

CONTRACT OF LEASE OF OFFICE SPACE

KNOW ALL MEN BY THESE PRESENTS:

This **CONTRACT** is made and entered into this _____ day of 7 SEP 2013, 2013, by and between:

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation created and existing by virtue of R.A. 7875 with Regional Office address at 4F SSS Building, Harrison Road, Baguio City, represented herein by its Regional Vice President, **ATTY. JERRY F. IBAY**, hereinafter referred to as the "**LESSEE**";

-and-

MS. ROSEMARIE M. AGUS, of legal age, Filipino and the registered owner of the **RICHMOND LEASE HOLDINGS**, a private entity duly registered, organized and existing under the laws of the Republic of the Philippines, with address at Bulanao, Tabuk City, Kalinga referred to as the "**LESSOR**".

WITNESSETH, That:

WHEREAS, the **LESSOR** is the true and lawful owner of a property located at Bulanao, Tabuk City, Kalinga;

WHEREAS, the **LESSEE** desires to lease the above-mentioned **LEASED PREMISES** for its Local Health Insurance Office and the **LESSOR** is willing to offer the same to the **LESSEE**;

WHEREAS, the subject procurement of the '**LEASED PREMISES**' is in accordance with the 2013 Annual Procurement Plan (APP) to be procured through Negotiated Procurement – Lease of Privately Owned Real Property and Venue;

WHEREAS, a Notice of Negotiated Procurement was published on August 20 to August 27, 2013, through PhilGEPS and PhilHealth conspicuous places and in addition copies were distributed to prospective lessors in the Province of Kalinga;

WHEREAS, during the negotiation, the **LESSEE** declared the **LESSOR** as post-qualified and the bidder with the Single Calculated and Responsive Bid;

WHEREAS, the **LESSOR** has agreed to provide the requirements under the terms and conditions set in the Technical Specifications, submitted Bid Proposal (Financial) and this contract;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto agree to be bound under the following terms and conditions, to wit:

ARTICLE 1
DUTIES AND RESPONSIBILITIES OF THE LESSOR

1.1. Specifications

To provide one (1) lot rentable office space with an area of **ONE HUNDRED SIXTY (160 sq.m.)** located at the ground floor.

1.2. Parking Requirement

Provide at least **ONE (1)** free parking space in every 100 sq.m, for the exclusive use of the **LESSEE's** officers and employees, clients and visitors.

1.3. Building Equipment and Facilities

The office building's over all façade and architectural design is appropriate for an office building; it must be structurally safe and shall be made of reinforced concrete, structural steel or combination of both.

The building must have the following facilities/ amenities, viz:

- a. Main separate meter/ or sub-meter for electric and water supply exclusively for the use of the lessee;
- b. Sufficient supply of water in the building;
- c. Preferably, the building has a centralized air conditioning system;
- d. Sufficient and in good working condition electrical fixtures such as lighting fixtures and convenience outlets. Lighting fixtures may be replaced by Philhealth when busted or damaged;
- e. Electrical distribution panels with provision of single-phase and three-phase power supply for air conditioning units and other office equipment to be installed;
- f. All electrical components within the building shall meet the electrical load requirements of PhilHealth;
- g. Adequate space for stand-by generator set;
- h. Communication lines/system;
- i. Well ventilated comfort rooms with working fixtures such as lavatory, hose bib and water closet in each floor for both males and females. It is preferred that there is a separate CR exclusively for the use of Philhealth employees and for Philhealth clientele/stakeholders/visitors;
- j. Ceiling height shall not be less than 2.40 meters (8feet), measured from the floor to the ceiling. Provided, that for building/s of more than one story, the minimum ceiling height of the first story shall be 2.70 meters (9 feet) and 2.40 meters (8 feet) for the second story, and succeeding stories;
- k. Adequate space for the installation of the horizontal/vertical signage;
- l. Preferably there is an available office space for future extensions;
- m. Fire/ emergency exits/door;
- n. IT Requirements
 1. Provision on the installation of horizontal and vertical network cabling (Structures Cabling Infrastructure)
 2. Adequate space for the installation of wireless communication (antenna) on the roof deck, (at least 2.0m) shall be provided, free of charge;
 3. The ceiling should have at least 0.30 meter clear space for the installation of horizontal cabling of data cables;
 4. Philhealth should be allowed to demolish/chip portion of wall and floors for the installation of data cables;

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5. The ceiling preferably have removable/detachable acoustic board for the installation of network cables, or availability of sufficient ceiling space/board breaks to install network cables wiring harness; and
 6. With facility for cable entry (service entrance) for the possible installation of cables from telecommunications companies going to the RISER and Telecommunications Room/Server Room/IT Room.
- o. PhilHealth should be allowed to improve and/or renovate walls, windows and floors for the installation of air conditioning units and other equipment;

It should be understood that spaces of external and internal walls within the perimeter whether permanent or temporary, as well as fire exits, common corridors, common hallways, common restrooms are not considered in the computation of total office floor.

1.4. Other Requirement

- a. Provide pest and rodent control on all areas occupied by the **LESSEE** at least every three (3) months and make available the following goods and services to the **LESSEE** at no extra cost.
- b. Undertake major repairs and maintenance of the premises, civil, electrical, sanitary and mechanical equipment/systems/components caused by natural or man-made calamities. The expenses for the aforementioned shall be shouldered by the Lessor;
- c. Leasehold improvement shall be allowed prior to written approval of the Lessor;
- d. Any movable structures installed by the Lessee may be removed if the office space is vacated;

1.5. Utilities

Each unit has its own water and electric meter. The **LESSEE** shall pay for the water and electric consumption registered on the meters pertaining to the **LEASED PREMISES**. The **LESSOR** shall also provide the following:

- 1.6. Other than those responsibilities which the **LESSOR** shall be charged with, it is understood that the **LESSOR** shall see to it that the **LEASED PREMISES** are maintained in tenantable condition and shall undertake the expenses for the general administration of the building, the upkeep and repair of the facilities and utilities if the same are required and occasioned by ordinary wear and tear. Any damage or injury caused these facilities by the **LESSEE** or any other personnel, agent or representative shall be repaired and restored by the **LESSEE** and for its account, without prejudice to other legal remedies available to the latter.

The **LESSEE** shall be responsible in providing security for the building. The **LESSOR** shall not be responsible for any theft or robbery that may occur within the **LEASED PREMISES** or for any forcible entry into the **LEASED PREMISES** by robbers, except if such loss or damage is due to the **LESSOR's** employees, agents or representatives' negligence or fault. Provided, that the **LESSOR** shall assist in the recovery and/or reparation of such loss or losses and damage or injury from those prosecuted for such crimes. Provided, further that the **LESSEE** shall have the right to provide its own security personnel at its own expense to protect and guard its **LEASED PREMISES**, officers, employees, visitors and guests, and their property, valuables and belongings.

It is likewise understood that the **LESSOR** or **LESSEE** shall not be responsible for any damage or destruction to the **LEASED PREMISES** as occasioned by fire, concerted acts of man, natural calamities or act of God unless said party is guilty of delay, fraud or negligence, or in any manner contravening the tenor of this contract. In case the **LEASED PREMISES** are totally destroyed or are declared by proper authorities as unfit for occupancy, the

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LESSOR shall notify the LESSEE thereof and to advise the LESSEE of the termination of the lease agreement.

- 1.7. **Restoration** – in the event of any damage or destruction caused by occurrence of any of the events enumerated above and the **LEASED PREMISES** can still be the subject for restoration, the **LESSEE** shall notify the **LESSOR** within fifteen (15) days after the damage has occurred of its intentions to either rescind this contract or continue with the lease with the condition that the rentals for the **LEASED PREMISES** shall be suspended for the meantime or reduced proportionately and shall be allowed to run again as soon as the restoration is completed by the **LESSOR**, at its own expense, and the **LEASED PREMISES** are ready to be occupied once again.

ARTICLE 2
DUTIES AND RESPONSIBILITIES OF THE LESSEE

- 2.1. The contract price for its 1st year of implementation shall be **ONE HUNDRED SIXTY EIGHT THOUSAND PESOS (Php 168,000.00)**, inclusive of VAT and all government required fees and taxes payable within the first ten (10) days of the month the rent is due upon presentation of a billing statement or notice for payment, at the office of the **LESSOR**. This is subject to an increase of 3% in the rental rate on the 2nd and 3rd years of the contract. The rental payment includes the exclusive use of parking slots.
- 2.2. **Deposit Payments** – upon signing of this Contract of Lease, the **LESSEE** shall pay the **LESSOR** the sum of **TWENTY EIGHT THOUSAND PESOS (Php 28,000.00)**, representing two (2) months of the 1st year rental rate as security deposit for the faithful compliance of the **LESSEE** of the covenants hereof. Said deposit shall answer for any unpaid bills for electricity, telephone and water or for any damages to the **LEASED PREMISES** at the end of the term of the lease, natural wear and tear excepted if any. This security deposit shall be returned by the **LESSOR** to the **LESSEE**, without necessity of demand, within sixty (60) calendar days from the date of the termination of this Contract, less unpaid bills and other bills pertaining to damages, if there be any there being no renewal of the contract of lease entered into by the parties. Said deposit shall not earn nor accrue any interest.
- 2.3. **Use of the Premises** – the **LEASED PREMISES** shall be used exclusively by the **LESSEE** for office purposes and shall not be converted to any other use without the prior written consent of the **LESSOR**.

Any violation of this condition shall give rise to the cancellation of the agreement without prejudice to the remedies available to the **LESSOR** and the corresponding right to claim for damages by the mere fact of the violation.

Ordinary heating apparatus or contrivance for heating water (e.g., microwave ovens, coffee makers, etc.) are allowed; provided, further that the outlet used shall conform with the requirements of the authorities concerned.

- 2.4. **Alteration, Additions, Installation of Permanent Fixtures and Improvements** – the **LESSEE** shall not introduce any improvement or alteration in the **LEASED PREMISES** without prior notice to and written consent of the **LESSOR**. The restoration of the **LEASED PREMISES** to its original condition due to unauthorized improvement or alteration shall be at the expense of the **LESSEE**.

The installation of the additional electric, telephone and other utilities and/or facilities shall be with prior knowledge of the **LESSOR** and shall be the account of the **LESSEE**, it being

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understood that the **LEASED PREMISES** have been provided with normal convenience to meet the minimum requirement for ordinary office space user.

No shade awnings, blinds or window guards shall be installed by the **LESSEE** outside of the area of the **LEASED PREMISES**. If such installations are necessary to enhance the comfort of the **LESSEE**, a written consent from the **LESSOR** shall be secured in order that the installation can be planned in a manner so as not to affect the aesthetic appearance of the building.

- 2.5. **Care of the LEASED PREMISES** – the **LESSEE** shall, at its expense maintain the **LEASED PREMISES** in clean and sanitary condition, free from noxious odors, disturbing noises, nuisances or any disturbances as shall affect the peace and quiet of the other occupants of the building nor in any manner, deface or injure any portion of the **LEASED PREMISES**. Ordinary painting or works of art may be hung within the walls of the building and the nail screws, attachments or abutment necessary for the same shall be removed prior to the expiration of this contract.

LESSEE shall provide itself with the necessary receptacles sufficient to contain wastes and paper refuse. A common garbage area shall be provided by the **LESSOR** for the use of all the occupants of the building.

No combustible and/or flammable, explosive materials, dynamites and/or harmful objects excluding normal office supplies shall be allowed entry into the building. Any violation of these prohibitions shall give rise to an action for the termination of this contract without prejudice to any action for damages which the **LESSOR** may take by mere fact of the violation.

- 2.6. **Rules and Regulations** – the **LESSEE** shall secure on its own account all permits and licenses as may be required by the national, and/or city authorities in connection with its business and use of the **LEASED PREMISES**. The **LESSEE** shall also indemnify and hold the **LESSOR** harmless from all actions, suits, damages and claims by whomsoever that may be brought or made by reason of non-observance or non-performance of duties required by laws, ordinance, rules or regulations of the national and/or city government. The **LESSOR** reserves the right to make such rules and regulations as in the judgment of the **LESSOR** may, from time to time, be necessary for the safety and protection of the premises and its use, care sanitation, and for the purpose of good order among co-tenants.

- 2.7. **Transfer of Rights** – without the express written consent of the **LESSOR**, the **LESSEE** is prohibited from directly or indirectly sub-leasing, selling, assigning, transferring, conveying, mortgaging or in any manner disposing of or encumbering its right under this Contract, in whole or in part: and no right, or interest thereto shall be conferred or vested in any one other than the **LESSEE** personally, and the **LESSEE** shall not enter directly, or indirectly into any contract or agreement with any third party to occupy the **LEASED PREMISES** under any guise whatsoever, except if such is connected with its project or activity and that any such contract or agreement made in violation of this section shall be considered absolutely void *ab initio*.

- 2.8. **Delivery and Repairs** – The **LESSEE** hereby accepts delivery of the entire commercial premises in good and tenantable condition and the **LESSEE** shall keep it in good state of conservation undertaking to conduct ordinary and minor repairs at its own expense. The **LESSEE** will not indulge in any refusal, failure, reduction or suspension of any monthly rental payment by reason of or pursuant to its pending request for necessary repairs in the **LEASED PREMISES** during the term of this lease unless such repair renders the unit or part thereof unusable for a period of five (5) days or more, in which case the corresponding rental payment shall be reduced proportionately with the period of such repair and the area so affected. It is understood that in case there is need for the **LESSEE** to undertake any

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repair at his sole expense pursuant to this paragraph, the LESSEE shall not commence or proceed with any such repair work without the prior written consent of the LESSOR.

- 2.9. LESSEE may request in writing for an increase or decrease in office space under the same terms and conditions set forth in this Contract provided that the total amount in the increase or of space will not exceed twenty-five percent (25%) of the total contract price.

ARTICLE 3
PAYMENT OF TAXES AND SUBMISSION OF CLEARANCE

- 3.1. LESSOR shall pay its taxes in full and on time. Upon failure to do so, LESSEE has the authority to suspend payment of the provided services.
- 3.2. LESSOR shall, within the duration of the contract, present to the LESSEE an updated tax clearance from the Collection Enforcement Division, Bureau of Internal Revenue (BIR) National Office as well as a copy of its income and business tax returns duly stamped and received by BIR and duly validated with the tax payments made thereon.

ARTICLE 4
GENERAL PROVISIONS

- 4.1. **LEASED PREMISES** excludes other portion of the building – the **LEASED PREMISES** delineation shall be considered strictly as the portion designated in this Contract and shall not include any other portion or portion of the building, except the parking areas designated and leased by the LESSEE. Provided, however, that the LESSEE shall have the exclusive rights and privileges to the use and utilization of the common areas such as lobbies and comfort rooms located at the **LEASED PREMISES**.
- 4.2. **Other Rights and Privileges of the LESSEE** – the LESSEE shall have the right and privileges to issue its own internal rules, procedures and regulations to govern the conduct of its business activities and operations towards its clients and the general public, in accordance with applicable rules and regulations issued by government authorities governing a government owned and controlled corporation and other government entities and in accordance with its charter and its implementing rules and regulations and such policies as may be issued by its Board of Directors.
- 4.3. **Non-Waiver** – The failure of any of the PARTIES herein to insist upon the strict observance and/or performance by the other of the terms and conditions herein expressed shall not be considered as a waiver of the same it being understood that any waiver to be valid and effective shall be made in writing and signed by the concerned party or its duly authorized representative.
- 4.4. **Inspection of the Premises** – the LESSOR or any of its duly authorized representative or the duly designated Administrator shall be allowed entry to the **LEASED PREMISES** at reasonable hours of the day for the purpose of assessing repairs, alteration or maintenance work to be done in or about the premises or for its general up-keep. The LESSEE shall enable the LESSOR's duly authorized handymen or repairmen to gain entry into the premises and if such repair and maintenance work necessities immediate completion, the LESSEE shall allow the work to be done even after office hours and this permission shall be treated on a case-to-case basis.
- 4.5. **Other Related Provision** – other related provisions relative to the proper use of the **LEASED PREMISES** as may be provided in the Building Rules and Regulations may be issued by the LESSOR to be made applicable to all the LESSEE's in the building.

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- 4.6. **Prospective Lessee or Lessees for the Premises** – the LESSOR shall be allowed by the LESSEE to exhibit the LEASED PREMISES to prospective lessors during the last TWO (2) MONTHS of the term, there having been no renewal negotiation/bidding undertaken by the LESSEE with the LESSOR.
- 4.7. **Emergency Entry into the LEASED PREMISES** – the LESSOR, its authorized representative or the Building Administrator, may enter the LEASED PREMISES during emergency of any kind which would necessitate or require such an entry. Likewise, entry into the LEASED PREMISES for the purpose of averting any commission of crime or offense shall be allowed without prior notice made. It is understood that any breakage that may occur during said entry shall be repaired and/or remedied by the LESSOR or its authorized agent, at its sole expense.
- 4.8. **Expropriation** – In the event of any expropriation of the property by the duly constituted authorities, either party may ask for the rescission of this agreement without prejudice to the right of either party to file an action for such damages by all expropriation against the expropriating and/or concerned party.
- 4.9. All taxes, licenses and permit fees which may be required by government, dues to or collectible by the local or national government pursuant to this Contract, shall be the sole responsibility of the LESSOR.

ARTICLE 5

PERIOD OF CONTRACT

This contract for the Lease of Office Space of mountain Province Local Health Insurance Office through Negotiated Procurement shall be from October 1, 2013 until September 30, 2016.

This Contract shall take effect on the above period, unless sooner terminated in accordance with provisions hereof.

ARTICLE 6

TERMINATION OF CONTRACT

It is understood that this Contract expires and terminates at the end of its term as stated herein. Without prejudice to Article 8, upon termination of the term or upon receipt of such notice of termination, the LESSEE shall peacefully and voluntarily vacate the entire LEASED PREMISES and completely remove therefrom all furniture, articles and effects of any kind. This shall include the restoration of the LEASED PREMISES to its condition prior to alteration by the LESSEE as referred to in Article 2.4 of this Contract. If it become necessary for the LESSOR to file court action for the ejectment of the LESSEE, the LESSEE shall be liable for all unpaid rentals if any as well as for damages which the LESSOR may suffer.

A party shall have the right to pre-terminate or rescind this Contract in case of violation or breach of any material provision by the other party and shall be entitled to the relief and damages against the latter as a result from such violation or breach in accordance with law.

ARTICLE 7
SETTLEMENT OF DISPUTES

If any dispute or difference of any kind whatsoever shall arise between the parties in connection with the implementation of this contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

Any and all disputes arising from the implementation of a 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, shall be submitted to arbitration in the Philippines according to the provisions of Republic Act No. 876, otherwise known as the "Arbitration Law" and Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004". Provided, that by mutual agreement, the parties may agree in writing to resort to other alternative modes of dispute resolution.

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.

ARTICLE 8
MISCELLANEOUS PROVISIONS

All other terms, conditions and stipulations accompanying this contract together with all proposals and all mandatory provisions of the Revised Implementing Rules and Regulations of R.A. No. 9184, shall form an integral part of the contract between the PARTIES hereto.

The parties hereby certify that they have read or caused to be read to them and each and every provision of the foregoing Contract and that they had fully understood the same.

ARTICLE 9
SUPERSEDING CLAUSE

In the event that any provision in this Contract of Lease is declared invalid, illegal or void by a competent court, the provisions not affected shall remain valid and enforceable.


ATTY. JERRY F. IBAY


IMELDA CRISTETA D. VILLAMAR


ROSEMARIE M. AGUS


Witness for the Lessor

IN WITNESS WHEREOF, the parties hereto have hereunto signed this Contract on this _____ day of _____ 2013 at Baguio City.

PHILIPPINE HEALTH INSURANCE
CORPORATION (PhilHealth)

RICHMOND LEASE HOLDINGS

By:



ATTY. JERRY F. IBAY
Regional Vice President

By:


ROSEMARIE M. AGUS
Owner

Signed in the presence of:


IMELDA CRISTETA D. VILLAMAR
Division Chief


Lessor Representative

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF Baguio City)

BEFORE ME, this ____ day of 23 SEP 2013, 2013, personally appeared the following persons exhibiting to me their respective Government issued ID's, to wit:

ATTY. JERRY F. IBAY
Lessee

10027098

MS. ROSEMARIE M. AGUS
Lessor

SSS ID - 01-0679526-4

Known to me to be the same persons who executed the foregoing Contract Agreement consisting of ten (10) pages including this page on which the acknowledgement is written and they acknowledged that the same is their free act and deed and that of the corporations being represented.

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

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Book No. XVI
Series of 2013


RENANTE F. CABA
Notary Public
Until December 31, 2013
Notary Appointment No. 30-NC-12-R
PTR No. 1336014; 1-2-13; Baguio City
Roll No. 44070; May 12, 1999
IBP Lifetime Member No. 02257
Baguio-Benguet Chapter
MCLE Compliance No. IV-0006940; July 17, 2012
Rm. 02, 3rd Flr., Noble Bldg. Calderon St.
Baguio City

NOTARY PUBLIC