



# 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  
35<sup>th</sup> Legislature of the Virgin Islands

**FROM:** Post Audit Division

**SUBJECT:** Lease Agreement

**LESSOR:** Department of Property & Procurement

**LESSEE:** Petrus Properties, LLC

**PREMISES:** Parcel No. 47D-1 Kronprindsens Gade, Kronprindsens Quarter, St. Thomas, U.S. Virgin Islands consisting of 11,095 U.S. sq. ft. or 0.254 U.S. acres of improved land more-or-less

**TERM:** Thirty (30) year period, with an option to renew for two (2) 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 build additional commercial leasable space in a proposed two-story commercial building as an annex to Lessee's existing commercial plaza located on adjacent properties.

### LEASE SUMMARY

**BACKGROUND:** No background information was received on this company. This proposed lease agreement will allow Petrus Properties, LLC to build additional commercial leasable space in a proposed two-story commercial building as an annex to Lessee's existing commercial plaza located on adjacent properties.

**REQUIRED SUPPORTING DOCUMENTATION**

<b>DOCUMENT</b>	<b>EXPIRATION DATE</b>
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 \$32,400.00 per annum payable in equal monthly installments of \$2,700.00 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 forty-eight (48) months of the Initial Term (the “Permitting and Construction Period. If lessee begins leasing operations on the premises during this Construction Period, Lessee shall pay rent in the amount of \$2,700.00 per month between the first (1<sup>st</sup>) day of the commencement of such operation through the end of the Construction Period. After the first (1<sup>st</sup>) four (4) years 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 \$32,400.00. 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 One Million Eight Hundred Thousand Dollars (\$1,800,000.00). Improvements to the property include the following:

1. Demolish existing building;
2. Layout and Design new building;
3. Construct a 4,000 sq. ft. two-level building for commercial leasable space;
4. Construct paved parking area, install landscaping.

The Improvements shall be completed no later than forty-eight (48) 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:

<b>Items</b>	<b>Page</b>
• Improvements	4-5
• Mechanic’s Lien	5
• Insurance and Indemnity	5-6
• Entry by Lessor	7
• Condemnation	7-8
• Cancellation, Termination, Assignment, and Transfers	8-10
• General Terms and Conditions	10-14

**EXECUTIVE BRANCH APPROVALS**

<b>Signee</b>	<b>Title</b>	<b>Department</b>	<b>Date of Signature</b>
Anthony D. Thomas	Commissioner	Department of Property & Procurement	2/9/2023
Carol E. McDonald, Esq.	Assistant Attorney General	Department of Justice	2/21/2023
Honorable Albert Bryan Jr.	Governor	Office of the Governor	8/14/2023

**CONCLUSION**

The Department of Property and Procurement has entered into a lease agreement with Pertrus Properties, LLC whose purpose is to build additional commercial leasable space in a proposed two-story commercial building as an annex to Lessee’s existing commercial plaza located on adjacent properties. **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 Pertrus Properties, LLC once all certificates are submitted.



Vincent Samuel  
Post Auditor