



Legislature of the Virgin Islands

P.O. Box 1690, Emancipation Garden Station
St. Thomas, U.S. Virgin Islands 00804

TEL: (340) 774-2478
FAX: (340) 774-2492

POST AUDIT DIVISION

August 31, 2023

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: Demah, Inc d/b/a Moe's Fresh Market

PREMISES:

- a. Revised Parcel No. 17-3 Remainder Estate Nisky, No. 6 Southside Quarter, St. Thomas, U.S. Virgin Islands, consisting of a 14,491 sq. ft. steel frame structure residing on 31,367 U.S. sq ft or .72 U.S. acres of land as shown on O.L.G Map No. D9-9273-T023, and
- b. Unimproved Parcel 17-4 Estate Nisky, No. 6 Southside Quarter, St. Thomas U.S. Virgin Islands, consisting of 13,207.24 U.S. sq. ft. or .3032 U.S. acre of land more-or-Less, as shown on O.L.G. Map No. D9-6302-T97;

TERM: Twenty (20) year period, with an option to renew for four (4) 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 for operating a gourmet retail food market and store, butchery, importer of goods, restaurant, tobacco retailer, storage warehouse, and executive offices, executive and workforce suites, and for other permitted purposes.

LEASE SUMMARY

BACKGROUND No background information was received on this company. This proposed lease agreement will allow Demah, Inc d/b/a Moe's Fresh Market to operate a gourmet retail food market and store, butchery, importer of goods, restaurant, tobacco retailer, storage warehouse,

and executive offices, executive and workforce suites, and for other permitted purposes.

REQUIRED SUPPORTING DOCUMENTATION

DOCUMENT	EXPIRATION DATE
Business License	Not received
Trade Name Registration	Not received
Certificate of Liability Insurance	Not received
Certificate of Good Standing	Not received

PAYMENT TERMS

The Lease requires \$120,000.00 per annum payable in equal monthly installments of \$10,000.00 due on the first day of each month during the term thereof. Lessee shall pay a reduced rent of \$500.00 per month for the first six (6) months of the Initial Term (the "Permitting Period"), and \$1,000.00 per month, for months seven through thirty-six (7-36) of the Initial Term (the "Construction Period"). If lessee begins warehouse and/or retail operations on the premises during this Construction Period, Lessee shall pay rent in the amount of \$3,000.00 per month between the first (1st) day of the commencement of such operation through the end of the Construction Period. Lessee shall be required to pay \$6,000.00 per month for months thirty-seven through sixty (37-60) and \$9,000.00 per month for months sixty-one through ninety-six (61-96) of the Initial Term ("Ramp-Up Period Rent"). After the tenth (10th) 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 \$120,000.00. 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 Five Million Dollars (\$5,000,000.00). Improvements to the property include the following:

1. Retail Gourmet Food Market;
2. Central Warehouse, Executive Offices, Workforce Suites; and
3. Asphalt Driveway & Parking Area.

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".

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	7
• Insurance and Indemnity	7-8
• Entry by Lessor	9
• Condemnation	9-10
• Cancellation, Termination, Assignment, and Transfers	10-12
• General Terms and Conditions	12-17

EXECUTIVE BRANCH APPROVALS

Signee	Title	Department	Date of Signature
Lisa M. Alejandro	Acting Commissioner	Department of Property & Procurement	4/3/2023
Carol E. McDonald, Esq.	Assistant Attorney General	Department of Justice	4/13/2023
Honorable Albert Bryan Jr.	Governor	Office of the Governor	6/30/2023

CONCLUSION

The Department of Property and Procurement has entered into a lease agreement with Demah, Inc d/b/a Moe's Fresh Market whose purpose is to operate a gourmet retail food market and store, butchery, importer of goods, restaurant, tobacco retailer, storage warehouse, and executive offices, executive and workforce suites, and for other permitted purposes. **No licenses were included in the packet.** 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 Demah, Inc d/b/a Moe's Fresh Market once all certificates are submitted.



Vincent Samuel
Post Auditor