



Legislature of the Virgin Islands

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POST AUDIT DIVISION

June 14, 2024

MEMORANDUM:

TO: Honorable Donna A. Frett-Gregory
Chairperson, Committee on Budget, Appropriations & Finance
35th Legislature of the Virgin Islands

FROM: Post Audit Division

SUBJECT: Lease Agreement

LESSOR: Department of Property & Procurement

LESSEE: Sanchez Ventures, LLC

PREMISES: Parcel No. 1 Estate Contant, No. 7B Southside Quarter, St. Thomas, Virgin Islands consisting of 7,202 U.S. sq. ft. or 0.165 U.S. acres of improved land more-or-less.

Parcel Nos. 194-2 and 194-2A Estate Altona and Welgunst, Crown Prince Quarter, St. Thomas, Virgin Islands consisting of 2,064.39 U.S. sq. ft. and 6,855.4 U.S. sq. ft. respectively, or a combined total of 8,889.79 U.S. sq. ft. or 0.204 U.S. acres of improved land more-or-less.

Parcel Nos. 10 and 11A Submarine Base, No. 6 Southside Quarter, St. Thomas, Virgin Islands, consisting of 7,002 U.S. sq. ft. and 7,539 U.S. sq. ft. respectively, or a combined total of 14,541 U.S. sq. ft. or 0.333 U.S. acres of improved land more-or-less.

TERM: Thirty (30) year period, with an option to renew for three (3) additional ten (10) year periods. 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 bulk storage depot, construct a warehouse if feasible from an engineering and financial standpoint, commercial, business space, parking, and any other permitted purposes.

LEASE SUMMARY

BACKGROUND No background information was received on this company. This proposed lease agreement will allow Sanchez Ventures, LLC to operate a bulk storage depot, construct a warehouse if feasible from an engineering and financial standpoint, commercial, business space, parking, and any other permitted purposes.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	3/31/2024
Trade Name Registration	N/A
Certificate of Liability Insurance	N/A
Certificate of Good Standing	6/30/2024

PAYMENT TERMS

The Lease requires \$12,000.00 per annum payable in equal monthly installments of \$1,000.00 due on the first day of each month after the construction period of thirty-six (36) months or less has expired. A reduced rent of \$500.00 per month for months one through thirty-six (1-36). After the third (3rd) year of the initial term, and every year after that, the rent shall be adjusted in accordance with the Consumer Price Index but not more than 3% over any proceeding year period. At no time will any rent determined in the above manner be reduced below the annual rent of \$12,000.00. A late charge will be assessed after ten (10) days of the due date for an additional ten percent (10%) of the monthly payment.

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. Conduct a Phase 1 analysis of the Premises;
2. Clear Premises of Vegetation and Debris;
3. Demolish derelict structures and dispose of debris;
4. Apply and secure required CZM permitting;
5. Excavate Premises and Construct Buildings – if deemed feasible by an Engineer;
6. Repair and or erect security fencing; and
7. Pave or gravel the respective parking areas.

The Improvements shall be completed no later than thirty-six (36) months of the effective date, the such thirty-six-month period being 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 of this Lease, in as good condition as it was since the last repairs were made, less reasonable wear and tear from intervening use.

INSURANCE AND INDEMNITY

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 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

Detail information on the following items can be found in the attached lease document:

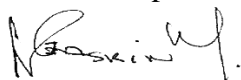
Items	Page
• Improvements	4-6
• Mechanic’s Lien	6
• Insurance and Indemnity	6-7
• Entry by Lessor	8
• Condemnation	8-9
• Cancellation, Termination, Assignment, and Transfers	9-10
• General Terms and Conditions	10-15

EXECUTIVE BRANCH APPROVALS

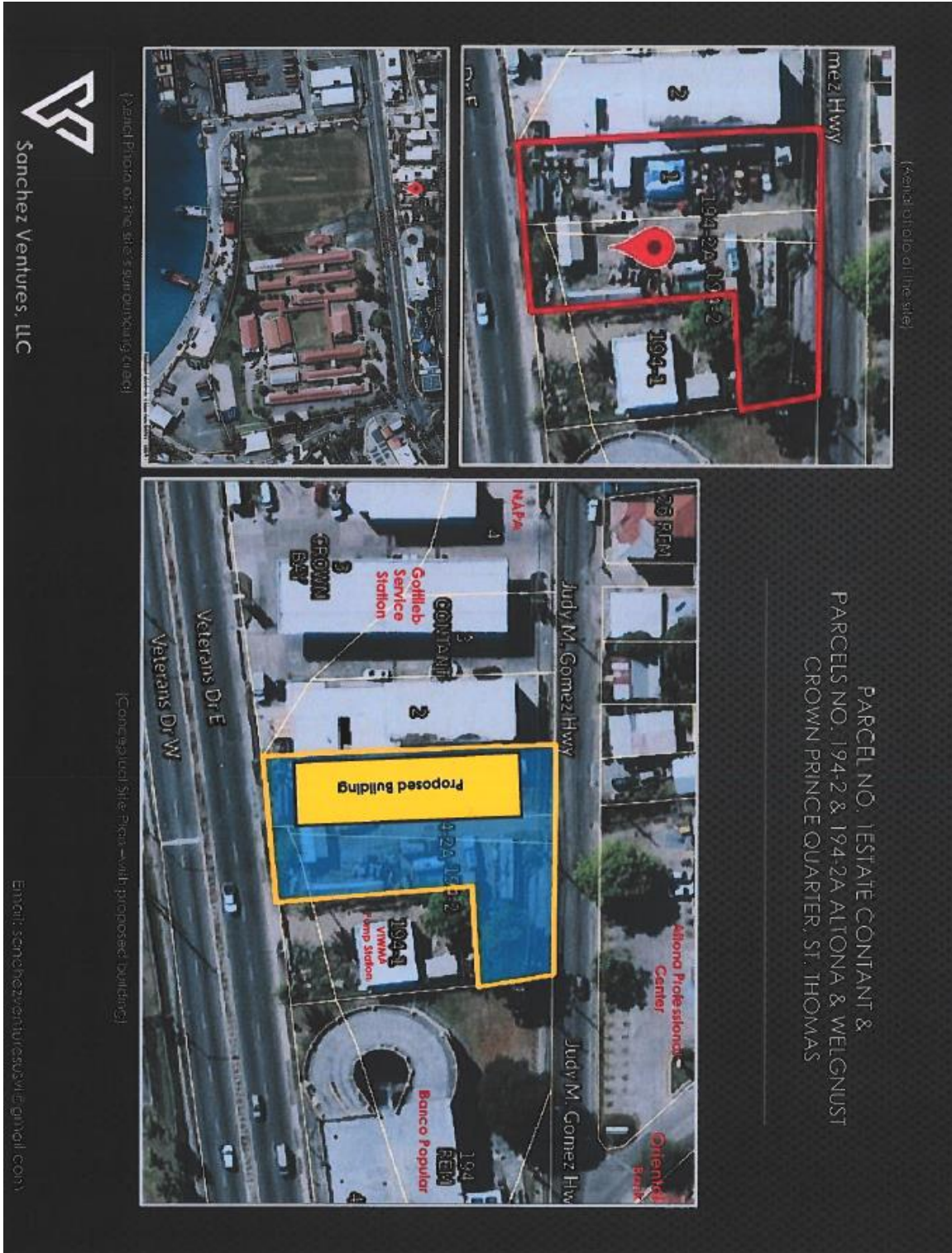
Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Commissioner	Department of Property & Procurement	2/5/2024
Daniel Ryan	Assistant Attorney General	Department of Justice	2/21/2024
Honorable Albert Bryan Jr.	Governor	Office of the Governor	3/4/2024

CONCLUSION

The Department of Property and Procurement has entered into a lease agreement with Sanchez Ventures, LLC lot whose purpose is to operate an equipment and material storage depot yard, construction company office, and for other related purposes. All licenses and certificates were in compliance with the laws and regulations of the Government of the Virgin Islands as of the date of the Governor’s signature but some has since expired. The terms and conditions of the lease are consistent with other leases issued by the Department of Property and Procurement. Therefore, the Post Audit Division recommends approval of this Lease between the Department of Property and Procurement and Sanchez Ventures, LLC once updated supporting documentations are provided.



Wendell M. Gaskin, CFE
Post Auditor





Sanchez Ventures, LLC



[Aerial photo of the proposed building site and the surrounding area]

8,000 SQ. FT. MIXED RETAIL, OFFICE & COMMERCIAL BUILDING



[Aerial photo of the surrounding area]

Email: sanchezventuresusw@gmail.com

