Legislature of the Virgin Islands

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POST AUDIT DIVISION

September 25, 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: Kobe Holdings, Ltd.

PREMISES: **a.** Parcel No. 35F Estate Nisky, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of 18,077.4 U.S. sq. ft. or 0.415 U.S. acre of unimproved land more-or-less; and

b. Unsurveyed portion of Submarine Base, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of 6,411 U.S. sq. ft. or 0.147 U.S. acre(s) of unimproved land more-or-less.

TERM: Twenty (20) 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 commercial leasing and for other permitted purposes.

LEASE SUMMARY

BACKGROUND: Kobe Holdings, Ltd. is a locally owned and operated company doing business in the U.S. Virgin Islands since 2022, with the purpose of operating commercial spaces and other related purposes.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	2/28/2026
Trade Name Registration	N/A
Certificate of Liability Insurance	11/2/2025
Certificate of Good Standing	6/30/2026

PAYMENT TERMS

The lease requires an annual rent of $24,000, payable in equal monthly installments of $2,000, 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 $1,000 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 $24,000 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 $24,000. 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 One Hundred Fifty Thousand Dollars ($150,000.00). Improvements to the property include the following:

1. Excavation;
2. Mobile Office;
3. Equipment Maintenance & Storage Shed;
4. Security Fencing and Lighting; and
5. Concrete Parking Area.

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
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	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

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Department of Property & Procurement	6/3/2025
Lauren Doudreaux	Assistant Attorney General	Department of Justice	6/6/2025
Honorable Albert Bryan Jr.	Governor	Office of the Governor	6/10/2025

CONCLUSION

The Department of Property and Procurement has entered into a lease agreement with Kobe Holdings, Ltd. for the purpose of conducting commercial leasing and related activities. Kobe Holdings, Ltd. has submitted an updated Certificate of Good Standing, valid through June 30, 2026. The Department has verified that the terms and conditions of this lease are consistent with those of similar agreements issued by the Department and confirms that the lease complies all applicable 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 Kobe Holdings, Ltd.

Theodora Philip, DBA.
Post Auditor

APPENDIX I

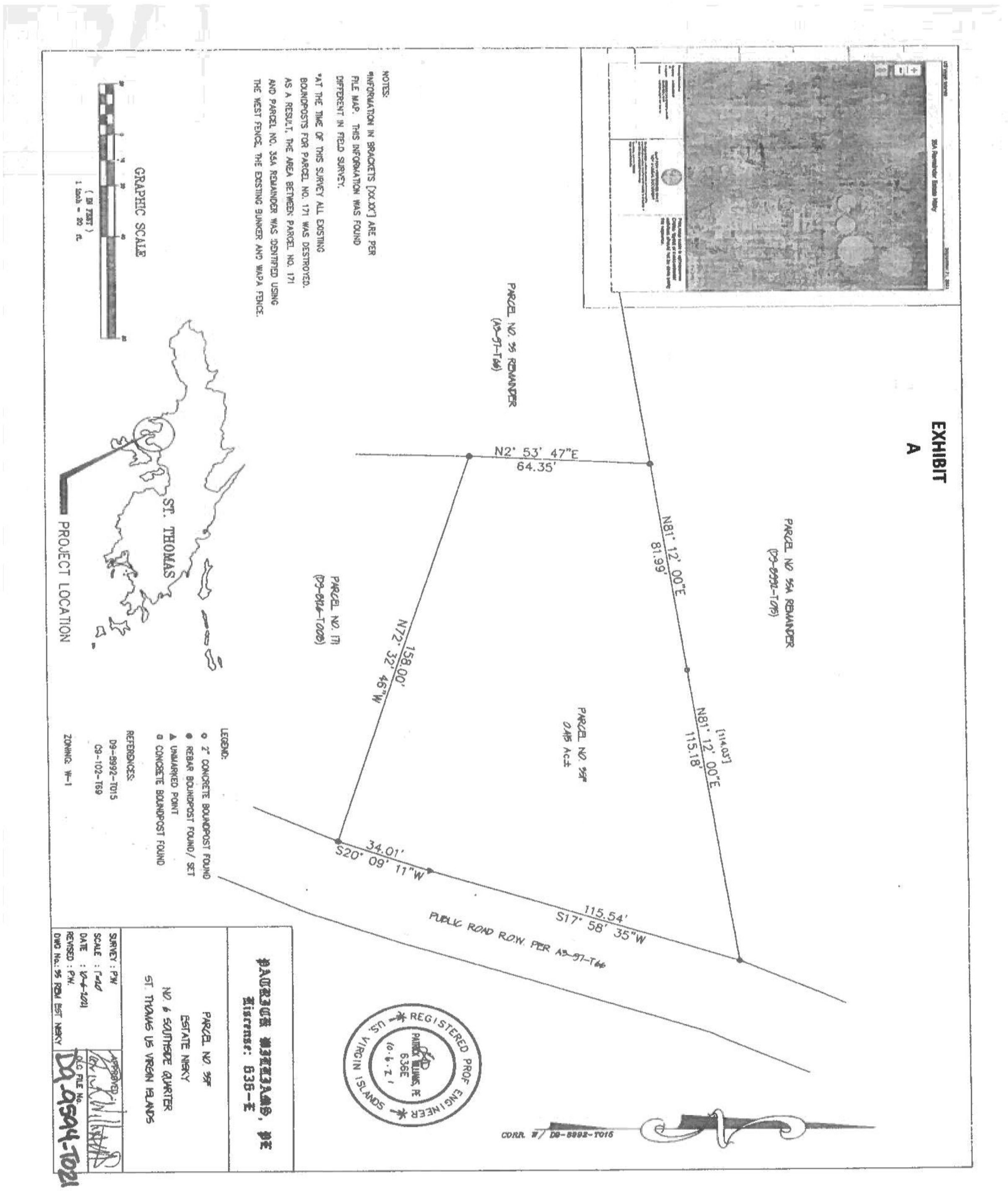
EXHIBIT A
N2° 53' 47"E
64.35'
N81° 12' 00"E
81.99'
N81° 12' 00"E
115.18'
[114.03']
N72° 32' 46"W
158.00'
34.01'
S20° 09' 11"W
115.54'
S17° 58' 35"W
ST. THOMAS
PROJECT LOCATION
GRAPHIC SCALE
ZONING: W-1
CORR. W/ D9-8892-T015

US Virgin Islands

March 13, 2025

UNSURVEYED PORTION OF SUBMARINE BASE, ST. THOMAS, VI

EXHIBIT B
6,411 SQ. FT.
MORE-OR-LESS

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 09/2024
Data updated 09/2024

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