

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This **CONTRACT OF LEASE** made and entered into by and between:

GALLERIA DE VIGAN, a duly registered sole proprietorship business entity, organized and existing under Philippine laws with principal office at Poblacion Norte, Santa Maria, Ilocos Sur represented herein by its Owner, **BENJAMIN BENITO F. DOLOR** hereinafter referred to as the "**LESSOR**";

- and -

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation duly registered, organized and existing under Philippine laws with principal office at City State Center Building, 709 Shaw Blvd., cor. Oranbo Drive, Pasig City, represented herein by its Regional Vice President, **ELVIRA C. VER** hereinafter referred to as the "**LESSEE**".

-Witnesseth-

WHEREAS, the **LESSOR** is the registered and absolute owner of **GALLERIA DE VIGAN** situated at Cor. Florentino and A. Reyes Streets, Barangay 1, Vigan City and made available certain areas therein for lease to the **LESSEE**;

WHEREAS, the **LESSEE** is in need of an office building/space that will meet its requirements and conditions for its Local Health Insurance Office, specifically intended to serve the populace of Ilocos Sur and nearby environs;

WHEREAS, the **LESSOR** and the **LESSEE** have agreed to execute a contract of lease covering the **First and Second Levels** of the leased building with an area of 217.44 square meters;

WHEREAS, by virtue of Office Order No.37 s. 2008 dated May 30, 2008, the Regional Vice President has the authority in approving/signing for the lease contracts of office space amounting to Three Million Pesos and below;

WHEREAS, the PRO 1 Bids and Awards Committee (PRO1-BAC) resolved and recommended through BAC Resolution No. 50 s. 2013 dated September 24, 2013 the Award of Contract for the Negotiated Procurement of the Five-Year Lease of Office Space for Ilocos Sur LHIO under BAC-RFQ No. 2013-010 to Galleria De Vigan;

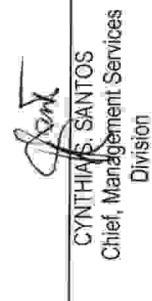
NOW, THEREFORE, for and in consideration of the above premises, the **LESSOR** and the **LESSEE** have mutually agreed, as they hereby agree, to execute this **CONTRACT OF LEASE**, subject to the following terms and conditions, to wit:


Name & Signature
Witness for GALLERIA DE VIGAN


BENJAMIN BENITO F. DOLOR
Owner


JANE C. RAGOS
Fiscal Controller IV


ATTY. MC DONALD B. MALICDEM
Attorney IV


CYNTHIA S. SANTOS
Chief, Management Services
Division


ELVIRA C. VER
Regional Vice President

1. **COVERAGE.** This Contract of Lease covers the office space of the building with a total approximate area of 217.44 square meters, located at Cor. Florentino and A. Reyes Streets, Barangay 1, Vigan City.
2. **LEASE RATE.** The rental rate per month for the first year is **Fifty Five Thousand Forty Pesos (P55,040.00)** inclusive of all government required fees, taxes and maintenance cost, to be paid on or before the tenth (10th) day of the succeeding month upon presentation of a billing statement or notice for payment. The withholding tax shall be paid by the **LESSEE** who shall provide the **LESSOR** the withholding tax certificate.
3. **CONTRACT DURATION.** This contract of lease shall be effective from **November 1, 2013-October 31, 2014** subject to re-execution based on the Multi-Year Obligational Authority agreement between the parties;
4. **DEPOSIT.** The security deposit previously paid by the **LESSEE** amounting to **One Hundred Nine Thousand Two Hundred Twenty Four Pesos (P109,224.00)** shall remain in effect in favor of the **LESSOR**. The **LESSOR** shall return to the **LESSEE** the said amount, interest-free, less unpaid utilities bill if any, without need of prior notice or demand within fifteen (15) days after having moved out of the premises, there being no renewal entered into by the parties or from pre-termination as stipulated Section 15 thereof.
5. **PARKING AND OTHER JOINT-USE AREAS.** The **LESSOR** hereby grants the **LESSEE** an exclusive privilege to use at least two (2) parking slots located at the front portions of the building and portions of the adjacent vacant lot under lease by the **LESSEE** free of charge.
6. **UTILITIES.** The subject building is provided with electric power and facilities. All electric bills for the power exclusively used by the **LESSEE** shall be paid by it and the **LESSOR** shall be rendered free from the non-payment or cut-off for non-payment by the **LESSEE** and this condition applies despite the same electricity bills used by the **LESSEE** are registered in the name of the **LESSOR**.
7. **TELEPHONE AND COMMUNICATION.** The subject building is provided with telephone lines and facilities. All telephone bills and tolls for the lines exclusively used by the **LESSEE** shall be paid by it and the **LESSOR** shall be rendered free from the non-payment or cut-off for the non-payment by the **LESSEE**.
8. **LIGHTS AND LIGHTING FIXTURES.** The subject building is provided with lights, lighting fixtures with fluorescent tubes and diffusers. These **LESSOR**-supplied gadgets will be replaced when busted or damaged with cost shouldered by the **LESSEE**. The **LESSOR** is not obliged to provide additional lights and/or lighting fixtures, but the **LESSEE** may so provide at its own expense.
9. **ADVERTISING / SIGNS AND ADVERTISING MEDIA.** The **LESSEE** may affix, hang, inscribe or paint any notice, sign, streamer, or other advertising medium within or outside the premises, without prior written approval of the **LESSOR**

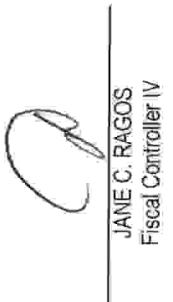
provided that such advertising medium be of such size and style allowed by law and other local ordinance. The **LESSEE** may put up and maintain at its own expense the required business sign(s).

10. RESPONSIBILITIES OF THE PARTIES –

- A. The **LESSEE** hereby agrees to keep the leased premises in clean, good and sanitary condition at all times in accordance with the quality standards of the building.
- B. The **LESSEE** or his representative shall have the right to take out from the building at any time of the day, any of its office furniture, office machine, or any type of office equipment and accessories of any kind.
- C. The **LESSEE** shall be allowed to undertake leasehold improvements but these should not cause the exterior façade of the building to be changed or altered in any way, without the prior written consent of the **LESSOR**.
- D. The **LESSEE** shall see to it that the leased premises are free from annoying sound, disturbing noises, free from obnoxious odors and other nuisances, and that it be used in a manner that will not disturb the peace and tranquility of the other building occupants.
- E. Nothing shall be brought into and stored in the leased premises, on a more or less permanent basis, articles that are fire hazards or will unduly cause the occurrence of fire or explosions, such as explosives of any kind or type, pyrotechnic articles, gasoline or flammable fluids, among others. When this condition is violated and results in damage or destruction to the leased premises, the **LESSEE** shall be conjunctively held responsible for claims from all damages and any action against it for ordinance violation.
- F. The **LESSOR** shall see to it that the premises are rendered in tenantable condition. In the event certain damage or destruction is caused by the occurrence of natural events, repair or restoration within 45 days shall be undertaken by the **LESSOR** granting a proportionate waiver of rental payment for the period of time needed for such repair or restoration. The **LESSEE** may undertake major repairs in the event the **LESSOR** fails to do so within the above stated period of time with the **LESSEE** having the right to be reimbursed of the total cost of repair made or a proportionate waiver of the rental payment, whichever is agreed upon by both parties.
- G. The **LESSOR** shall provide an adequate space free of charge for the installation of the **LESSEE's** horizontal and/or vertical signage. The **LESSOR** shall provide for the post or pole where such corporate logo or signage shall be placed, when needed.
- H. The **LESSOR** shall undertake all major repairs and maintenance on the leased premises such as damage to civil, electrical, sanitary and mechanical


Name & Signature
Witness for GALLERIA DE VIGAN


BENJAMIN BENITO F. DOLOR
Owner


JANE C. RAGOS
Fiscal Controller IV


ATTY. MC DONALD B. MALICDEM
Attorney IV


CYNTHIA S. SANTOS
Chief, Management Services
Division



ELVIRA C. VER
Regional Vice President




Name & Signature
Witness for GALLERIA DE VIGAN

equipment caused by natural or man-made calamities at his own expense within 24 hours from the time the **LESSEE** has reported the matter to the **LESSOR**. In the event that the leased premises cannot be utilized during the period of repair, the **LESSOR** grants a proportionate waiver of rental payment for such period. The **LESSEE** may undertake major repairs in the event the **LESSOR** fails to do so within the above stated period of time with the **LESSEE** having the right to be reimbursed of the total cost of repair made or a proportionate waiver of the rental payment, whichever is agreed upon by both parties.

I. The **LESSOR** warrants that the **LESSEE** shall have peaceful possession of the leased premises for the duration of term agreed upon except when the disturbance is caused by natural calamities or acts outside **LESSOR'S** control.


BENJAMIN BENITO F. DOLOR
Owner

11. **LAWS AND ORDINANCES.** The **LESSEE** shall comply and abide with the ordinances of the city regarding the use of the premises, comply with health regulations and secure permits or license for its business operations.


JANE C. RAGOS
Fiscal Controller IV


12. **INSPECTION OF PREMISES.** The **LESSOR** or his/its representative, with the proper notice to the **LESSEE** and at reasonable hour of any working day, shall be allowed entry to the leased premises to conduct inspection for repairs or improvements. Subsequent access to the leased premises shall be given to the authorized person/s who will undertake the repair or improvements. The **LESSEE** may designate the time when such repair or improvement will be undertaken in order to lessen inconvenience to the employees and clients, or to avoid disruption of office work or activities.


ATTY. MC DONALD B. MALICDEM
Attorney IV

13. **REALTY TAX.** The real estate taxes and other payments imposed on the leased property shall be for the exclusive account of the **LESSOR**.


CYNTHIA S. SANTOS
Chief, Management Services Division

14. **VIOLATION.** A violation by one of the parties of any of the terms and conditions set forth herein results as a right or basis for the termination of this contract. In such event, the aggrieved party will make a formal notice to the other party of the term and condition violated. However, despite the right to terminate then obtaining, the parties shall endeavor to amicably or extra-judicially settle the matter. Furthermore, if amicable or extra-judicial settlement cannot be arrived at and termination of the contract is the only solution, then the conditions set forth under Section 18 will be applied and the procedures expressed therein shall be followed.


ELVIRA C. VER
Regional Vice President

15. **TERMINATION.**

A. This contract of lease shall end on the terminal date agreed upon.

B. It may also be terminated due to the violation or breach by one of the parties of any of the agreed terms and conditions and amicable settlement cannot be reached by the parties.

- C. The same shall also be terminated when as a result of the occurrence of natural calamities, the leased premises is rendered unfit for occupancy.

In case the termination occurs due to the expiration of the lease contract, then the **LESSEE** shall peacefully vacate the leased premises and return the same in the condition it was first entered into, except for the effects of ordinary wear and tear. Any movable structures installed by the **LESSEE** may be removed if the office space is vacated. The **LESSEE** should be reimbursed or indemnified by the **LESSOR** of the total cost of improvements made by the **LESSEE** which are suitable to the use for which the lease is intended. Within fifteen (15) days from the expiration of the term of the Lease, the deposit constituted shall be returned by the **LESSOR** to the **LESSEE** without need of demand in accordance with Section 4. In case the termination occurs as a result of the **LESSEE's** breach or violation of any of the terms or conditions agreed upon, the **LESSEE** shall peacefully vacate the premises and return the same to the **LESSOR**. A moving-out period of fifteen (15) days without rental charge shall be allowed by the **LESSOR**.

If termination ensues due to the destruction of the leased premises, the **LESSOR** shall return the deposit constituted within the same period as above-mentioned. The **LESSOR** shall not be answerable or responsible for any damage or injury to the properties or personalities of the **LESSEE** caused by the destruction of the leased premises due to natural events.

16. **DELAY IN VACATION OF THE PREMISES.** Except as provided for in the immediately preceding paragraph, if the premises are not vacated within the fifteen (15) days grace period allowed by the **LESSOR**, then the **LESSEE** shall be charged with the corresponding proportionate daily rentals of the premises to be effected from the lapse of the grace period. The daily rental payment is without prejudice to the claim for damage caused by the **LESSEE's** delay in vacating the premises.
17. **MISCELLANEOUS PROVISIONS.** The Technical Specifications, the Bid documents, the Bid Bulletin, and other related issuances on the bid proposal shall form an integral part of this Contract.
18. **LITIGATION AND VENUE.** The **LESSOR** and the **LESSEE** shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or the interpretation thereof.

Any dispute between the above parties as to matters arising pursuant to this Contract which cannot be settled amicably within thirty (30) days after receipt by one party of the other party's request for such amicable settlement may be submitted by either party for arbitration in accordance with the provisions of Republic Act 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004".


Name & Signature
Witness for GALLERIA DE VIGAN


JANE C. RAGOS
Fiscal Controller IV

The arbitral award and any decision rendered in accordance with the foregoing shall be appealable by way of a petition for review to the Court of Appeals.

- 19. LIQUIDATED DAMAGES.** In case of breach or delay in the performance of obligation by either party, the defaulting party pay liquidated damages of one-tenth (.1%) of one percent (1%) of the cost of unperformed obligation for everyday of delay. The maximum amount of liquidated damages that may be collected shall be ten percent (10%). Once the cumulative amount of the liquidated damages reaches the said limit, the aggrieved party shall have the right to rescind the contract without prejudice to other courses of action and remedies open to it.
- 20. SEPARABILITY CLAUSE.** If any paragraph, sub-paragraph or part of this contract is declared contrary to law, public policy or otherwise declared invalid, such shall not affect the other paragraphs, sub-paragraphs or parts of this contract.
- 21. SUPERSEDING CLAUSE.** This contract of lease supersedes and renders void any and all agreements and undertakings, oral or written, which may have been entered into by and between the parties, the same being considered as having been merged herein. Any changes or alterations in this contract shall be valid if made in writing and duly signed by the parties.

IN WITNESS WHEREOF, the parties hereto have signed this contract in representation of their respective principals this _____ day of _____ 2013 Dagupan City, Philippines.

GALLERIA DE VIGAN

(Lessor)

By:

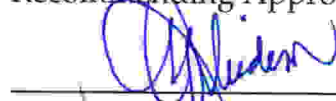


BENJAMIN BENITO F. DOLOR
Owner

PHILIPPINE HEALTH INSURANCE CORPORATION

(Lessee)

Recommending Approval:

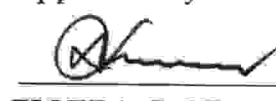


ATTY. MC DONALD B. MALICDEM
Attorney IV



CYNTHIA S. SANTOS
Division Chief IV
Management Services Division

Approved by:

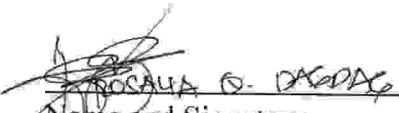


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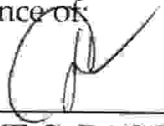


BENJAMIN BENITO F. DOLOR
Owner

Signed in the presence of:


Name and Signature

WITNESS for GALLERIA DE VIGAN


JANE C. RAGOS

Fiscal Controller IV

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
Province of Pangasinan)
City of Dagupan) S. S.

BEFORE ME, this ____ day of APR 15 2014, 2014, personally appeared the following:

NAME	ID NUMBER	TYPE OF ID
BENJAMIN BENITO F. DOLOR	<u>A08-97-013211</u>	<u>Driver's License</u>
ELVIRA C. VER	10027098	COMPANY ID

known to me and to me known to be the same persons who executed the foregoing Contract of Lease and acknowledged that the same is their free act and deed. This instrument consisting of seven (7) pages including the page on which this acknowledgement is written has been signed on the left margin of each and every page hereof by the parties and their instrumental witnesses and sealed with my notarial seal.

WITNESS MY HAND AND SEAL on the date and place first above written.

Notary Public


ATTY. ALEX NORMAN B. LOMBOY

Notary Public

until December 31, 2015

SNC 2014-06-Dagupan

IBP Life No. 00230 Roll No. 58072

124 A.B. Fernandez Ave., Dagupan City

PTR No. 0576594 Dagupan City 1/02/14

Doc. No. 445
Page No. 100
Book No. XIV
Series of 2014


ATTY. MC DONALD B. MALICDEM
Attorney IV


CYNTHIA S. SANTOS
Chief, Management Services


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Regional Vice President