Holdings, LLP d/b/a The Lovango Resort and Beach Club

PREMISES: Semi-improved Parcel No. 100-1 Estate Nazareth, No. 1 Red Hook Quarter, St. Thomas, Virgin Islands, consisting of 12,600 U.S. sq. ft. or 0.29 U.S. acre of property more-or-less.

TERM: Thirty (30) 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 to operate a receiving terminal, terminal for passengers and freight, marina, ferry landing, retail, offices, laundry, parking facilities, staff housing, and other support services, and all other ancillary thereto.

LEASE SUMMARY

BACKGROUND: Lovango Island Holdings, LLP has an established development history in the U.S. Virgin Islands dating to 2019. Its resort operations have contributed to the expansion of the Territory's hospitality offerings. Its purpose is to operate a receiving terminal, terminal for passengers and freight, marina, ferry landing, retail, offices, laundry, parking facilities, staff housing, and other support services, and all other ancillary thereto.

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d/b/a The Lovango Resort and Beach Club

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	12/31/2026
Trade Name Registration	2/12/2032
Certificate of Liability Insurance	6/01/2027
Certificate of Good Standing	6/30/2027

PAYMENT TERMS

The lease requires an annual rent of \$60,000, payable in equal monthly installments of \$5,000, due on the first day of each month during the term of the lease. Lessee shall pay a reduced rent of \$2,000.00 per month for months one through sixty (1-60). The Reduced Rent Period will not be available or extended beyond the sixty (60) months. After the tenth (10th) year of the initial term, and every year thereafter, including any renewal term, 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 \$60,000. A late charge will be assessed, including but not limited to reasonable repair costs and attorney fees, if the rent is not paid within ten (10) days of the due date.

In the event that the Lessor consents to sublease the Premises or any part thereof, as a part of the consideration for the Lessee's Improvement to the premises in this agreement, Lessee shall pay to the Lessor an additional amount of:

- a. Zero percent (0%) 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. Twenty percent (20%) 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. Thirty percent (30%) of all base rent actually collected monthly by Lessee per month from the fifteenth (15th) year and continuing through the initial term and renewal terms.

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 Three Million Dollars (\$3,000,000.00). Improvements to the property include the following:

1. Rebuild the adjacent dock as shown in the plan and subject to the terms and conditions of any Major Coastal Zone Permit to be issued by the Department of Planning and Natural Resources;
2. Demolish existing wooden structures;
3. Enhance current landscaping, security fencing, and lighting;
4. Construct the following in accordance with Exhibit B (attached hereto);
 - a. Build a parking lot and receiving area;
 - b. Construct a reception guest facility;
 - c. Construct a two (2) level reception building with employee quarters;
 - d. Construct a two (2) level logistical support building with employee quarters;

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- e. Security fencing and lighting;
- f. Landscaping;
- g. Install an emergency generator.

The improvements shall be completed no later than sixty (60) 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
 - Two Million Dollars (\$2,000,000.00) 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	6 – 9
• Mechanic’s Lien	10
• Insurance and Indemnity	10 – 11
• Entry by Lessor	12
• Condemnation	12 – 13
• Cancellation, Termination, Assignment, and Transfers	13 – 15
• General Terms and Conditions	16 – 20

EXECUTIVE BRANCH APPROVALS

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Department of Property & Procurement	12/16/2024
Daniel Morris	Assistant Attorney General	Department of Justice	12/30/2024
Honorable Tregenza A. Roach	Lieutenant Governor/Acting Governor	Office of the Governor	1/15/2025

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CONCLUSION

The Department of Property and Procurement has entered into a lease agreement with Lovango Island Holdings, LLP d/b/a The Lovango Resort and Beach Club for the operation of a receiving terminal, terminal for passengers and freight, marina, ferry landing, retail, offices, laundry, parking facilities, staff housing, and other support services, and all other ancillary thereto. The proposed multi-year lease agreement between the Government of the Virgin Islands and Lovango Island Holdings, LLP presents an opportunity to redevelop underutilized waterfront property in Red Hook, St. Thomas, while improving maritime transportation infrastructure and supporting tourism-related commercial activities. The proposed \$3 million investment could enhance the property's economic utility, improve passenger and freight handling, and provide modernized facilities to support operations associated with The Lovango Resort and Beach Club. The agreement also provides a recurring source of rental revenue, potential additional revenue from qualifying subleases, and eventual government ownership of permanent improvements.

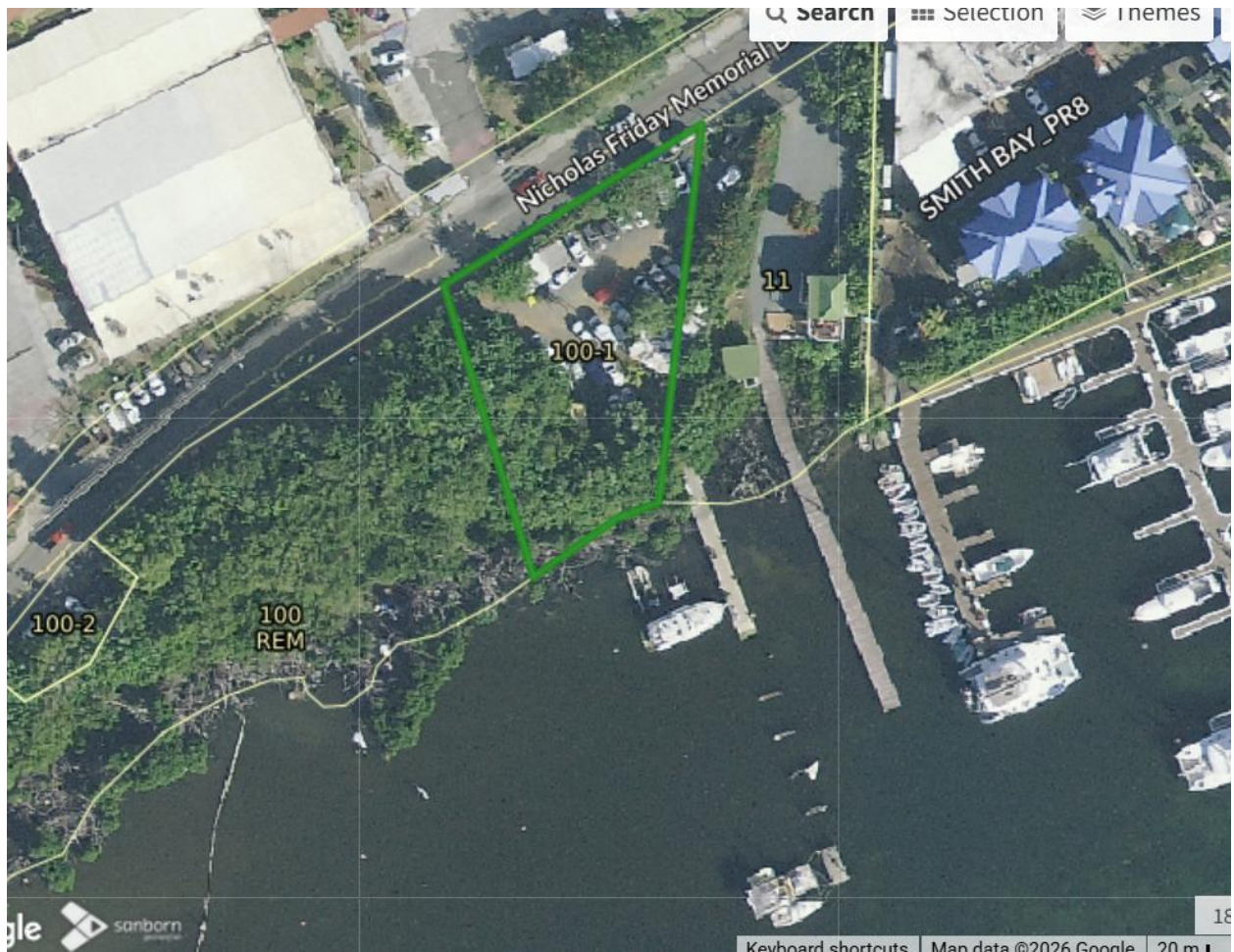
A handwritten signature in blue ink, appearing to read 'Theodora Philip, DBA', with a stylized flourish at the end.

Theodora Philip, DBA.
Post Auditor

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APPENDIX I



Honorable Novelle E. Francis, Jr.

**Lease Agreement between Property & Procurement and Lovango Island Holdings, LLP
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APPENDIX II

1 Reception Building: 2 story building with receiving, office, staff apartment. 2 Manager Apartment: Manager apartment above a carport. 3 Waiting Pavilion: Rebuild previous outdoor covered waiting area above existing piles. 4 Dock: Rebuild existing dock and add 4 finger piers on south side.	