



PORO POINT MANAGEMENT CORPORATION

A member of The BCDA Group

TERMS OF REFERENCE (TOR)

For the Long-Term Lease and Development of the
Six (6)-hectare Poro Point Lighthouse

9 mm A B

**TERMS OF REFERENCE
FOR THE LONG-TERM LEASE AND DEVELOPMENT OF THE
PORO POINT LIGHTHOUSE AREA**

**ARTICLE I
PROJECT RATIONALE**

Section 1

By virtue of Republic Act No. 7227, otherwise known as the "Bases Conversion Development Act of 1992," the Bases Conversion Development Authority (BCDA) was created with the mandate to accelerate the sound and balanced conversion into alternative productive uses the former military reservations and their extensions.

Pursuant to RA 7227, Proclamation No. 216 created and designated the area covered by the former Wallace Air Station and its contiguous areas as the Poro Point Special Economic and Freeport Zone (PPSEFZ).

Republic Act 9400 affirmed the Freeport status of the PPSEFZ, thus, amending the PPSEFZ to Poro Point Freeport Zone (PPFZ).

On October 3, 2002, Executive Order No. 132 authorized the creation of Poro Point Management Corporation (PPMC) as the implementing arm of Bases Conversion Development Authority over the PPFZ.

On June 6, 2003, PPMC was registered with the Securities and Exchange Commission.

Section 2

The Poro Point Lighthouse and its reservation, which is under the jurisdiction of the Philippine Coast Guard (PCG), is within the PPFZ, located at the Western part of the Poro Point Peninsula. The Poro Point Lighthouse is an important navigational aid which guides vessels particularly those calling at the San Fernando Seaport.

On April 28, 2012, PPMC entered into a Memorandum of Agreement (MOA) with the PCG for its "Adopt-A-Lighthouse Program", wherein PCG encourages the participation of government and private entities in the preservation and maintenance of culturally valuable Lighthouses. Subsequently, an Implementing Agreement was signed providing the detailed implementation of the MOA including the provision for the construction, operation and maintenance of tourism-related facilities and amenities in the Poro Point Lighthouse and its reservation. A copy of the Implementing Agreement is hereto attached as Annex "A" and formed part hereof.

This **Terms of Reference (TOR)** pertains to the procedures that will be followed in connection to the disposition through long-term lease and the development of the Poro Point Lighthouse Area.

PPMC wishes to consider proposals for the long-term lease and development of the more or less six (6) hectares Poro Point Lighthouse and its reservation on an “AS-IS, WHERE-IS” basis.

Section 3 The disposition is being carried out pursuant to the provisions of Republic Act No. 7227 (“The Bases Conversion and Development Act of 1992”), as amended, Executive Order No. 62 prescribing the policies and guidelines to implement R.A. 7227, and other relevant laws, Executive Orders, and rules and regulations, to the extent applicable.

Section 4 This disposition is being administered by the Asset Disposition Program Committee (ADP-Com) of PPMC whose decisions or actions shall be subject to the approval of the PPMC Board of Directors.

ARTICLE II BACKGROUND OF THE PROPERTY

Section 1 **Description of the Property.** The Poro Point Lighthouse and its reservation is a more or less six (6)-hectare area inside the PPFZ, located at the western part of the Poro Point peninsula, herein referred to as **PROPERTY**. The vicinity map/site development map of the **PROPERTY** is attached hereto as Annex “B” and formed part hereof. The Technical description of the area is listed hereunder:

TECHNICAL DESCRIPTION		
LINE	BEARING	DISTANCE (m)
BOUNDARY		
1-2	S.26 - 48W.	34.87 M.
2-3	N.50 - 41W.	125.07 M.
3-4	N.39 - 03W.	51.75 M.
4-5	N.41 - 26W.	147.17 M.
5-6	N.81 - 38E.	13.95 M.
6-7	N.10 - 43W.	98.37 M.
7-8	N.71 - 14E.	42.42 M.
8-9	N.85 - 59E.	60.00 M.
9-10	S.76 - 46E.	60.00 M.
10-11	S.59 - 31E.	60.00 M.
11-12	S.42 - 15E.	60.00 M.
12-13	S.25 - 00E.	60.00 M.
13-14	S.07 - 45E.	60.00 M.
14-15	S.09 - 30W.	60.00 M.
15-1	S.26 - 48W.	60.03 M.

Attached hereto as Annex “C” is the Survey Plan detailing the technical description of the **PROPERTY**. The **PROPERTY** may later be subjected to a ground verification survey.

Section 2

Structures on the Property. The following structures are present in the vicinity of the **PROPERTY**:

- a. Modern Lighthouse (functional)
- b. Old Spanish Lighthouse
- c. Shotgun House
- d. Generator House and Windmill

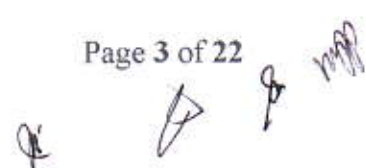
Section 3

Land Uses for the Property. The **PPMC**, a member of the **BCDA** Group wants to develop the Poro Point Lighthouse into an integral component of the tourism complex which will cater to both local and foreign tourists. It aims to create a modern and sustainable tourism hub that will feature the beauty and serenity of the Poro Point peninsula and its coast lines without compromising the historical features and values of the existing Lighthouse and the structures around the area. A lot area of **more or less six (6) hectares** will be allotted for the development, of which, approximately **3.68 hectares** are for permanent developments or structures while approximately **2.31 hectares** are for restrictive developments/light or movable structures.

A Master Development Plan (MDP) for the PPFZ has been prepared which includes the 6-hectare more or less area of the Poro Point Lighthouse. The Development on the **PROPERTY** must conform to the land use for the area which is **Mixed-Use Tourism**. A copy of the MDP is hereto attached as Annex "D" and made an integral part hereof.

Developments to be introduced in the **PROPERTY** shall comply with the land use and shall be limited only to the following:

1. Tourism-leisure and entertainment-related facilities and amenities and/or facilities and amenities for touristic leisure activities such as but not limited to:
 - a. Hotel and/or Condotel
 - b. Hotel and/or Condotel Facilities
 - c. Cliffwalk with View Deck
 - d. Landscape Area/Garden
 - e. Function Halls/Events Center
 - f. Commercial and Retail Stores/Café/Restaurants
 - g. Amphitheater
 - h. Pavilion
 - i. Picnic Area/Gazebo
 - j. Parks and Playground/Recreational Area
2. Repair and rehabilitation of the Modern Lighthouse, restoration of the Old Spanish Lighthouse and the Shotgun House into its original aesthetic beauty to serve as tourist attractions within the **PROPERTY**. The Winning Lessee has an option to rehabilitate the Shotgun House preferably into a Lighthouse Museum.



3. The Winning Lessee has an option to develop the beach cove area located at the base/foot of the cliff of the **PROPERTY** and within the 200-meter radius of the lighthouse structure as showed in the Survey Plan, attached hereto as Annex "C." In the event the Winning Lessee opts to develop the beach cove, an access road/passageway/pathway from the **PROPERTY** to the beach cove shall be provided by the Winning Lessee.

Section 4

Restrictions on the Property. The development of the **PROPERTY** shall strictly comply with the following restrictions:

4.1 Conditions of **PCG**

- a. No structures shall be built higher than the Lighthouse within the whole **PROPERTY**;
- b. The characteristics of the Lighthouse of flashing two (2) white lights every ten (10) seconds should not be replicated in all lights or lightings to be installed;
- c. The distance of any construction and permanent structures to be developed/installed in the **PROPERTY** shall not be less than one hundred (100) meters from the Lighthouse. Only restrictive developments/light or movable structures such as gazebos, benches, landscaped garden or a parking area can be developed within the one hundred (100) meters easement around the lighthouse (*please refer to Annex C of the TOR*).
- d. **PCG** will remain responsible for the actual operation, maintenance and repair of the lighting mechanism of the Lighthouse;

The other specific restrictions and conditions set forth by **PCG** is hereto attached as Annex "E" and made an integral part hereof.

4.2 No Residential Villas, Residential Condominiums and Residential Houses shall be developed in the **PROPERTY** but only Hotel and Condotel shall be allowed. Should the Winning Lessee opt to develop a Condotel, the same should not be used solely for residential purposes but should be rented out to public or should be enrolled in a rental program agreement.

4.3 Under the provision of the MDP Design Guidelines, the height limit for the **PROPERTY** should not exceed the height of the lighthouse and should not exceed three (3) floors/storeys. The setback provision is 7 meters Front, 5 meters Sides and 5 meters Rear.

4.4 A suitable area or portion within the **PROPERTY** shall be provided by the Winning Lessee for the construction of a dwelling/quarter for the Lighthouse Keeper in recognition of **PCG's** responsibility for the actual operation, maintenance and repair of the lighting mechanism of the Lighthouse.

Likewise, the development of the **PROPERTY** shall strictly comply with the restrictions of all other pertinent government standards such as but not limited to the National Building Code, the Fire Code of the Philippines and other relevant laws, rules, regulations and issuances of the agencies of the National Government, both existing and in the future.

ARTICLE III MINIMUM BID PRICE AND MODE OF DISPOSITION

Section 1

PPMC is disposing the **PROPERTY**, on an "*AS-IS, WHERE-IS*" basis through long-term lease of twenty-five (25) years, renewable for another twenty-five (25) years upon mutual agreement of **PPMC** and the Winning Lessee and upon renewal of the Implementing Agreement by and between **PPMC** and **PCG**. For this purpose, any negotiation for renewal may not start earlier than two (2) years prior to the expiration of the existing lease term, unless a strong reason justifies an early renewal, subject to the approval of **PPMC** and **PCG**.

The **PPMC** requires an annual lease in the following forms:

- 1.1 The Annual Fixed Lease, subject to an escalation of ten percent (10%) every three (3) years thereafter. The minimum acceptable starting Annual Fixed Lease for the **PROPERTY** shall be **Five Million Two Hundred Eighty Thousand Pesos (PhP5,280,000.00)**.

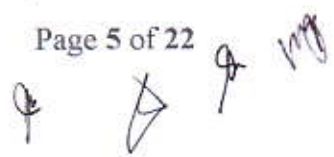
The Winning Lessee shall be entitled to a Grace Period for non-payment of lease rentals for a period of two (2) years from signing of the *Contract of Lease*.

Upon Signing of the *Contract of Lease*, which shall be the start of the effectivity of the lease, the Winning Lessee shall remit to **PPMC** in advance the Fixed Lease for the 3rd year of the lease.

On or before the third (3rd) anniversary of contract signing, the Winning Lessee shall remit to **PPMC** the Fixed Lease Payment covering the fourth (4th) year of the lease, as adjusted based on the 10% escalation rate of every three (3) years. Succeeding payments for the Fixed Lease shall be made every year thereafter, on or before each anniversary of the execution of the *Contract of Lease*. The draft pro-forma Contract of Lease is attached as Annex "F."

- 1.2 The Winning Lessee shall remit to **PPMC** a monthly percentage of Gross Revenues from Operations based on the following schedule of percentages:

Year 1 - 5	=	1% of Gross Revenues from Operations
Year 6 -10	=	2% of Gross Revenues from Operations
Year 11-25	=	3% of Gross Revenues from Operations



This monthly percentage share on the Gross Revenues from Operations shall exclude the share on sub-lease revenues as contained in Section 1.3 of Article III.

1.3 The Winning Lessee may sublease the **PROPERTY** or a portion thereof, provided that prior written approval of **PPMC** is secured. In the event the Winning Lessee sub-leases the **PROPERTY** or a portion thereof, it is understood and agreed that **PPMC** will receive five percent (5%) of any and all gross revenues paid by the sub-lessee/sub-lease tenants to the Lessee which shall be remitted to **PPMC** every month.

Section 2

Upon the expiration of initial lease period, unless the *Contract of Lease* is renewed, the ownership of all buildings and permanent facilities/improvements introduced by the Winning Lessee on the **PROPERTY** shall automatically be transferred to **PCG**. Therefore, should the Winning Lessee opt to renew its lease over the **PROPERTY**, the new lease rate for the twenty-five (25)-year lease extension period, shall cover the land as well as the buildings and permanent facilities/improvements.

To determine the Fixed Lease for the initial year of the lease extension period, **PPMC** and the Winning Lessee shall have the **PROPERTY**, including the permanent facilities/improvements introduced therein, appraised by two (2) independent appraisers mutually acceptable to both Parties at the beginning of the 25th year of the lease. The Fixed Lease for the initial year of the lease extension period shall either be:

- (i) five percent (5%) of the average appraised fair market value of the **PROPERTY**; or
- (ii) the Annual Fixed Lease for the **PROPERTY** on the twenty-fifth (25th) year, plus ten percent (10%) escalation,

whichever is higher.

An escalation rate of ten percent (10%) every three (3) years shall continue to apply on the Annual Fixed Lease for the **PROPERTY** of the lease extension period.

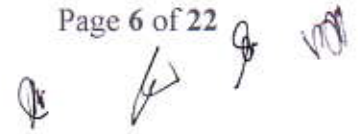
The costs of the appraisal shall be equally borne by **PPMC** and the Winning Lessee.

Section 3

The Winning Lessee is one who has met all the requirements of the disposition process under Articles V and VI of this *Terms of Reference (TOR)* and has submitted and offered the highest initial Annual Fixed Lease for the **PROPERTY**.

Section 4

The rights and responsibilities of **PPMC** and the Winning Lessee shall be governed by the provisions of this *TOR* and the *Contract of Lease* to



be signed between the parties. In case of conflict or inconsistency between the two (2) documents, this TOR shall prevail over the Contract of Lease.

ARTICLE IV RIGHTS AND RESPONSIBILITIES OF THE PARTIES

Section 1

Rights and Responsibilities of the Winning Lessee

- 1.1 Strictly comply with the terms and conditions of the *Contract of Lease* to be executed between **PPMC** and the Winning Lessee and maintain all warranties and representations in good standing for the duration of the contract period.
- 1.2 Submit to **PPMC**, for approval, its *Development Plan/Project Implementation Plan (PIP)* for the **PROPERTY** within six (6) months from the signing of the *Contract of Lease*. It is understood that the PPMC-approved *Development Plan* shall be made part of the Contract of Lease executed between **PPMC** and the Winning Lessee.

As a guide, the *Development Plan/ Project Implementation Plan (PIP)* shall, at the minimum, contain the following information:

- (i) proposed land uses and corresponding gross floor area (GFA) for each use;
- (ii) conceptual design, features and amenities (if any);
- (iii) the timetable for construction including major development milestones;
- (iv) schedule of the capital investments; and
- (v) estimated total development cost.

To warrant that no constructions shall impede nor obstruct the operation of the Poro Point Lighthouse, the *Development Plan/Project Implementation Plan (PIP)* and all Building Plans and Architectural Design is likewise subject to the approval of the **Philippine Coast Guard (PCG)** prior commencement of such constructions.

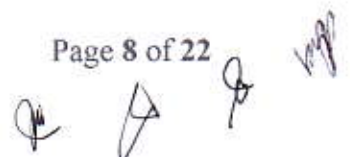
Failure by the Winning Lessee to submit its *Development Plan/Project Implementation Plan (PIP)* to **PPMC** for approval within the set period constitutes legal basis for **PPMC** to terminate the *Contract of Lease* between the **PPMC** and the Winning Lessee.

- 1.3 Strictly comply with the permitted land use/s and the development restrictions for the **PROPERTY**, conditions set forth by **PPMC** and **PCG** and all other pertinent local and national government standards such as restrictions set by the National Building Code, the Fire Code of the Philippines, Civil Aviation Authority of the Philippines (CAAP) and other relevant laws, rules and regulations.

- 1.4 Abide by any annotation, conditions or encumbrances imposed and annotated on the title of the **PROPERTY**, if any.
- 1.5 To preserve the historical features and values of the existing structures within the **PROPERTY**, the Winning Lessee shall maintain and restore the Old Spanish Lighthouse and the Shotgun House into its original aesthetic beauty to serve as tourist attractions within the **PROPERTY** in coordination with **PCG** and in consultation with the appropriate agencies such as the National Commission on Culture and the Arts, the National Historical Institute and the Heritage Conservation Society. The Winning Lessee has an option to rehabilitate the Shotgun House preferably into a Lighthouse Museum.
- 1.6 In consideration of the developments to be undertaken by the Winning Lessee on the **PROPERTY** particularly on the restoration of the Shotgun House and as a condition of the Grace Period granted to the Winning Lessee, the Winning Lessee shall provide a suitable area or portion within the **PROPERTY** and construct a dwelling/quarter for the Lighthouse Keeper in recognition of **PCG**'s responsibility for the actual operation, maintenance and repair of the lighting mechanism of the Lighthouse.
- 1.7 Not later than three (3) months before the third (3rd) anniversary of the signing of the Contract of Lease, the Winning Lessee shall submit to **PPMC** a *Performance Security* in the form of a continuing guaranty such as bank guaranty or irrevocable letter of credit issued by a Universal or Commercial Bank, or a continuing Surety Bond issued by the Government Service Insurance System (GSIS) or a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security and acceptable to **PPMC**, with a face value equivalent to the Annual Lease for the **PROPERTY** to fully secure the annual Fixed Lease for the **PROPERTY** for Year 4 until the end of the lease. Such Guaranty or Surety Bond shall contain provisions for automatic renewal and replenishment of the face value as the case may be.

The *Performance Security* is for ensuring that the Winning Lessee shall fulfill its obligations under the *Contract of Lease*, specifically under Section 1.1 of Article III.

- 1.8 Pay, at its sole account, all applicable taxes, licenses, fees and charges due on the lease transaction, the **PROPERTY** and its improvements, and those that may be imposed by law during the entire term of the *Contract of Lease*. Where any taxes are required by law to be withheld from payment to **PPMC**, the Winning Lessee shall submit certification of taxes withheld at the time of payment to **PPMC**, otherwise, any such taxes withheld will not be considered as authorized deduction.



1.9 Undertake, at its sole cost, on-site development and provide utilities, access roads to or internal road networks to the **PROPERTY**.

1.10 The Winning Lessee shall obtain, at its own cost, an all-risk insurance coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such and acceptable to **PPMC** for all new construction and improvements introduced during the term of the lease in an amount equivalent to their replacement value. **PPMC** shall be the beneficiary of the required insurance. The Winning Lessee shall obtain the insurance coverage not later than two (2) months after completion of construction and update the insurable amount based on the foregoing provision.

The Winning Lessee shall likewise be responsible for the annual renewal of the insurance coverage and shall submit to **PPMC** the original insurance policy and the Official Receipt of payments within five (5) days from obtaining the insurance coverage.

Should the insurable risk occur and the insurance proceeds be insufficient for purposes of reconstruction or rehabilitation of the **PROPERTY** as herein required, the Winning Lessee shall assume the additional cost of replacement of the structures without reimbursement from **PPMC**. Alternatively, both the Winning Lessee and **PPMC** may agree on termination of the *Contract of Lease*, in which case, **PPMC** shall retain the insurance proceeds.

1.11 Perform all tasks necessary for the conduct of its business in the development, operation, and management of the **PROPERTY** pursuant to this *TOR* and the *Contract of Lease*.

1.12 Submit to **PPMC** its Annual Financial Statements and authorize **PPMC** to examine, review and/or audit the financial records and books which directly relate to the receipt of gross revenues from retail outlets and allow **PPMC** access to its point-of-sales (POS) system to generate complete and up-to-date business transaction.

1.13 Commence construction or development works on the **PROPERTY** within six (6) months from the approval of the *Development Plan/PIP* and complete the development of the **PROPERTY** according to the schedule or timetable as indicated in the PIP, with a minimum investment commitment of **Two Hundred Million Pesos (PhP200,000,000.00)**. The required minimum investment should be invested in the following schedule:

SCHEDULE	AMOUNT	CUMULATIVE AMOUNT
First 2 years	At least PhP100 Million	At least PhP100 Million

Next 2 years (Year 3 and 4)	At least PhP50 Million additional investment	At least PhP150 Million
Next 2 years (Year 5 and 6)	At least PhP50 Million additional investment	At least PhP200 Million

Should the Winning Lessee fails to commence construction or development works of the **PROPERTY** within the stipulated 6-month period or fails to develop the **PROPERTY** according to the schedule or timetable as indicated in the PIP or fails to invest according to the investment schedule, without prior written notice of the Winning Lessee and approval of **PPMC** of the reasons thereof, **PPMC** shall have the right to terminate the *Contract of Lease* as well as the option to re-bid the **PROPERTY**. In such instance, the Winning Lessee shall forfeit any and all monies so far remitted to **PPMC** in relation to the lease of the **PROPERTY**, including the *Performance Security*.

The Winning Lessee shall obtain, at its own cost, a Contractors' All-Risk Insurance with Third Party Liability coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such insurance and acceptable to **PPMC** covering the construction period of the Winning Lessee.

- 1.14 When operational, the Winning Lessee shall obtain at its own cost, a Public Liability or General Liability/Third Party Liability Insurance coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such insurance and acceptable to **PPMC** which will cover against legal liability for bodily injury and property damage claims suffered by a third party arising out of the Winning Lessee's operation of its business and all operations which are necessary or incidental to the Winning Lessee's business activities.
- 1.15 A **Common Usage Service Area (CUSA) Fee** shall be paid by the Winning Lessee equivalent to ten percent (10%) of the annual fixed lease/lease rate of the **PROPERTY** payable every year/annually starting on the third (3rd) year of the lease (end of the Grace Period). The CUSA Fee serves as a service fee to cover **PPMC**'s costs for maintenance of common areas and facilities.
- 1.16 It is understood that the generation of economic activity and employment within the PPFZ is a primary consideration of this disposition. As part of the commitment of the Winning Lessee to generate employment within the Poro Point Freeport Zone, the Winning Lessee is required to source at least eighty five percent (85%) of its employees from City of San Fernando and the Province of La Union.

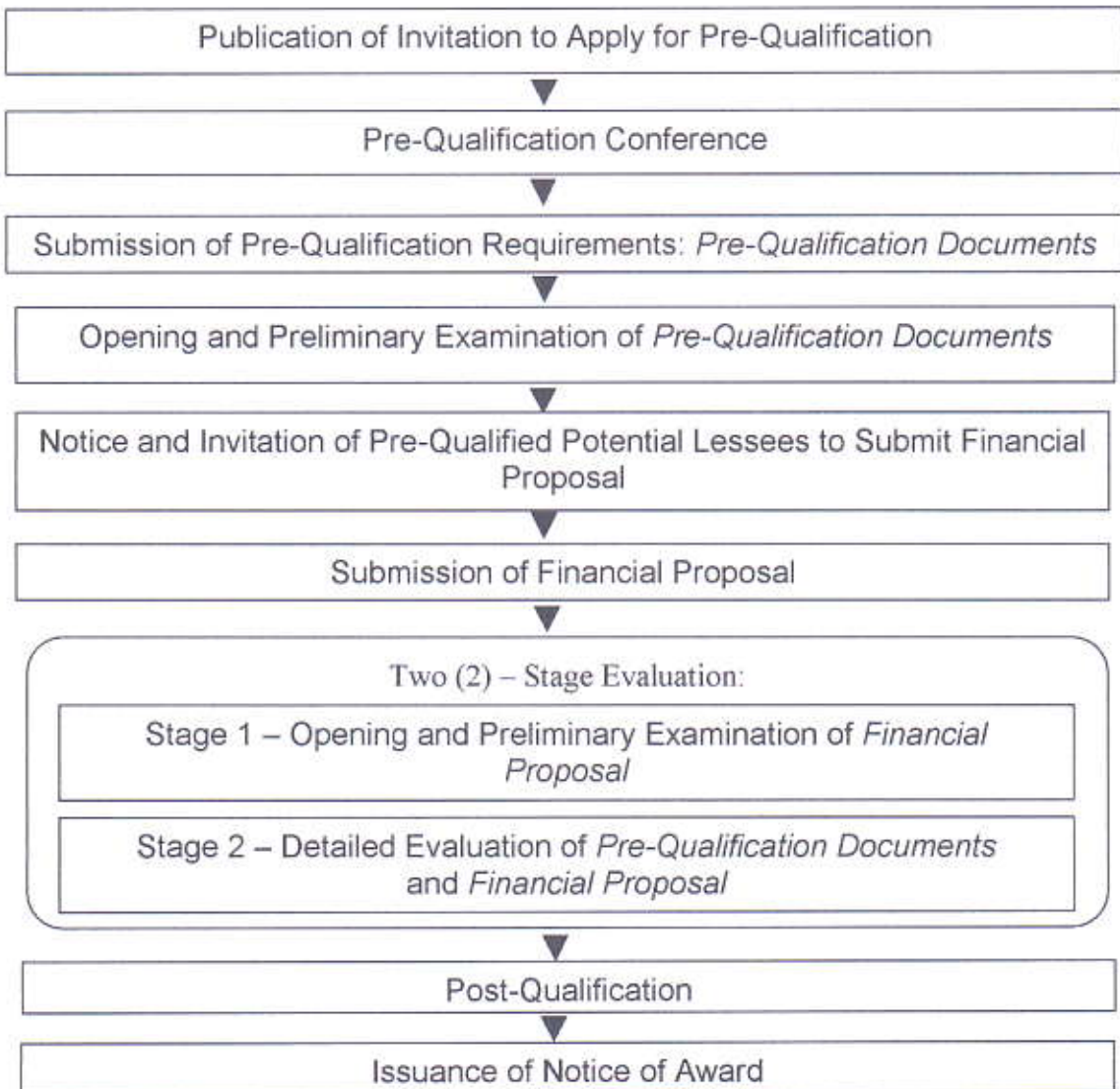
Section 2

Rights and Responsibilities of PPMC

- 2.1 Give the Winning Lessee the sole right to lease, develop, operate and manage the **PROPERTY**, subject to the restrictions and terms and conditions of the agreements entered into between **PPMC** and the Winning Lessee.
- 2.2 Deliver possession of the **PROPERTY** to the Winning Lessee, on an “**as-is, where-is**” basis, upon the execution of the *Contract of Lease*.
- 2.3 Have the right to inspect the **PROPERTY** at reasonable and mutually agreed hours of the day or night, upon previous coordination with the Winning Lessee to ensure a peaceful and smooth conduct of inspection.

**ARTICLE V
DISPOSITION PROCEDURE**

Section 1 **Process Flow.** The disposition follows the following process flow:



[Handwritten signatures and initials]

Section 2

Publication of Invitation to Apply for Pre-Qualification. PPMC shall publish in one (1) newspaper or publication of general circulation, once every week for three (3) consecutive weeks, as well as in the BCDA website (www.bcd.gov.ph) and PPMC website (www.poropointfreeport.org) the "Invitation to Apply for Pre-Qualification." This shall serve to inform and invite Potential Lessees to the subject disposition.

In addition to publication of Invitation to Apply for Pre-Qualification in newspapers or publications of general circulation and in the BCDA and PPMC website, PPMC reserves the right to send out letters informing and inviting known and reputable corporations, developers and/or investors to the subject disposition including those who have existing projects and/or those who have participated in similar asset disposition bidding projects inside the economic and Freeport Zones administered by BCDA and its subsidiaries.

Section 3

Submission of Pre-Qualification Documents. Potential Lessees shall submit their Pre-Qualification Documents on the date specified in the *Timetable of Activities*. The *Pre-Qualification Documents* shall be submitted in two (2) separate envelopes:

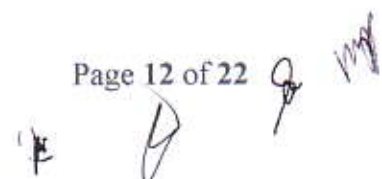
- **First Envelope** containing **Original** set of the **Pre-Qualification Documents**, as listed in Article VI, Section 2.2, appropriately marked as: "*First Set: Original Pre-Qualification Documents*"
- **Second Envelope** containing **Copy No. 1** of the **Pre-Qualification Documents**, as listed in Article VI, Section 2.2, appropriately marked as: "*Second Set: Copy No.1 Pre-Qualification Documents*"

Section 4

Submission of Financial Proposals. Only those who passed the Pre-Qualification Process shall be invited to submit its Financial Proposal on the date specified in the *Timetable of Activities*. All Pre-Qualified Potential Lessees shall submit their Financial Proposal on the date specified in the *Timetable of Activities*. The *Financial Proposal* shall be submitted in *two (2) separate sealed envelopes*:

- **First Envelope** containing **Original** set of the **Financial Proposal**, as listed in Article VI, Section 3, appropriately marked as: "*First Set: Original Financial Proposal*"
- **Second Envelope** containing **Copy No. 1** of the **Financial Proposal**, as listed in Article VI, Section 3, appropriately marked as: "*Second Set: Copy No. 1 Financial Proposal*"

**ARTICLE VI
PRE-QUALIFICATION PROCESS, EVALUATION OF
FINANCIAL PROPOSAL AND SELECTION OF WINNING
LESSEE**



Section 1

PPMC shall adopt two (2)-stage evaluation process.

Stage 1 involves the opening and preliminary examination of the *Pre-Qualification Documents* and the *Financial Proposal* to determine completeness of documents submitted and sufficiency of data/information provided therein.

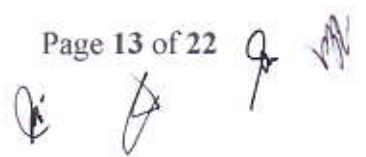
Stage 2 involves the detailed evaluation on the *Pre-Qualification Documents* and the *Financial Proposal* to determine compliance with all the requirements specified under *TOR*.

Section 2

Pre-Qualification

2.1 Pre-Qualification Criteria. A potential lessee shall be considered pre-qualified if it satisfies all of the following requirements.

- a. **Legal Capacity.** The Potential Lessee must be a corporation duly registered with the Philippine Securities and Exchange Commission (SEC) or its equivalent in the other country of incorporation or a joint venture/consortium of duly registered corporations. In case of a joint venture/consortium, at least one (1) member is duly registered with the Philippine SEC. A copy of the duly executed *Joint Venture/Consortium Agreement* shall be required and submitted as part of the post-qualification process.
- b. **Compliance Commitment.** The Potential Lessee (or all its joint venture/consortium members) must commit to comply, in the lease and development of the **PROPERTY**, with: (1) the permitted land use/s, and the development restrictions for the **PROPERTY**; (2) the rules, regulations and standards set by the **PPMC** and **PCG**; and (3) all other pertinent government standards such as but not limited to the National Building Code, the Fire Code of the Philippines, and other relevant laws, rules, regulations and issuances of the agencies of the National Government, for the entire duration of the Lease.
- c. **Financial Capacity.** The Potential Lessee or any of its members, if a joint venture/consortium, must have adequate capability to finance the proposed development of the **PROPERTY** and to meet all of its financial obligations to **PPMC**, which shall be measured in terms of the audited cash bank balance and/or credit line facility. The Potential Lessee or any of its members, if a joint venture/consortium, should have an available cash balance and/or approved credit line of at least **One Hundred Million Pesos (PhP100,000,000.00)**.



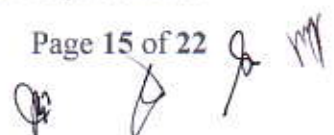
- d. **No Default.** The Potential Lessee or all of its members, if a joint venture/consortium, its parent company, or its subsidiaries or affiliates with common controlling shareholdings, if any, is not considered in default of its financial or other obligations to **PPMC**, **BCDA** or any of its subsidiaries.
- e. **Payment of Taxes.** The Potential Lessee or all of its members, if a joint venture/consortium, should be compliant with the Philippine tax laws. A Tax Clearance Certificate or its equivalent pursuant to Bureau of Internal Revenue (BIR) rules and regulations shall be required as part of the post-qualification process.

2.2 **Pre-Qualification Documents.** To be pre-qualified, potential lessees are required to submit the following documents described in the Attached Checklist (Annex "G"):

- a. Duly notarized Pre-Qualification Statement or Joint Pre-Qualification Statement (format attached as Annex "H-1" or "H-2", as applicable) which shall include the following information in support of the Potential Lessee's pre-qualification:
 - (i) Company Profile of the Potential Lessee (format attached as Annex "I") which contains general organization and financial information about the Potential Lessee. This should be accomplished by all members, in case of joint venture/consortium;
 - (ii) A statement by the Potential Lessee that, if awarded the Contract to lease and development the **PROPERTY**, as the Winning Lessee, it commits to comply with: (1) The permitted land use/s, and the development restrictions for the **PROPERTY**; (2) the rules, regulations and standards set by the **PPMC** and **PCG**; and (3) all other pertinent government standards such as but not limited to the *National Building Code*, the *Fire Code of the Philippines*, and other relevant laws, rules, regulations and issuances of the agencies of the National Government, for the entire duration of the contract period;
 - (iii) A statement that the Potential Lessee, and all of its members, its parent company, or its subsidiaries, or affiliates with common controlling shareholdings, if any, is not considered in default of its financial or other obligations to **PPMC**, **BCDA** or any of its subsidiaries, at the time of the submission of pre-qualification documents and proposals;

- (iv) A statement of acceptance by the Potential Lessee of the qualification criteria established by **PPMC**, commitment to abide by the decision of the ADP-Com, and waiver of its right to seek legal remedies against BCDA, **PPMC** and **PCG**, its Board of Directors, Officers, staff, consultants and authorized representatives/personnel in connection with this selection process;
 - (v) A statement attesting to the veracity of all information presented and authenticity of all documents submitted; and
 - (vi) A statement of affirmation of **PPMC**'s anti-corruption policy.
- b. Certification from the bank/s reflecting the Potential Lessee's available cash balance and/or approved credit facilities as of the month prior to the deadline set for the submission of pre-qualification documents (if pre-qualifying as joint venture/consortium, any member of the joint venture/consortium who meets the Financial Capacity requirement).
 - c. Audited financial statements of the Potential Lessee (or its major/largest stockholders for newly incorporated corporations, or if pre-qualifying as joint venture/consortium, all members of the consortium) for the past **three (3)** years, i.e., 2013, 2014 and 2015.
 - d. SEC Registration together with the General Information Sheet (GIS) of the Potential Lessee for the latest applicable calendar or fiscal year (or all members in case of joint venture/consortium) or for foreign corporations, the equivalent document duly authenticated by the Philippine Consulate based in the foreign company's domicile.
 - e. Articles of Incorporation and By-Laws of the Potential Lessee (or all members in case of joint venture/consortium), and any amendments.
 - f. A Board Resolution or Secretary's Certificate of the Potential Lessee (or all members in case of joint venture/consortium) expressly authorizing its participation in the pre-qualification and disposition process, and appointing its authorized representative/s for this purpose and to represent and sign any and all documents related to this disposition including the Contract of Lease with **PPMC**.

PPMC requires that each and every joint venture/consortium member shall, as may be applicable, submit all of the above Pre-Qualification Documents and shall be subject to the Pre-Qualification Requirements.



Potential Lessees are required to submit **Certified True Copies of the Original** of the Pre-Qualification Documents except the Prescribed Forms in the *TOR* which should be **original**.

Section 3

Financial Proposal. The *Financial Proposal* shall consist of the following:

- 3.1 **Financial Bid Letter.** The Potential Lessee shall have to submit its financial bid proposal in the form of Annex "J", duly signed by its authorized representative, expressly indicating its bid for the starting Annual Fixed Lease for the **PROPERTY**; and
- 3.2 **Bid Security** in the amount equivalent to ten percent (10%) of the Bid Price for the **PROPERTY** for the initial year, which shall be in the form of manager's check or cashier's check. The Bid Security of the Winning Lessee will be treated as earnest money for its required payment at the time of signing of the *Contract of Lease*. The Bid Security of all other Pre-Qualified Potential Lessees shall be returned without interest upon signing of the *Contract of Lease* between **PPMC** and the Winning Lessee, unless otherwise forfeited under Article VIII Section 9.

Section 4

Evaluation of Pre-Qualification Documents

- 4.1 **Opening and Preliminary Examination of Pre-Qualification Documents.** On the date and time specified in the *Timetable of Activities*, the envelopes containing the *Pre-Qualification Documents* shall be opened and evaluated by the ADP-Com to determine completeness of documents and sufficiency of data/information provided therein.

Only those Potential Lessees determined by the ADP-Com during the preliminary examination to have submitted **complete** *Pre-Qualification Documents* under this *TOR* shall be declared "**passed**", and shall be qualified for the submission of *Financial Proposals*.

Those Potential Lessees determined by the ADP-Com to have failed to submit complete *Pre-Qualification Documents* shall be asked to submit its complete *Pre-Qualification Documents* before the deadline for submission of *Pre-Qualification Documents*.

Those Potential Lessees determined by the ADP-Com to have failed to submit complete *Pre-Qualification Documents* before the deadline for submission shall automatically be declared "**failed**", in which case they will be notified in writing stating the reasons for disqualification.

Section 5

Evaluation of Financial Proposals

Only those who passed the Pre-Qualification Process shall be invited to submit its Financial Proposal on the date specified in the *Timetable of Activities*. The ADP-Com shall open the *Financial Proposals* to determine compliance with the requirements under Article VI, Section 3 of this TOR. *Financial Proposals* that are found to be non-complying shall be automatically rejected, and the Bid Security shall be immediately returned to the concerned Pre-Qualified Potential Lessee. *Financial Proposals* shall be presented for mere comparison only as all submitted documents shall, still be subject to further evaluation and verification by the ADP-Com.

Section 6

Detailed Evaluation of Proposal.

Within the period specified in the *Timetable of Activities*, the ADP-Com shall conduct a detailed evaluation of the *Pre-Qualification Documents* and *Financial Proposals* submitted. *Pre-Qualification Documents* and *Financial Proposals* that are found to have satisfied all the requirements of this TOR shall be ranked based on the starting annual Fixed Lease Payment for the **PROPERTY**. The Proposal which is found to have complied with all the *Pre-Qualification Requirements* and *Financial Proposal* requirements and which has the highest proposed starting annual Fixed Lease Payment for the **PROPERTY** shall be declared the **Highest Ranked Bid**.

Section 7

Post-qualification

7.1 The Pre-Qualified Potential Lessee with the **Highest Ranked Bid** must pass the post-qualification process to verify accuracy and authenticity of all submitted documents and information, including the submission of a Tax Clearance Certificate or its equivalent issued by the BIR and if joint venture/consortium, the corresponding *Joint Venture/Consortium Agreement*. The *Joint Venture/Consortium Agreement* must include the following information:

- brief description of the joint venture/consortium, the individual members of the joint venture/consortium and the nature and extent of the participation (capital of each member in relation to the whole capital);
- commitment of all members to be jointly and severally liable for the obligations of the joint venture/consortium under the award/contract.

Any material insufficiency in the information required, inconsistencies, errors or misinterpretations in the submitted documents shall be ground for disqualification and forfeiture of its Bid Security.

- 7.2 If the Pre-Qualified Potential Lessee with the Highest Ranked Bid passes post-qualification, its proposal shall be declared as the **Highest Ranked and Complying Bid**. The ADP-Com shall recommend to the PPMC Board the award of the contract to said Pre-Qualified Potential Lessee (Winning Lessee).
- 7.3 If the Pre-Qualified Potential Lessee with the Highest Ranked Bid fails post-qualification, the ADP-Com shall notify the Pre-Qualified Potential Lessee of the results thereof. The ADP-Com shall subject the Pre-Qualified Potential Lessee with the Second Highest Ranked Bid to post-qualification.
- 7.4 If the Pre-Qualified Potential Lessee with the Second Highest Ranked Bid passes post-qualification, it shall be declared as the Winning Lessee. If, however, the Pre-Qualified Potential Lessee with the Second Highest Ranked Bid fails post-qualification, the post-qualification process shall be repeated for the Pre-Qualified Potential Lessee with the next highest ranked bid, and so on until a Winning Lessee is determined.

Section 8

Award. A Notice of Award (NOA) shall be issued to the Winning Lessee, inviting the Winning Lessee to execute the *Contract of Lease* within thirty (30) calendar days from receipt thereof.

**ARTICLE VII
TIMETABLE OF ACTIVITIES**

Activities	Timetable
Publication of Invitation to Apply for Pre-Qualification	January 13, 20 & 27, 2017
Issuance of TOR	January 16 to February 16, 2017
Submission of Pre-Qualification Documents	January 16 to February 16, 2017
Preliminary Examination of Pre-Qualification Documents and Notice to submit complete Pre-Qualification Documents for Potential Lessee who failed to submit complete Pre-Qualification Documents	January 16 to February 16, 2017
Pre-Qualification Conference	February 3, 2017 – 10:00 AM
Deadline for Submission of Requests for Clarification	February 8, 2017
Deadline for Submission of the Complete Pre-Qualification Documents for Potential Lessee who failed to submit complete Pre-Qualification Documents	February 28, 2017 – 5:00 PM
Notice and Invitation to Pre-Qualified Potential Lessees to Submit Financial Proposal	March 1 – 10, 2017
Deadline for Submission of Financial Proposals	March 24, 2017 – 10:00 AM
Opening and Preliminary Examination of Financial Proposals	March 24, 2017 – 10:30 AM
Detailed Evaluation of Pre-Qualification Documents and Financial Proposals	March 24 – 28, 2017
Post-qualification	March 29 – 31, 2017

Estimated Board Approval of Results of Post-qualification and ADP-Com Recommendation to declare the Winning Lessee	Nearest Board Meeting
Announcement of the Winning Lessee and Issuance of Notice of Award (NOA)	Within three (3) days from the date of the PPMC Board's Approval
Signing of Contract	Within thirty (30) calendar days from receipt of the NOA

The above is an indicative timetable which may change at the discretion of the ADP-Com.

ARTICLE VIII OTHER MATTERS

- Section 1 **Amendments.** The information and/or procedures contained in this *TOR* may be amended or replaced at any time, at the discretion of the ADP-Com, subject to the approval of the PPMC Board, without giving prior notice or providing any reasons therefor. Should any of the information and/or procedures contained in this be amended or replaced, the ADP-Com shall inform all Interested Potential Lessees of such amendments by way of a Bid Bulletin. To ensure that all Interested Potential Lessees are informed of any amendments to this *TOR*, all Interested Potential Lessees are requested to inform PPMC of their contact persons as well as contact telephone numbers and e-mail addresses.
- Section 2 **Pre-Qualification Conference.** Interested Potential Lessees are invited to attend a Pre-Qualification Conference to discuss the **PROPERTY**, this *TOR* and other possible questions. The Conference shall be held on the date and time specified in the *Timetable of Activities* at the Poro Point Management Corporation (PPMC) Administration Building, Gov. Joaquin L. Ortega Avenue, Poro Point Freeport Zone, City of San Fernando 2500, La Union, Philippines. Any change in the *Timetable of Activities*, as well as resolutions and actions on the issues raised by the Potential Lessees shall be embodied in a Bid Bulletin.
- Section 3 **Requests for Clarifications.** All inquiries and concerns from Potential Lessees regarding this document or the **PROPERTY** shall be raised in writing and addressed only to the ADP-Com Chairperson, at:

THE CHAIRPERSON
Asset Disposition Program Committee
Poro Point Management Corporation
Gov. Joaquin L. Ortega Avenue
Poro Point Freeport Zone
City of San Fernando 2500
La Union, Philippines

All clarification and inquiries on the submission of pre-qualification documents and proposals should be received by the ADP-Com on or before the date specified in this *TOR*.

Section 4

Due Diligence. PPMC is disposing the **PROPERTY** strictly on an "AS-IS, WHERE-IS" basis. Each Potential Lessee shall be solely responsible for its own due diligence of all matters relating to this *TOR* and the **PROPERTY** which may affect its valuation of the **PROPERTY** of the nature of its proposal. PPMC shall not be responsible for any erroneous interpretation or conclusion by the Potential Lessees out of data furnished or indicated in this *TOR* and official pre-qualification and proposal forms, including any addenda, amendments or Bid Bulletins issued by the ADP-Com.

No verbal agreement or conversation with, nor any verbal clarification from any officer or employee of PPMC, the ADP-Com or any of their advisers shall affect or modify any of the terms and conditions contained in this *TOR*. Only amendments, supplements or clarifications to this *TOR* that are set down in writing and circulated to proponents by the ADP-Com shall be relied upon as authorized. Neither the PPMC, its Directors, Officers, staff, consultants and authorized representatives/personnel may make any representation or warranty concerning any matter affecting this disposition except for the representations and warranties of PPMC that shall be set out in the *Contract of Lease* for the **PROPERTY**.

Section 5

Failure of Disposition. PPMC shall declare failure of disposition in any of the following instances:

- 5.1 No Pre-Qualification Documents are received;
- 5.2 No Potential Lessee qualified and passed the Pre-Qualification Process;
- 5.3 No Pre-Qualified Potential Lessee submitted its Financial Proposal;
- 5.4 No Pre-Qualified Potential Lessee passed the evaluation of Financial Proposal;
- 5.5 No Pre-Qualified Potential Lessee passed post-qualification;
- 5.6 The Winning Lessee refused to accept the award or enter into contract with PPMC; and
- 5.7 The happening of a fortuitous event or any reason beyond the control of PPMC, including but not limited to change in government policy, which may prevent the completion of the contract of unduly delays its conclusion.

Section 6

Appeal. A Potential Lessee determined as disqualified may file an appeal in writing (Notice of Appeal) to the PPMC Board of Directors. The appeal must be filed within seven (7) calendar days from receipt of the notice containing the questioned resolution. The Notice of Appeal shall be accompanied by a sworn statement and corresponding payment of a non-refundable appeal fee in the amount of **Five Million Two Hundred Eighty Thousand Pesos (PhP5,280,000.00)**, in the form of a bank manager's check.

The disposition process will be suspended for a maximum period of thirty (30) calendar days while the appeal is being evaluated. The decision of the PPMC Board on the appeal shall be final and immediately executory. If the appeal is not resolved within the said period, the appeal is deemed denied, and the disposition process will proceed.

Section 7

Confidentiality of Documents. All proposal and accompanying documents shall be treated as confidential. Both parties will hold any and all confidential information in strict adherence and will not disclose or use any confidential information or any part of it except for the proper performance of the party's obligations under the *TOR*.

Section 8

Waiver of Right to Seek Legal Remedies. PPMC, its Board of Directors Officers, staff, consultants, and authorized representatives/personnel shall be held free and harmless from any liability, costs and expenses arising from the participation by the Potential Lessees in this disposition process. All Potential Lessees and Pre-Qualified Potential Lessees shall waive all rights to seek legal action (e.g. Temporary Restraining Order, lawsuits, etc.) to prevent PPMC from awarding and executing a contract with the Winning Lessee or against any decisions of the PPMC in connection with the evaluation, award, suspension or termination of the disposition process.

Section 9

Forfeiture of Bid Security. Any of the following shall be ground for the forfeiture of the Bid Security in favor of PPMC upon certification by the ADP-Com.

- 9.1 Any misrepresentation, error and/or fraudulent declaration made by the Potential Lessee in the bid documents or any of the required attachments discovered at any time after the preliminary examination of bids;
- 9.2 Withdrawal or modification, whether conditional or otherwise, of the proposal after the deadline for the submission of proposals;
- 9.3 Failure or refusal of a Winning Lessee to enter into a *Contract of Lease* with PPMC within the prescribed period;



- 9.4 Any judicial or extrajudicial action by the Winning Lessee that shall delay the execution of the *Contract of Lease*, the submission of required *Performance Security* and/or its compliance with its obligations as set out in this *TOR*; and
- 9.5 Any circumstances or reason that provides **PPMC** reasonable and valid basis to believe that the Potential Lessee is or has been rendered incapable of completing its obligation, as proposed.

The decision of the PPMC Board shall be final.

Section 10

Anti-corruption Policy. The Potential Lessee, their Directors and Officers are prohibited from communicating with or contacting, directly or indirectly, any of PPMC's Directors, Officers, staff, consultants and authorized representatives/personnel on matters concerning the disposition until after the conclusion of the disposition process except for clarifications of proposal which must be in writing and addressed to the ADP-Com Chairperson.

The Potential Lessees shall not offer or give, directly or indirectly, any amount, benefit or advantage to any Director, Officer, employee, consultant or authorized representatives/personnel of **PPMC**. Violation of this policy shall be a ground for disqualification or revocation of the award, if any, without prejudice to damages that **PPMC** may recover for any loss or damages that may result therefrom.

Section 11

Qualifications and Waivers. **PPMC** reserves the right to reject any or all proposals and its decision shall be final. **PPMC** reserves the right to review all relevant information affecting the Potential Lessee or the proposal before the execution of the *Contract of Lease*. **PPMC** may disqualify the Potential Lessee or suspend/terminate the disposition process or declare a failure of disposition should such review uncover any misrepresentation, error, mistake or fraud in any of the submitted documents or information or evaluation which affects the substance of its proposal.

PPMC further reserves the right to call off the disposition at any stage prior to the signing of the *Contract of Lease* and call for a new disposition under amended rules, without any liability whatsoever to any and all the Potential Lessee. In such a case, the Bid Security shall be returned to the Potential Lessee.

Section 12

Interpretation of Documents. The *TOR* and all its Annexes have been crafted with a view toward fair, transparent and competitive disposition of the subject **PROPERTY**. Any ambiguity in, or conflict between, the *TOR* and its Annexes shall be resolved toward fulfilling the intent of this privatization, as determined by **PPMC**.

**IMPLEMENTING AGREEMENT BY AND BETWEEN PORO
POINT MANAGEMENT CORPORATION (PPMC) AND
PHILIPPINE COAST GUARD (PCG)**

[Handwritten initials and marks]

AMENDED IMPLEMENTING AGREEMENT

THE PUBLIC IS INFORMED

This Implementing Agreement is executed between

The **PHILIPPINE COAST GUARD (PCG)**, a government agency established under Philippine laws, with office address at 139 25th Street, Port Area, Manila, represented by its Commandant, **ADMIRAL RODOLFO D ISORENA PCG**, duly authorized for this purpose by virtue of Republic Act No. 9993, hereinafter referred to as the **PCG**,

- and -

The **PORO POINT MANAGEMENT CORPORATION**, a Philippine government corporation with office address at Gov. Joaquin L. Ortega Avenue, Poro Point Freeport Zone, Poro Point, City of San Fernando, La Union, represented by its President and CEO, **HON. FLORANTE S. GERDAN**, duly authorized for this purpose as evidenced by PPMC Board Secretary's Certificate hereto attached as Annex "A" and hereafter referred to as the "**PPMC**."

ANTECEDENTS:

PCG, pursuant to its mandate to promote safety of life at sea by, among other reasons, properly maintaining and operating vital navigational aids, considers of paramount importance the extensive rehabilitation, upgrading and continued maintenance and operation of the Lighthouse San Fernando Point and its reservation situated in Poro Point, San Fernando City, La Union.

The Lighthouse San Fernando Point and its reservation is an area, herein referred to as the "**PROPERTY**," located within the Poro Point Freeport Zone. The Technical description of the said area is hereto attached as Annex "B."

PCG implements the "Adopt-a-Lighthouse Program" for the preservation, restoration, and promotion of tourism and national heritage of culturally valuable lighthouses subject to the conditions imposed by **PCG** specifically Lighthouse San Fernando Point, subject of this Implementing Agreement.

PCG may collect light/ATON dues for the efficient maintenance of aids to navigation that are being directly maintained and operated by **PCG**.

It is the earnest belief that in order to hasten the development and promotion of Lighthouse San Fernando Point and its reservation, **PPMC** has offered and agreed to adopt Lighthouse San Fernando Point and its reservation under **PCG**'s Adopt-a-Lighthouse Program.

PPMC, pursuant to its purpose to own, hold and/or administer the military reservations is empowered to plan and undertake the readjustment, relocation or resettlement of population within the baselands and their extensions and lease real properties.

PPMC, consistent with its thrust of promoting tourism industry in the locality, has entered into a Memorandum of Agreement (MOA) with **PCG** on April 28, 2012 for the development of the Lighthouse San Fernando Point and its


ADMIRAL RODOLFO D ISORENA PCG
Commandant, PCG


HON. FLORANTE S. GERDAN
President and CEO, PPMC

reservation as a tourist spot/destination, being one of the oldest yet functional lighthouses in the country.

This Implementing Agreement seeks to provide detailed implementation plan of the Memorandum of Agreement between PCG and PPMC dated 28th of April 2012.

ACCORDINGLY, the parties agree as follows:

I. OBJECTIVE

The PCG and the PPMC hereby agree to undertake the proposed rehabilitation, development, operation, maintenance and promotion of the Lighthouse San Fernando Point located in Poro Point, San Fernando City, La Union.

II. PROPERTY

Technical Description of San Fernando Lighthouse PROPERTY pursuant to Executive Order No. 60 series of 1903

"xxx I hereby reserve for light-house purposes and withdraw from sale or settlement the following described parcels of the public domain which have been designated by the Philippine Islands Light-House Establishment as necessary for light-house purposes, to wit

4. Reservation for *San Fernando* range lights, Island of Luzon, Province of La Union.

The ground actually occupied by the existing posts or beacons and for five meters on all sides of same, together with right of way to said structures from the streets of the town.

5. Reservation for *San Fernando* port light, south point of entrance to San Fernando Bay, Island of Luzon, Province of La Union.

An area of ground surrounding the present structure bounded by the shore line and by a circumference described about the center of the present light with a radius of two hundred meters, with right of way thereto from the nearest village and public highway."

III. RESPONSIBILITIES OF PCG

The PCG shall:

1. Supervise the deployment of Coast Guard personnel, who shall oversee the operation of the Lighthouse San Fernando Point and all other lighthouse facilities;
2. Allow PPMC, in close consultation with the appropriate government agencies concerned NGO's (e.g., the National Commission on Culture and the Arts, the National Historical Institute and the Heritage Conservation Society) to restore/repair/rehabilitate the Lighthouse San Fernando Point Structure without altering the original structure design.

ADMIRAL RODOLFO B. ISORINA PCG
Commandant, PCG

HON. FLORANTE S. GERDAN
President and CEO, PPMC


ADMIRAL ROBERTO B. ISORENA PCG
Commandant, PCG


HON. FLORANTE S. GERDAN
President and CEO, PPMC

3. As the primary consideration of PPMC in entering into this Agreement, allow PPMC (1) to construct, operate and maintain only tourism-related facilities and amenities in the Lighthouse San Fernando Point and its reservation provided that the same shall not impede nor obstruct the operations of the lighthouse as an aid to navigation, (2) to enter into business contracts and ventures with private developers and/or investors for the said purposes, covering a period of twenty five (25) years, renewable for another twenty five (25) years upon mutual agreement of PPMC and PCG. Within one (1) year immediately prior to the expiration of the 25-year period, PPMC shall manifest its desire to renew the Implementing Agreement; (3) to source out the needed funds for the said construction, operation and maintenance of the Lighthouse San Fernando Point in the PROPERTY (4) to enter into business contracts and ventures for the establishment of tourism-related facilities and amenities in the PROPERTY, subject to the conditions set forth by the PCG hereto attached as Annexes "C" and "D,"
4. PCG shall honor all contracts entered into by PPMC with regard to the development of the PROPERTY, insofar as they are consistent with the terms of this Agreement,
5. Provide available technical data with respect to the Lighthouse San Fernando Point and its reservation to PPMC as determined to be necessary by the PCG.
6. PCG shall supervise and monitor the means and methods by which PPMC undertakes to rehabilitate, repair, develop and maintain the Lighthouse San Fernando Point and its reservation, and
7. PCG, consistent with national security rules, shall allow free ingress and egress of employees, visitors, tourists, and guests in the tourism-related facilities and amenities in the Lighthouse San Fernando Point and its reservation, as an effect of the operation of businesses covered by the business contracts and ventures covered in Article III, paragraph 3

IV. RESPONSIBILITIES OF PPMC

The PPMC shall:

1. PPMC shall take charge, and determine the means and methods by which to undertake the rehabilitation, development and maintenance of the Lighthouse San Fernando Point and its reservation, without altering the lighthouse structure itself and shall prepare the Program of Work (POW) for the project in consultation with PCG which includes estimates, specification, repair and repainting methods to be adopted, and subject to the supervisory and monitoring powers of PCG;
2. PPMC shall enter into business contract/venture with private developers and/or investors for the construction, operation and maintenance of the tourism-related facilities and amenities in the PROPERTY for a period of twenty-five (25) years renewable for



another twenty five (25) years pursuant to Paragraph 3, Article III, above.

3. Source out funds for the rehabilitation, development and maintenance of the Lighthouse San Fernando Point structure and its reservation without altering the lighthouse structure itself,
4. Source out for the construction, operation and maintenance of the tourism-related facilities and amenities in the Lighthouse San Fernando Point and its reservation by entering into business contracts/ventures with private developers and/or investors for twenty five (25) years, renewable for another twenty five (25) years pursuant to Paragraph 3, Article III, above,
5. Promote Lighthouse San Fernando Point and its reservation as a tourist destination,
6. Ensure that construction undertakings within the Lighthouse San Fernando Point and development activities in its reservation will not alter its original structure, design and functions,
7. Ensure that any construction to be made within the Lighthouse San Fernando Point and its reservation will not exceed the height of the lighthouse structure, will comply with the requirements and limitations to be prescribed by the PCG, and will commence only upon the latter's approval of the building plan and architectural design as submitted,
8. Warrant that no construction and establishment of tourism-related facilities and amenities shall impede or obstruct the operation of the lighthouse as an aid to navigation, and the PCG is hereby authorized to demolish such construction or a part thereof should the same become disruptive to the operations and functions of the lighthouse,
9. In consideration of allowing PPMC to enter into business contract/venture with private developers and/or investors for the construction, operation and maintenance of the tourism-related facilities and amenities, PPMC shall undertake the following
 - a. Provide PCG a guaranteed share of 10% from the lease of the land which shall be used to construct facilities and/or projects identified by PCG subject to applicable tax consistent with existing laws, rules and procedures, and
 - b. Provide PCG 10% share from the share on revenue from operations remitted to PPMC subject to applicable tax consistent with existing laws rules and procedures,
10. Ensure that ALL LIGHTS will be switched off whenever directed by the PCG to be necessary,

The above-cited undertakings will only be carried out if and when PPMC has already entered into a business contract/venture with private developers and/or investors.


ADMIRAL RODOLFO DISORENA PCG
Commandant, PCG


HON. FLORANTE S. GERDAN
President and CEO, PPMC




ADMIRAL RODOLFO D. ISORENA PCG
Commandant, PCG

11. Maintain and ensure that the light house reservation is clean, orderly, attractive, secure, safe, and sanitary, as determined by the standards of the PCG.
12. Ensure that all its workers, personnel or employees or that of their assigns and representatives shall abide by the safety rules and regulations prescribed by the PCG with regard to the lighthouse structure and its reservation.
13. Promote ecological balance in the vicinity of Lighthouse San Fernando Point through tree-planting and similar activities.
14. Keep the PCG free from any liability from third parties arising from the use and operation of the area as a tourist spot.
15. The PPMC shall submit all lease agreements and financial reports of the tourism-related activities and amenities within the six (6) hectares PROPERTY to the PCG

V. OTHER PROVISIONS

1. All provisions of the MOA dated April 28, 2012 inconsistent of this Agreement is deemed repealed or modified accordingly
2. **Amendments.** Any agreement or additional terms and conditions to this Agreement must be done in writing. The parties should negotiate any item or issue, which has not been provided in this Agreement.
3. **Entire Agreement.** This Agreement and its Annexes constitutes the entire agreement of PCG and the PPMC with respect to the subject matter of this Agreement. This agreement may not hereafter be modified or altered except in writing duly signed by the parties hereto.
4. **Separability.** The invalidity or unenforceability of a provision hereof shall not affect or impair the other provisions which otherwise can be given full force and effect.
5. **Improvements.** Any improvements constructed within the PROPERTY shall inure to the benefit of the PCG and ownership thereof shall be transferred accordingly upon the expiration of this Implementing Agreement. Lessee shall have the privilege and right to remove the improvements at any time during the term of this Implementing Agreement provided the premises are restored to as good condition as existed prior to construction of the improvement.
6. **Authority.** Each of the party hereto represents and warrants that it has full power and authority to enter into and perform each obligation under this Agreement. All necessary actions, consents and approval for the execution of this Agreement have been taken and/or obtained.
7. **Effectivity.** This Amended Implementing Agreement shall take effect on the date and signing hereof of both parties concerned.


HON. FLORANTE S. GERDAN
President and CEO, PPMC



8. **Termination** This Amended Implementing Agreement may be terminated due to violation or breach by one of the parties of any of the agreed terms and conditions at any time by giving written notice at least thirty (30) days prior the intended date of termination.

VI. NON-AGENCY

The PCG shall continue to be independent from PPMC. PPMC, its workers, personnel and employees, are in no sense agents of the PCG, the Commander of PCG units, districts, stations and detachments, or of any other entity having to do with the operations of the PCG. PPMC, its officers and employees shall not represent or permit itself to be represented to the public as an agent or employee of the PCG by the use of the name of the PCG on letters, bills, signs or by any other means.

IN WITNESS WHEREOF, the parties hereby set their hands this 14th day of October 2015 at City of Manila.

PHILIPPINE COAST GUARD

PORO POINT MANAGEMENT CORPORATION

By

By

ADM RODOLFO D. ISORENA PCG
Commandant

HON. FLORANTE S. GERDAN
President and CEO

SIGNED IN THE PRESENCE OF:

[Handwritten initials and marks]

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MANILA) S.S

BEFORE ME, Notary Public for and in Manila
 personally appeared:

[Signature]
 ADMIRAL RODOLFO D ISORENA PCG
 Commandant, PCG

Name	Identification Document	Date/ Place Issued
PCG, By ADM RODOLFO D ISORENA PCG	CG14-0-0011	Manila/22 Jan 2014
PPMC, By: FLORANTE S. GERDAN	Passport No. EB6053379	DFA Manila/ 31 July 2012

known to me to be the same persons who executed the foregoing Amended Implementing Agreement and they acknowledged to me that the signatures are their free act and the agencies represented.

SIGNED and SEALED on OCT 13 2015 2015 at
MANILA

[Signature]
 HON. FLORANTE S. GERDAN
 President and CEO, PPMC

NOTARY PUBLIC
ATTY. RANDY P. BAHENG
 NOTARY PUBLIC
 VALID UNTIL DECEMBER 31, 2015
 PTR NO. 3838142 MLA 1-5-15
 ISP NO. 946380 MLA III 1-5-15
 ROLL NO. 47692
 UNIT 916-I URC BLDG. ESPAÑA ML

Doc. No. 008
 Page No. 10
 Book No. 11
 Series of 2015

[Handwritten initials]

ANNEX "A"

ANNEX A OF THE CHARTERS
OF THE CITY

RESOLUTIONS

Resolved, That I, Howard Randy A. Krueger, Mayor of the City of La Habra, California, do hereby certify that the following resolution was duly adopted by the Board of Directors of the City of La Habra, California, on the 15th day of September, 2015.

That I, Howard Randy A. Krueger, Mayor of the City of La Habra, California, do hereby certify that the following resolution was duly adopted by the Board of Directors of the City of La Habra, California, on the 15th day of September, 2015.

That I, Howard Randy A. Krueger, Mayor of the City of La Habra, California, do hereby certify that the following resolution was duly adopted by the Board of Directors of the City of La Habra, California, on the 15th day of September, 2015.

Board Resolution No. 2015-09-306

"RESOLVED, that it is hereby certified, that the Board of Directors of THREE POINT MANAGEMENT CORPORATION (TPMC) hereby certifies to the City of La Habra, California, that the following resolution was duly adopted by the Board of Directors of the City of La Habra, California, on the 15th day of September, 2015.


The above-stated resolution was duly adopted, approved and passed by the Board of Directors of the City of La Habra, California, on the 15th day of September, 2015.

In WITNESS WHEREOF, I have hereunto affixed my signature and the seal of the City of La Habra, California, on the 15th day of September, 2015.


Howard Randy A. Krueger
Mayor

WITNESSED AND SWORN to before me this 15th day of September, 2015, official capacity of the City of La Habra, California, with My Seal and Commission, issued by the Local Registrar of the State of California, Orange County.

Doc. No. 177
Page No. 1
Book No. 2015
Date of 2015


NOTARY PUBLIC
My Commission Expires 05/15/2016
972132
511-02-15



ANNEX "B"

Technical Description of San Fernando Lighthouse PROPERTY pursuant to Executive Order No. 60 series of 1903

"xxx I hereby reserve for light-house purposes and withdraw from sale or settlement the following described parcels of the public domain which have been designated by the Philippine Islands Light-House Establishment as necessary for light-house purposes, to wit:

4. Reservation for *San Fernando* range lights, Island of Luzon, Province of Union.

The ground actually occupied by the existing posts or beacons and for five meters on all sides of same, together with right of way to said structures from the streets of the town.

5. Reservation for *San Fernando* port light, south point of entrance to San Fernando Bay, Island of Luzon, Province of Union.

An area of ground surrounding the present structure bounded by the shore line and by a circumference described about the center of the present light with a radius of two hundred meters, with right of way thereto from the nearest village and public highway."

AB



Handwritten initials and marks at the bottom right of the page, including a stylized 'A', a signature, and other scribbles.

ANNEX "C"

Specific Conditions For PPMC To Construct, Operate And Maintain Tourism-Related Facilities and Amenities Within The PROPERTY

Pursuant to Article III Item No. 3 (1) of the Amended Implementing Agreement, PCG shall allow PPMC to construct, operate and maintain tourism-related facilities and amenities in the Lighthouse San Fernando Point and its reservation hereinafter referred to as the PROPERTY subject to the following conditions:

1. Any construction, operation and maintenance of tourism-related facilities and amenities and any tourism-related activities shall not impede nor obstruct the operations of the functioning lighthouse structure at Poro Point as an aid to navigation specifically no construction that will impede or obstruct the operations of the lighthouse within the 180 degrees zone facing the shore shall be allowed.
2. Any construction shall comply with the requirements and limitations herein set forth by the PCG and may commence only upon PCG's approval of the Building Plans, Architectural Design and PPMC's Development Plan as submitted.
3. The height of any construction within the 180 degrees zone shall not impede nor obstruct the operations of the lighthouse as an aid to navigation.
4. The distance of any construction from the Lighthouse shall not be less than one hundred (100) meters.
5. The PPMC shall be responsible in providing security in the tourism-related facilities and amenities located in the six (6) hectares Lighthouse San Fernando Point.
6. The PPMC shall ensure that ALL LIGHTS will be turned-off whenever directed by the PCG when necessary.
7. The PPMC shall maintain and ensure that the Six (6) hectares Lighthouse San Fernando Point and its reservation is clean, orderly, attractive, secure and in a safe and sanitary condition to the satisfaction of the PCG.
8. The PPMC shall promote ecological balance in the vicinity of Lighthouse San Fernando Point through tree-planting and similar activities.
9. The characteristics of the Lighthouse of flashing two (2) white lights every ten (10) seconds should not be replicated in all lights or lightings to be installed.
10. PPMC shall not interfere with the actual operation, maintenance, and repair of the lighting mechanism of the Lighthouse.
11. PPMC shall ensure that the free ingress and egress of employees, visitors, tourists and guests in the Lighthouse San Fernando Point and its facilities shall be subject to the safety rules to be imposed by PCG.

[Handwritten signatures and initials]

ANNEX "D"

Specific Conditions of the PCG To Allow PPMC To Enter Into Business Contract with Third Parties Involving The Six (6)-Hectare PROPERTY

Pursuant to Article III Item No. 3 (4) of the Amended Implementing Agreement, PCG shall allow PPMC to enter into business contract with another for the establishment of tourism-related facilities and amenities in the PROPERTY, subject to the following conditions:

1. The duration of the business contract that will be entered by the PPMC with third parties shall be reckoned from the date of signing of Contract of Lease between PPMC and the third parties provided, that the Contract of Lease shall be entered within one (1) year from the date of signing of the Amended Implementing Agreement. Provided further, that the duration of the business contract shall be reckoned from the date of signing of the Implementing Agreement for Contract of Lease entered between PPMC and third parties after the one (1) year period stated in the preceding paragraph.
2. The PPMC shall ensure that any tourism-related activities engaged by third parties shall comply with the conditions set forth in Annex "C" of the Amended Implementing Agreement.
3. The PPMC shall submit Program of Works (POW) to PCG.



**VICINITY MAP/SITE DEVELOPMENT PLAN OF THE 6-
HECTARE PORO POINT LIGHTHOUSE**

Handwritten marks: A stylized 'P', a triangle, a signature, and the letters 'VMP'.

VICINITY MAP OF LIGHTHOUSE AS PREPARED FOR PPMC

SITUATED IN THE

RURBAN CODE: PORO
BARANGAY: PORO
MUN. / CITY OF: SAN FERNANDO
PROVINCE OF: LA UNION
ISLAND OF: ILOZOS
CONTAINING AN AREA OF

SQ. M.

ZONE NO. 18
TYPING: METERS TO
BEARING: MAGNETIC
SCALE: 1:100



CERTIFICATION

SEPT 28, 2014
Date Prepared

SATURINO ALBERT JR.
REGISTERED GEODIN SURVEYOR
Reg. No. 20114 Date 03/11/10
License No. 20114 Date 03/11/10

Republic of the Philippines
Department of Environment and Natural Resources

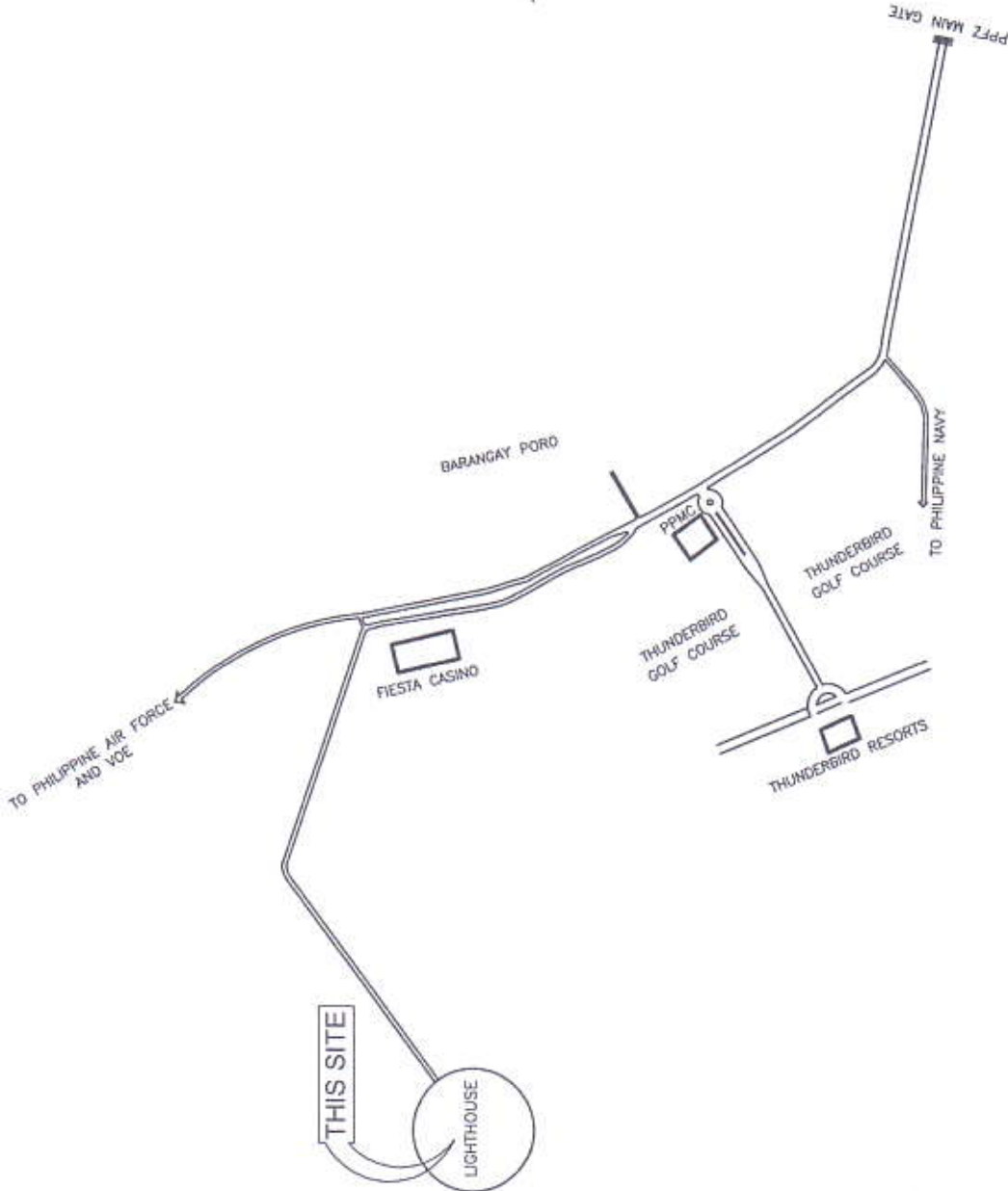
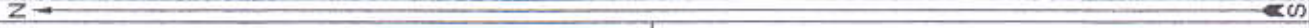
VERIFICATION

I certify that this survey plan is verified and found to conform with survey data / records on file in this office.
THIS PLAN SHALL NOT BE USED FOR LAND REGISTRATION.

DATE: _____
PURPOSE: _____

CHIEF, REGIONAL SURVEYS DIVISION

Date Submitted: _____
ADDITIONAL INFORMATION AFTER DATE OF VERIFICATION



Handwritten signatures and initials at the bottom of the page.

SURVEY PLAN

[Handwritten initials and signatures]

LMB Form No. CSD-6-3

NO.	DESCRIPTION	LENGTH (M)	BEARING
BOUNDARY			
1-2	S.26-48W.	34.87 M.	
2-3	N.50-41W.	125.07 M.	
3-4	N.39-03W.	51.75 M.	
4-5	N.41-20W.	147.17 M.	
5-6	N.81-30E.	13.95 M.	
6-7	N.10-43W.	98.37 M.	
7-8	N.71-14E.	42.42 M.	
8-9	N.85-09E.	60.00 M.	
9-10	S.78-40E.	60.00 M.	
10-11	S.59-31E.	60.00 M.	
11-12	S.42-15E.	60.00 M.	
12-13	S.25-00E.	60.00 M.	
13-14	S.07-45E.	60.00 M.	
14-15	S.09-20W.	60.00 M.	
15-1	S.26-48W.	60.03 M.	
LOT 1			
1	S.72-57W.	3530.50 M.	

NO.	DESCRIPTION	LENGTH (M)	BEARING
URBHOUSE			
1-2	N.30-19E.	12.09 M.	
2-3	N.37-30E.	12.09 M.	
3-4	N.43-27E.	12.09 M.	
4-5	N.51-07E.	12.09 M.	
5-6	N.59-52E.	12.09 M.	
6-7	N.67-18E.	12.09 M.	
7-8	N.74-44E.	12.09 M.	
8-9	N.83-12E.	12.09 M.	
9-10	N.92-30E.	12.09 M.	
10-11	S.01-59E.	12.09 M.	
11-12	S.10-33E.	12.09 M.	
12-13	S.20-09E.	12.09 M.	
13-14	S.30-43E.	12.09 M.	
14-15	S.43-18E.	12.09 M.	
15-16	S.58-24E.	12.09 M.	
16-17	S.75-31E.	12.09 M.	
17-18	S.95-20E.	12.09 M.	
18-19	S.123-34E.	12.09 M.	
19-20	S.161-09E.	12.09 M.	
20-21	S.208-43E.	12.09 M.	
21-22	S.267-07E.	12.09 M.	
22-23	S.336-21E.	12.09 M.	
23-24	S.415-35E.	12.09 M.	
24-25	S.504-49E.	12.09 M.	
25-26	S.603-63E.	12.09 M.	
26-27	S.712-77E.	12.09 M.	
27-28	S.831-91E.	12.09 M.	
28-29	S.960-05E.	12.09 M.	
29-30	S.1089-19E.	12.09 M.	
30-31	S.1218-33E.	12.09 M.	
31-32	S.1347-47E.	12.09 M.	
32-33	S.1476-61E.	12.09 M.	
33-1	S.1605-75E.	12.09 M.	

SKETCH PLAN

OF LOT 1 SWO-01-003243
AS PREPARED FOR
POROPONT MANAGEMENT CORPORATION
SITUATED IN THE

URBAN CODE: PD00
DIVISION: SAN FERNANDO
CITY: LAZON
ISLAND OF LAZON
CONTAINING AN AREA OF 59,885 SQ. M.

ZONE NO. PD00
PLANNING CODE PD00
SCALE: 1:200

CERTIFICATION

I hereby certify that this is a true and correct plan of land based on the technical description of PD00-01-003243.

SEPT. 14, 2014
Carmelita

SANTOSINO MACAT JR.
REGISTERED SURVEYOR
Professional No. 10115

Republic of the Philippines
Department of Environment and Natural Resources

I certify that this survey plan is correct and found to conform with survey data / records on file on the office.
THIS PLAN SHALL NOT BE USED FOR LAND REGISTRATION

DATE: _____
APPROVED: _____

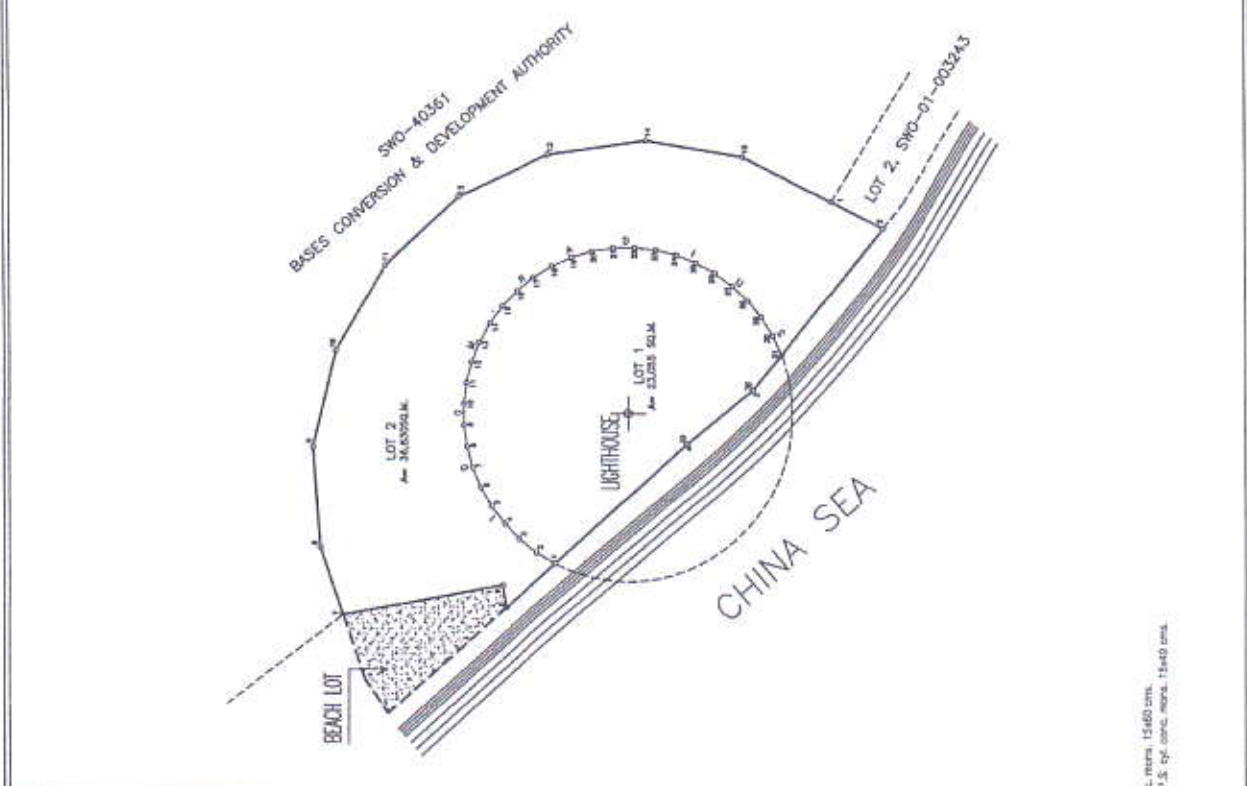
CHIEF, REGIONAL SURVEYS DIVISION

Date Submitted: _____

ADDITIONAL INFORMATION ATTENTION OF VERIFICATION:

N

S



NOTES:
All corners marked Old P.S. are cyl. conc. masonry 15460 cms.
All corners not otherwise described are P.S. cyl. conc. masonry 15460 cms.

**MASTER DEVELOPMENT PLAN OF THE
PORO POINT FREEPORT ZONE**

Handwritten initials or marks at the bottom right of the page, including a stylized 'P', a signature-like mark, and other scribbles.



Area Utilization		
Designation	Land Area (sq.m.)	
Mixed-use Residential	90,852.75	8.89%
Mixed-use Commercial	452,354.45	42.85%
Mixed-use Tourism	54,881.88	5.26%
Institutional	26,416.20	2.54%
Buffer Zone	121,676.00	11.53%
Parks, Parks and Open Spaces	74,576.12	7.07%
Trade	231,712.00	21.87%
TOTAL	1,055,516.45	100.00%

LEGEND:

- Property Line
- National Road
- Provincial Road
- City Road
- Barangay Road
- Subdivision Road
- River
- PNR Line
- Proposed Road
- Monorail Line
- Entry / Exit Access

Land Use:

- Mixed-use Residential
- Mixed-use Commercial
- Mixed-use Tourism
- Institutional
- Parks
- Parks and Open Spaces
- Buffer Zone

Note:
Proposed roads highlighted outside the property line of PPFZ are proposed off-site improvements. The costs for the roads will not be covered by BCDA in the PPFZ Project.

Source:
Satellite Data (2014-2015)
2012 City and Provincial Aerial Photo
Google Earth



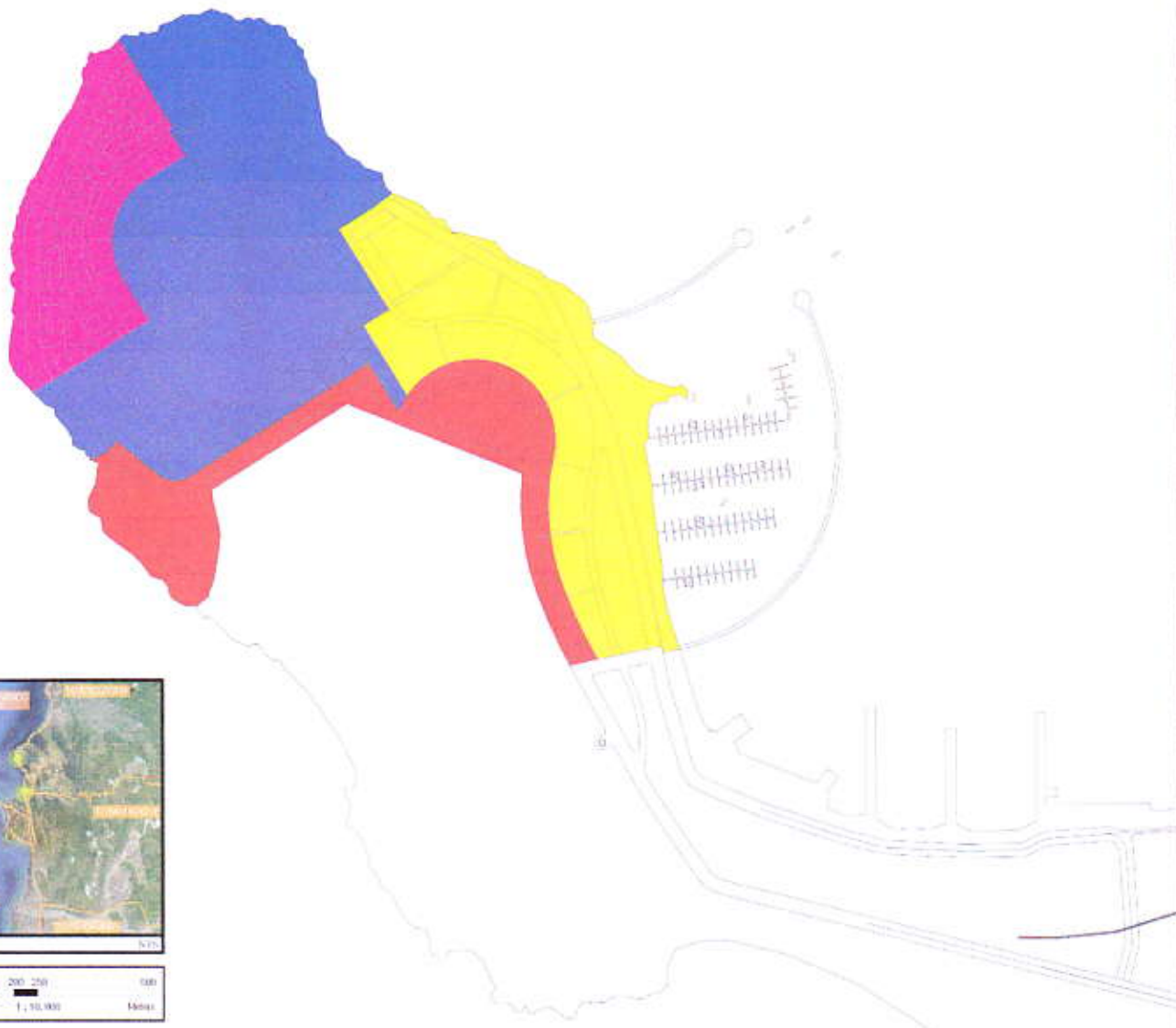
This drawing is for indicative purposes only. The ideas represented are subject to further study and change. All areas are computer generated and are subject to change upon the verification from the geospatial engineer.

**Land Use Plan
Approved Concept**

Master Plan of the Poro Point Freeport Zone

BCDA Bases Conversion and Development Authority

PALAFIX



LEGEND:

- **District 1: Business Hub and Lighthouse Area**
 This district is located along the PPFZ's boundaries beside the golf course of Thunderbird Resorts, the Cliffs Golf and Beach Club. It is a proposed business district with commercial and entertainment establishments. The Lighthouse Area to the west of the site is proposed for tourist accommodations.
- **District 3: Sports Town Center**
 The Sports Town Center caters both commercial and sports facilities with wide pedestrian walkways along an open space which also serves as a track field. This district is designed to have structures with pedestrian access through skywalks and catered by a monorail system that leads towards a Medical Hospital.
- **District 2: Commercial Marina and Transit Hub**
 Located at the entrance to the PPFZ site is a proposed Commercial Marina and Transit Hub. Being an entry point from the bay, it would be the ideal location for a Transit Hub for all transport systems operating in the site, as well as its external networks. The Marina is to be a 24-hour center with entertainment, retail, leisure and other mixed uses.
- **District 4: Cliff-side Homes**
 Located at the cliff side along the coast of Poro Point are the retirement village and walk-up apartments / shop houses. This would be the area for street life and social interaction. They would be accessible to the track and field and the medical hospital, promoting wellness and quality of life.

© 2014 PALAFOX ARCHITECTURE INC. ALL RIGHTS RESERVED. THIS DOCUMENT IS THE PROPERTY OF PALAFOX ARCHITECTURE INC. AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF PALAFOX ARCHITECTURE INC.

District Map

Master Plan of the Poro Point Freeport Zone



Handwritten notes and signatures in the bottom right corner, including the name 'Lyn' and various initials.

**SPECIFIC RESTRICTIONS AND CONDITIONS SET FORTH BY
PHILIPPINE COAST GUARD (PCG)**

[Handwritten initials]

ANNEX "E"

Specific Conditions for the Construction, Operation and Maintenance of Tourism-Related Facilities and Amenities within the Six (6)-Hectare Poro Point Lighthouse and its Reservation

Philippine Coast Guard (PCG) shall allow the construction, operation and maintenance of tourism-related facilities and amenities in the Six (6) hectares Poro Point Lighthouse and its reservation hereinafter referred to as the PROPERTY subject to the following conditions:

1. Any construction, operation and maintenance of tourism-related facilities and amenities and any tourism-related activities shall not impede nor obstruct the operations of the functioning lighthouse structure at Poro Point as an aid to navigation specifically no construction that will impede or obstruct the operations of the lighthouse within the 180 degrees zone facing the shore shall be allowed.
2. To warrant that no constructions shall impede nor obstruct the operation of the Poro Point Lighthouse and that any construction shall comply with the requirements and limitations herein set forth by the PCG, all Building Plans, Architectural Design and Development Plan submitted to PPMC is subject to the approval of the PCG prior commencement of such constructions.
3. The height of any construction within the 180 degrees zone shall not impede nor obstruct the operations of the lighthouse as an aid to navigation.
4. The distance of any construction from the Lighthouse shall not be less than one hundred (100) meters.
5. The Winning Bidder shall be responsible in providing security in the tourism-related facilities and amenities located in the six (6) hectares Poro Point Lighthouse and its reservation.
6. The Winning Bidder shall ensure that ALL LIGHTS will be turned-off whenever directed by PPMC and/or PCG when necessary.
7. The Winning Bidder shall maintain and ensure that the Six (6) hectares Poro Point Lighthouse and its reservation is clean, orderly, attractive, secure and in a safe and sanitary condition to the satisfaction of the PCG.
8. The Winning Bidder shall promote ecological balance in the vicinity of the Poro Point Lighthouse through tree-planting and similar activities.
9. The characteristics of the Lighthouse of flashing two (2) white lights every ten (10) seconds should not be replicated in all lights or lightings to be installed.
10. The Winning Bidder shall not interfere with the actual operation, maintenance, and repair of the lighting mechanism of the Lighthouse.
11. The free ingress and egress of employees, visitors, tourists and guests in the Poro Point Lighthouse and its reservation and its facilities shall be subject to the safety rules to be imposed by PCG.



DRAFT PRO-FORMA CONTRACT OF LEASE

[Handwritten initials]

CONTRACT OF LEASE

THE PUBLIC IS INFORMED:

This Contract of Lease (“**CONTRACT**”) is executed by and between:

The **PORO POINT MANAGEMENT CORPORATION**, a government-owned and-controlled corporation duly organized and existing under Philippine Laws, with principal office address at Gov. Joaquin L. Ortega Avenue, Poro Point Freeport Zone, Poro, City of San Fernando, La Union, duly represented herein by its President and CEO, **HON. FLORANTE S. GERDAN**, as evidenced by Secretary’s Certificate hereto attached as Annex “A” an made integral part hereof, herein referred to as the “**PPMC**,”

- and -

The _____, a corporation/joint venture/consortium duly created and existing, organized and existing under applicable laws, with principal office address at _____, duly represented herein by its _____, as evidenced by Secretary’s Certificate hereto attached as Annex “B” an made integral part hereof, herein referred to as the “**LESSEE**.”

(Each a “**PARTY**” and collectively, the “**PARTIES**”)

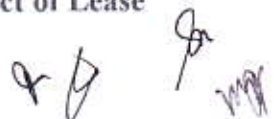
ANTECEDENTS:

Pursuant to Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, the Bases Conversion Development Authority (**BCDA**) was created with the mandate to accelerate the sound and balanced conversion into alternative productive uses the former military reservations and their extensions;

Pursuant to Republic Act No. 7227, Proclamation No. 216 Series of 1993 created and designated the area covered by the former Wallace Air Station and its contiguous areas as the Poro Point Special Economic and Freeport Zone (PPSEFZ). In 2007, Republic Act No. 9400 affirmed the Freeport status of the PPSEFZ, thus, amending the PPSEFZ to Poro Point Freeport Zone (PPFZ);

Executive Order No. 132 authorized the creation of Poro Point Management Corporation (**PPMC**) as the implementing arm of **BCDA** over the PPFZ;

PPMC, consistent with its thrust of promoting tourism industry in the locality, had long been aspiring for the development of the 6-hectare more or less Poro Point Lighthouse located within the PPFZ as a tourist spot/destination since it is one of the oldest yet still functional lighthouses in the country;



The operation, administration and management of the Poro Point Lighthouse is under the jurisdiction of the **Philippine Coast Guard (PCG)**;

It is the earnest belief that in order to hasten the development and promotion of the Poro Point Lighthouse, **PPMC** entered into a Memorandum of Agreement (MOA) with the **PCG** for its "Adopt-A-Lighthouse Program", wherein **PCG** encourages the participation of government and private entities in the preservation and maintenance of culturally valuable Lighthouses. Subsequently, an Implementing Agreement was signed providing the detailed implementation of the MOA including the provision for the construction, operation and maintenance of tourism-related facilities and amenities in the Poro Point Lighthouse and its reservation. A copy of the Implementing Agreement is hereto attached as Annex "C" and formed part hereof;

The Asset Disposition Program Committee (ADP-Com) of **PPMC**, now undertakes the disposition of the six (6)-hectare more or less Poro Point Lighthouse situated within the PPFZ through long-term lease and development on an "AS-IS, WHERE-IS" basis;

The **ADP-Com** conducted pre-qualification to consider proposals and choose from the pre-qualified private sector participants the lessee and developer of the Poro Point Lighthouse and the **LESSEE** has submitted the Highest Ranked and Complying Bid;

ACCORDINGLY, the parties agree as follows:

ARTICLE I GENERAL AGREEMENTS

Section 1. THE PROPERTY

The area to be leased is a more or less six (6)-hectare area inside the PPFZ, herein referred to as the "**PROPERTY**," located at the western part of the Poro Point peninsula. The vicinity map/site development map of the Property is attached hereto as Annex "D." The Poro Point Lighthouse is an important navigational aid which guides vessels particularly those calling at the San Fernando Seaport. The Technical description of the area is listed hereunder:

TECHNICAL DESCRIPTION OF THE PORO POINT LIGHTHOUSE AREA

TECHNICAL DESCRIPTION		
LINE	BEARING	DISTANCE (m)
BOUNDARY		
1-2	S.26 - 48W.	34.87 M.
2-3	N.50 - 41W.	125.07 M.
3-4	N.39 - 03W.	51.75 M.
4-5	N.41 - 26W.	147.17 M.
5-6	N.81 - 38E.	13.95 M.
6-7	N.10 - 43W.	98.37 M.
7-8	N.71 - 14E.	42.42 M.

8-9	N.85 - 59E.	60.00 M.
9-10	S.76 - 46E.	60.00 M.
10-11	S.59 - 31E.	60.00 M.
11-12	S.42 - 15E.	60.00 M.
12-13	S.25 - 00E.	60.00 M.
13-14	S.07 - 45E.	60.00 M.
14-15	S.09 - 30W.	60.00 M.
15-1	S.26 - 48W.	60.03 M.

Attached hereto as Annex "E" is the Survey Plan detailing the technical description of the **PROPERTY**. The **PROPERTY** may later be subjected to a ground verification survey.

Section 2. LEASE TERM

The **PROPERTY** shall be leased on an "AS-IS, WHERE-IS" basis for a period of twenty-five (25) years, commencing upon the signing of the **CONTRACT**, renewable for another twenty-five (25) years upon mutual agreement of the **PARTIES** and upon renewal of the Implementing Agreement by and between **PPMC** and **PCG**.

Upon the expiration of initial lease period, unless the **CONTRACT** is renewed, the ownership of all buildings and permanent facilities/improvements introduced by the **LESSEE** on the **PROPERTY** shall automatically be transferred to **PCG**.

Section 3. LEASE RATE

The **LESSEE** shall pay an Annual Lease in the amount of _____ (PhP _____), subject to an escalation of ten percent (10%) every three (3) years thereafter.

Section 4. SCHEDULE OF PAYMENT

The **LESSEE** shall be entitled to a Grace Period for non-payment of lease rentals for a period of two (2) years from signing of the *Contract of Lease*.

Upon signing of this **CONTRACT**, which shall be the start of the effectivity of the lease, the **LESSEE** shall remit to **PPMC** the total amount of _____ (PhP _____) as Annual Lease Payment for the third (3rd) year of this **CONTRACT**.

On or before the third (3rd) anniversary of this **CONTRACT**, the **LESSEE** shall remit to **PPMC** the Annual Lease Payment covering the fourth (4th) year of the lease, as adjusted based on the 10% escalation rate every three (3) years. Succeeding lease payments shall be made every year thereafter, on or before each anniversary of the execution of this **CONTRACT**.

Should the anniversary fall on a holiday or on a weekend, payment should be made on the last working day before the anniversary.

For clarity, the **PARTIES** agree to the schedule provided below:

PERIOD COVERED	RATE OF LEASE	SCHEDULE OF PAYMENT
Years 1 to 2	-	Grace Period
Year 3	Annual Lease as mentioned in the second paragraph of this Section	Upon Signing of the Contract
Year 4	Annual Lease adjusted based on the escalation rate	On or before the third (3 rd) anniversary of the Contract
Years 5 to 25	Annual Lease adjusted based on the escalation rate	On or before each anniversary of the Contract

The LESSEE shall pay the Lease according to the schedule of payment without the necessity of express demand from the PPMC.

Section 5. VARIABLE SHARE

5.1 The LESSEE shall remit to PPMC a monthly percentage of Gross Revenues from Operations based on the following schedule of percentages:

- Year 1 - 5 = 1% of Gross Revenues from Operations
- Year 6-10 = 2% of Gross Revenues from Operations
- Year 11-25 = 3% of Gross Revenues from Operations

This monthly percentage share on the Gross Revenues from Operations shall exclude the share on sub-lease revenues as contained in item 5.2 of this Section.

5.2 In the event the LESSEE sub-leases the PROPERTY or a portion thereof, it is understood and agreed that PPMC will receive five percent (5%) of any and all gross revenues paid by the sub-lessee/sub-lease tenants to the LESSEE.

5.3 The monthly percentage of Gross Revenues from Operations and sub-lease agreements shall be paid by the LESSEE on or before the fifth (5th) day of the succeeding month without the necessity of express demand from the PPMC.

Section 6. RENEWAL OF LEASE

There shall be no tacit renewal of this CONTRACT notwithstanding the continuous possession by the LESSEE of the PROPERTY for any period of time after the expiration of the term of this CONTRACT. For this purpose, any negotiation for renewal may not start earlier than two (2) years prior to the expiration of the existing lease term, unless a strong reason justifies an early renewal, subject to the approval of PPMC and PCG.

In the event the **LESSEE** exercises its option to renew its lease over the **PROPERTY**, the new lease rate for the twenty-five (25)-year lease extension period shall cover the land as well as the buildings and permanent facilities/improvements transferred to **PCG**.

To determine the Annual Lease for the initial year of the lease extension period, **PPMC** and the **LESSEE** shall have the **PROPERTY**, including the permanent facilities/improvements introduced therein, appraised by two (2) independent appraisers mutually acceptable to both Parties at the beginning of the 25th year of the lease. The Annual Lease for the initial year of the lease extension period shall either be:

- (i) five percent (5%) of the average appraised fair value of the Property; or
- (ii) the Fixed Lease for the Property on the twenty-fifth (25th) year, plus ten percent (10%) escalation,

whichever is higher.

An escalation rate of ten percent (10%) every three (3) years shall continue to apply on the Annual Lease for the **PROPERTY** of the lease extension period.

The costs of the appraisal shall be equally borne by **PPMC** and the **LESSEE**.

Section 7. USE AND DEVELOPMENT OF AND RESTRICTIONS ON THE PROPERTY

- 7.1 A lot area of **more or less six (6) hectares** will be allotted for the development, of which, approximately **3.68 hectares** are for permanent developments or structures while approximately **2.31 hectares** are for restrictive developments/light or movable structures.

A Master Development Plan (MDP) for the Poro Point Freeport Zone has been prepared which includes the **PROPERTY**. The Development on the **PROPERTY** must conform to the land use for the area which is **Mixed-Use Tourism**. A copy of the MDP is hereto attached as Annex "F" and made an integral part hereof.

Developments to be introduced by the **LESSEE** on the **PROPERTY** shall comply with the land use and shall be limited only to the following:

- a. Tourism-leisure and entertainment related facilities and amenities and/or facilities and amenities for touristic leisure activities such as but not limited to:
 - a.1 Hotel and/or Condotel
 - a.2 Hotel and/or Condotel Facilities
 - a.3 Cliffwalk with View Deck
 - a.4 Landscape Area/Garden
 - a.5 Function Halls/Events Center
 - a.6 Commercial and Retail Stores/Café/Restaurants
 - a.7 Amphitheater



- a.8 Pavilion
- a.9 Picnic Area/Gazebo
- a.10 Parks and Playground/Recreational Area

- b. Repair and rehabilitation of the Modern Lighthouse, restoration of the Old Spanish Lighthouse and the Shotgun House into its original aesthetic beauty to serve as tourist attractions within the **PROPERTY**. The **LESSEE** has an option to rehabilitate the Shotgun House preferably into a Lighthouse Museum.
- c. The **LESSEE** has an option to develop the beach cove area located at the base/foot of the cliff of the **PROPERTY** and within the 200-meter radius of the lighthouse structure as shown in the Survey Plan, attached hereto as Annex "E." In the event the **LESSEE** opts to develop the beach cove, an access road/passageway/pathway from the **PROPERTY** to the beach cove shall be provided by the **LESSEE**.

7.2 The **LESSEE** shall strictly comply with the following restrictions on the development of the **PROPERTY**:

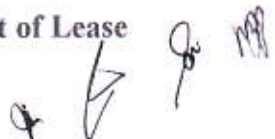
- a. No structures shall be built higher than the Lighthouse within the whole **PROPERTY**;
- b. The characteristics of the Lighthouse of flashing two (2) white lights every ten (10) seconds should not be replicated in all lights or lightings to be installed;
- c. The distance of any construction and structures to be developed/installed in the **PROPERTY** shall not be less than one hundred (100) meters from the Lighthouse. Only restrictive developments/light or movable structures such as gazebos, benches, landscaped garden or a parking area can be developed within the one hundred (100) meters easement around the lighthouse (*please refer to Annex "E"*);
- d. **PCG** will remain responsible for the actual operation, maintenance and repair of the lighting mechanism of the Lighthouse;

The other specific restrictions and conditions set forth by **PCG** is hereto attached as Annex "G" and made an integral part hereof.

7.3 No Residential Villas, Residential Condominiums and Residential Houses shall be developed in the **PROPERTY** but only Hotel and Condotel shall be allowed. Should the **LESSEE** opt to develop a Condotel, the same should not be used solely for residential purposes but should be rented out to public or should be enrolled in a rental program agreement.

7.4 Under the provision of the MDP Design Guidelines, the height limit for the **PROPERTY** should not exceed three (3) floors/storeys and should not exceed the height of the lighthouse. The setback provision is 7 meters Front, 5 meters Sides and 5 meters Rear.

7.5 A suitable area or portion within the **PROPERTY** shall be provided by the **LESSEE** for the construction of a dwelling/quarter for the Lighthouse



Keeper in recognition of **PCG's** responsibility for the actual operation, maintenance and repair of the lighting mechanism of the Lighthouse.

7.6 Likewise, the development of the **PROPERTY** shall strictly comply with the restrictions of all other pertinent government standards such as but not limited to the National Building Code, the Fire Code of the Philippines and other relevant laws, rules, regulations and issuances of the agencies of the National Government, both existing and in the future.

7.7 The **LESSEE** shall neither use nor occupy the **PROPERTY**, nor permit the same to be used and occupied, nor permit anything to be done in, on or to, the **PROPERTY**, in whole or in part, in a manner which would in any way:

- a. Violate any applicable laws affecting the leased **PROPERTY**;
- b. Make void or voidable any insurance then in force in respect thereto, or which may make it extremely difficult to obtain fire or other insurance thereon required to be furnished by **LESSEE** hereunder;
- c. Constitute a public or private nuisance; or
- d. Violate any material provision of this **CONTRACT**.

7.8 If at any time during the term of this lease, the **PROPERTY** is used for purposes other than those agreed upon or that which violates the restrictions pertaining to the use of the **PROPERTY**, **PPMC** shall have the right to terminate this **CONTRACT** without prejudice to the exercise of any rights available to it under this **CONTRACT** and the Law.

Section 8. SUB-LEASE, TRANSFER OF RIGHTS, ASSIGNMENTS, ETC.

The **LESSEE** may sub-lease the **PROPERTY** provided that prior written approval of **PPMC** is secured and that the provisions of this **CONTRACT** shall be incorporated by reference in the proposed sub-lease agreement; and provided further, that the purpose of the sub-lease shall be consistent with the parameters and guidelines set by this **CONTRACT**, particularly, although not necessarily limited by those specified in Article II hereof.

The **LESSEE** shall not assign, transfer or encumber its rights under this **CONTRACT** without the prior written consent of **PPMC** and no right, title or interest therein shall be conferred on or vested in any other party other than the **LESSEE** without said written consent.

The sub-lease or assignment shall not in any way release the **LESSEE** from any of its obligations under this **CONTRACT** over the **PROPERTY**. The **LESSEE** and its sub-lessee or assignee shall be held solidarily liable to **PPMC** in the performance of its obligations under this **CONTRACT**.



Section 9. CARE OF THE PROPERTY AND THE IMPROVEMENTS

The **LESSEE** shall, at its expense, keep and maintain the **PROPERTY** in a clean and sanitary condition, free from offensive odors, disturbing noises, or other nuisances and dispose of all rubbish only through the means and places indicated by **PPMC**. The **LESSEE** shall further undertake at its exclusive expense, all maintenance and repairs on the developments, improvement and fixtures introduced during the lease period, as may be required to maintain such developments, improvements and fixtures in good and tenantable condition.

Upon the expiration/cancellation/termination of the **CONTRACT**, the **LESSEE** shall surrender and return the **PROPERTY**, improvements and fixtures in good condition, ordinary wear and tear excepted. The **LESSEE** shall be liable for any damage or deterioration caused by his/her authorized representative/assignee, or his/her authorized representative's/assignee's family, his/her household staff, guests or visitors.

Section 10. LIEN ON THE PROPERTY

The **LESSEE** shall not create any lien on the land or any structure or improvement therein. Should **PPMC** discover any such lien, it shall have the right to terminate this **CONTRACT**, by means of a written notice, without need of judicial action.

ARTICLE II RIGHTS AND RESPONSIBILITIES OF THE PARTIES

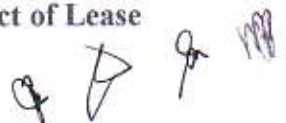
PPMC hereby leases the **PROPERTY** to and authorizes the **LESSEE** to lease, develop, operate and manage the **PROPERTY** in accordance with the terms and conditions of this **CONTRACT**, the Terms of Reference (TOR), the **LESSEE**'s Proposal, and the approved Development Plan/Project Implementation Plan (PIP).

Section 1. RIGHTS AND RESPONSIBILITIES OF THE LESSEE

The **LESSEE** shall:

- 1.1 Strictly comply with the terms and conditions of this **CONTRACT**, the obligations and commitments as specified in the **LESSEE**'s Development Plan/PIP, and the Asset Disposition Program Terms of Reference (the "**TOR**"), including any and all amendments, supplements, annexes and clarifications thereto as contained in the bid bulletins issued by the ADP-Com.
- 1.2 Submit to **PPMC**, for approval, its *Development Plan/Project Implementation Plan (PIP)* for the **PROPERTY** within six (6) months from the signing of this **CONTRACT**. The approved *Development Plan/PIP* shall be made integral part of this **CONTRACT**.

As a guide, the Development Plan/ Project Implementation Plan (PIP) shall, at the minimum, contain the following information:



- (i) proposed land uses and corresponding gross floor area (GFA) for each use;
- (ii) conceptual design, features and amenities (if any);
- (iii) the timetable for construction including major development milestones;
- (iv) schedule of the capital investments; and
- (v) estimated total development cost

To warrant that no constructions shall impede nor obstruct the operation of the Poro Point Lighthouse, the *Development Plan/PIP* and all Building Plans and Architectural Design is likewise subject to the approval of the **Philippine Coast Guard (PCG)** prior commencement of such constructions.

Failure of the **LESSEE** to submit its *Development Plan/PIP* to **PPMC** for approval within the set period constitutes legal basis for **PPMC** to terminate this **CONTRACT**.

- 1.3 Strictly comply with the permitted land use/s and the development restrictions for the **PROPERTY**, conditions set forth by **PCG** and all other pertinent local and national government standards such as restrictions set by the National Building Code, the Fire Code of the Philippines, Civil Aviation Authority of the Philippines (CAAP) and other relevant laws, rules and regulations.
- 1.4 Abide by any annotation, conditions or encumbrances imposed and annotated on the title of the **PROPERTY**, if any.
- 1.5 To preserve the historical features and values of the existing structures within the **PROPERTY**, the **LESSEE** shall maintain and restore the Old Spanish Lighthouse and the Shotgun House into its original aesthetic beauty to serve as tourist attractions within the **PROPERTY** in coordination with **PCG** and in consultation with the appropriate agencies such as the National Commission on Culture and the Arts, the National Historical Institute and the Heritage Conservation Society. The **LESSEE** has an option to rehabilitate the Shotgun House preferably into a Lighthouse Museum.
- 1.6 In consideration of the developments to be undertaken by the **LESSEE** on the **PROPERTY** particularly on the restoration of the Shotgun House and as a condition of the Grace Period, the **LESSEE** shall provide a suitable area or portion within the **PROPERTY** and construct a dwelling/quarter for the Lighthouse Keeper within the **PROPERTY** in recognition of **PCG**'s responsibility for the actual operation, maintenance and repair of the lighting mechanism of the Lighthouse.
- 1.7 Submit to **PPMC** an acceptable form and amount of *Performance Security* required under Article III of this **CONTRACT**.
- 1.8 Pay, at its sole account, all applicable taxes, licenses, fees and charges due on the lease transaction, the **PROPERTY** and its improvements, and



those that may be imposed by law during the entire term of this **CONTRACT**. Where any taxes are required by law to be withheld from payment to **PPMC**, the **LESSEE** shall submit certification of taxes withheld at the time of payment to **PPMC**, otherwise, any such taxes withheld will not be considered as authorized deduction.

- 1.9 Undertake, at its sole cost, on-site development and provide utilities, access roads to or internal road networks to the **PROPERTY**.
- 1.10 The **LESSEE** shall obtain, at its own cost, an All-Risk Insurance coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such insurance and acceptable to **PPMC** for all new construction and improvements introduced required under Article III of this **CONTRACT**.
- 1.11 When operational, the **LESSEE** shall obtain at its own cost, a Public Liability or General Liability/Third Party Liability Insurance coverage as required under Section 4 of Article III of this **CONTRACT**.
- 1.12 Submit to **PPMC** its Annual Financial Statements and authorize **PPMC** to examine, review and/or audit the financial records and books which directly relate to the receipt of gross revenues from retail outlets and allow **PPMC** access to its point-of-sales (POS) system to generate complete and up-to-date business transaction.
- 1.13 Commence construction or development works on the **PROPERTY** within six (6) months from the approval of the *Development Plan/PIP* and complete the development of the Property according to the schedule or timetable as indicated in the PIP, **with a minimum investment commitment of Two Hundred Million Pesos (PhP200,000,000.00)**. The required minimum investment should be invested in the following schedule:

SCHEDULE	AMOUNT	CUMULATIVE AMOUNT
First 2 years	At least PhP100 Million	At least PhP100 Million
Next 2 years (years 3 and 4)	At least PhP50 Million additional investment	At least PhP150 Million
Next 2 years (years 5 and 6)	At least PhP50 Million additional investment	At least Ph200 Million

Should the **LESSEE** fails to commence construction or development works of the **PROPERTY** within the stipulated 6-month period or fails to develop the **PROPERTY** according to the schedule or timetable as indicated in the PIP or fails to invest according to the investment schedule, without prior written notice of the **LESSEE** and approval of **PPMC** of the reasons thereof, **PPMC** shall have the right to terminate this **CONTRACT** as well as the option to re-bid the **PROPERTY**. In

such instance, the **LESSEE** shall forfeit any and all monies so far remitted to **PPMC** in relation to the lease of the **PROPERTY**, including the *Performance Security*.

The **LESSEE**, shall obtain, at its own cost, a Contractors' All-Risk Insurance with Third Party Liability coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such insurance and acceptable to **PPMC** covering the construction period of the **LESSEE**. The **LESSEE** shall submit to **PPMC** a certified true copy of the insurance policy and the official receipt of payments within five (5) days from obtaining the insurance coverage.

- 1.14 A Common Usage Service Area (CUSA) Fee shall be paid by the **LESSEE** equivalent to ten percent (10%) of the annual fixed lease/lease rate of the **PROPERTY** payable every year/annually starting on the third (3rd) year of the lease (end of the Grace Period). The CUSA Fee serves as a service fee to cover **PPMC**'s costs for maintenance of common areas and facilities.
- 1.15 Perform all tasks necessary for the conduct of its business in the development, operation, and management of the **PROPERTY** pursuant to this **CONTRACT**.
- 1.16 In case the **LESSEE** is a joint venture/consortium, each member shall be held jointly and severally liable with all other members in the performance of the obligations of the **LESSEE**.

Should the **LESSEE** fail to perform any of its responsibilities stipulated in Sections 1.7 and 1.10 above, the **LESSEE** shall be given a Curing Period of sixty (60) days to submit the necessary Performance Security and the Original Insurance Policy. It shall be liable, however, to pay **PPMC** the amount of Ten Thousand Pesos (PhP10,000.00) for every day of delay in the submission of the security and the insurance policy to **PPMC** during such Curing Period. Should the Curing Period lapse without the **LESSEE**'s compliance, **PPMC** may opt to exercise its rights/remedies set out anywhere else in this **CONTRACT** or the **TOR** in the disposition of the **PROPERTY**.

Section 2. RIGHTS AND OBLIGATIONS OF THE PPMC

PPMC shall:

- 2.1 Give the **LESSEE** the sole right to lease, develop, operate and manage the **PROPERTY**, subject to the restrictions and terms and conditions of the agreements entered into between **PPMC** and the **LESSEE**;
- 2.2 Deliver possession of the **PROPERTY** to the **LESSEE**, on an "as-is, where-is" basis, upon the execution of this **CONTRACT**; and



- 2.3 Have the right to inspect the **PROPERTY** at reasonable hours of the day or night upon previous coordination with the **LESSEE** to ensure a peaceful and smooth conduct of inspection.

Section 3. TAKE-OVER OF THE PROPERTY

The **LESSEE** hereby authorizes **PPMC** to enter and take-over the **PROPERTY**, and ownership over the improvements thereon shall automatically be transferred to **PPMC** upon the happening of the following:

- a. The **PROPERTY** is abandoned, deserted or vacated before the expiration of this **CONTRACT**;
- b. Violation of any terms thereof by the **LESSEE**; or
- c. Non-payment of lease in full by **LESSEE**.

PPMC shall further have the option to lease-out the same to other parties and to receive the rent thereof without prejudice to any cause of action against the **LESSEE**.

For purposes of this Section, the **PROPERTY** is considered abandoned, deserted, or vacated if the **LESSEE** or its authorized representatives or beneficiaries has not used the **PROPERTY** for three (3) consecutive months without prior written notice to **PPMC**.

This Section shall not preclude **PPMC** from exercising its rights/remedies under Section 2 of Article VI of this **CONTRACT**.

Section 4. EMPLOYMENT COMMITMENT

It is understood that the generation of economic activity and employment within the PPFZ is a primary consideration of this **CONTRACT**. The **LESSEE** represents and warrants that it will source at least eighty five percent (85%) of its employees from the City of San Fernando and the Province of La Union, based on their eligibility as registered in the **PPMC**'s Labor Center. The **LESSEE** must conduct its business activity or generate construction employment upon effectivity of the lease.

When fully operational, the **LESSEE** likewise represents and warrants that it will hire at least _____ number of employees/workers.

ARTICLE III PERFORMANCE SECURITY AND INSURANCE

Section 1. PERFORMANCE SECURITY

A *Performance Security* shall be posted by the **LESSEE** to guarantee that it will fulfill its obligations under this **CONTRACT**.

The **LESSEE** shall submit not later than three (3) months before the third (3rd) anniversary of the signing of this **CONTRACT** a *Performance Security* in the form



of a continuing guaranty such as bank guaranty or irrevocable letter of credit issued by a Universal or Commercial Bank, or a continuing Surety Bond issued by the Government Service Insurance System (GSIS) or a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security and acceptable to PPMC, with a face value equivalent to the Annual Lease for the **PROPERTY** to fully secure the Annual Lease for the **PROPERTY** for Year 4 until the end of the lease. Such Guaranty or Surety Bond shall contain provisions for automatic renewal and replenishment of the face value as the case may be.

Section 2. CONTRACTORS' ALL RISK INSURANCE

Prior to commencing construction works, the **LESSEE** shall obtain, at its own cost, a Contractors' All-Risk Insurance with Third Party Liability coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such insurance and acceptable to PPMC covering the construction period of the **LESSEE**. The **LESSEE** shall submit to PPMC a certified true copy of the insurance policy and the official receipt of payments within five (5) days from obtaining the insurance coverage.

This insurance will cover against legal liability for bodily injury and property damage claims suffered by a third party arising during the construction period of the **LESSEE**.

Section 3. COMPREHENSIVE ALL-RISK INSURANCE

The **LESSEE** shall obtain, at its own cost, an all-risk insurance coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such insurance and acceptable to PPMC for all new construction and improvements introduced during the term of the lease in an amount equivalent to their replacement value. PPMC shall be the beneficiary of the required insurance. The **LESSEE** shall obtain the insurance coverage not later than two (2) months after completion of construction and update the insurable amount based on the foregoing provision.

The **LESSEE** shall likewise be responsible for the annual renewal of the insurance coverage and shall submit to PPMC the original insurance policy and the Official Receipt of payments within five (5) days from obtaining the insurance coverage.

Should the insurable risk occur and the insurance proceeds be insufficient for purposes of reconstruction or rehabilitation of the **PROPERTY** as herein required, the **LESSEE** shall assume the additional cost of replacement of the structures without reimbursement from PPMC. Alternatively, both the **LESSEE** and PPMC may agree on termination of this **CONTRACT**, in which case, PPMC shall retain the insurance proceeds.

Section 4. UTILIZATION OF INSURANCE PROCEEDS

In the event of a claim on the insurance policy obtained in the immediately preceding Section, the proceeds of the insurance policy must be utilized by PPMC or its authorized agent to reconstruct/rehabilitate the damaged structure or improvements.



Section 5. PUBLIC LIABILITY/GENERAL LIABILITY/THIRD PARTY LIABILITY INSURANCE

When operational, the **LESSEE** shall obtain at its own cost, a Public Liability or General Liability/Third Party Liability Insurance coverage from the Government Service Insurance System (GSIS) or an insurance company duly certified by the Insurance Commission as authorized to issue such insurance and acceptable to **PPMC** which will cover against legal liability for bodily injury and property damage claims suffered by a third party arising out of the **LESSEE**'s operation of its business and all operations which are necessary or incidental to the **LESSEE**'s business activities.

The **LESSEE** shall likewise be responsible for the annual renewal of the insurance coverage and shall submit to **PPMC** a certified true copy of the insurance policy and the Official Receipt of payments within five (5) days from obtaining the insurance coverage.

ARTICLE IV FORCE MAJEURE AND SUSPENSION

Section 1. DEFINITION

Force Majeure or fortuitous events shall mean events which could not have been foreseen, or if foreseen were inevitable and beyond the control of a **PARTY**, without any accompanying fault or negligence of the **PARTY** invoking it as an excuse for the non-performance of its obligations as specified hereunder, which prevent or materially affect the ability of said **PARTY** to comply with any of its obligations under this **CONTRACT**, and shall include:

- a. fires, earthquakes, lightning, flood, conflagration, volcanic eruption, storm and other similar natural calamities and occurrence;
- b. acts of war or acts of the public enemy, whether war be declared or not;
- c. public disorders, insurrection, rebellion, sabotage or violent demonstrations; and
- d. government acts

which shall render the facility inoperable.

Section 2. APPLICABILITY

A **PARTY** shall be excused from the performance of any of its obligations under this **CONTRACT** and shall not be considered in delay or in default in respect of any obligation hereunder by reason of *force majeure* if both of the following conditions are met:

- a. there is no accompanying fault or negligence of the **PARTY** invoking it; and
- b. the **PARTY** invoking *force majeure* shall have, within seven (7) days from the occurrence of *force majeure*, notified the other **PARTY** in writing of the occurrence of *force majeure*, the extent to which such *force majeure* suspends the affected **PARTY**'s obligations under this **CONTRACT**.



The other **PARTY** has a period of fourteen (14) days from receipt of such notice within which to verify the existence, nature and extent of the *force majeure* being invoked by the **PARTY** giving notice of such *force majeure*. The **PARTY** invoking *force majeure* shall resume performance of its obligations as soon as the effects of *force majeure* cease to exist.

Section 3. NON-APPLICABILITY

The following shall not, by themselves, constitute *force majeure*, unless the cause which gave rise to them constitutes *force majeure* under Section 1 hereof:

- a. late payment of money;
- b. delays resulting from reasonably foreseeable unfavorable weather; and
- c. failure of a **PARTY** to exercise due diligence or undertake the reasonable measures to contain the effect of *force majeure*.

Section 4. MITIGATION MEASURES

Upon the occurrence of *force majeure*, the **PARTY** invoking it and requesting to be excused from the performance of its obligations shall endeavor to continue to perform its obligations under this **CONTRACT** as far as practicable, and shall notify the other **PARTY** of the steps it takes including measures that will mitigate the effects of the *force majeure*.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS

Section 1. REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS OF THE LESSEE

The **LESSEE** hereby represents, warrants and covenants to the **PPMC** that:

- a. It is a corporation duly organized, validly existing, and in good standing under the laws of the Republic of the Philippines. It has all the necessary power and authority to carry on its business as presently conducted, to hold under lease the **PROPERTY** and enter into and perform its obligations under the agreements to which it is or is to be a party; (AS APPLICABLE)
- b. The execution, delivery and performance by the **LESSEE** under this **CONTRACT** have been duly authorized by all necessary corporate action, and do not require any other approval from the holder of any of its indebtedness or other obligation, and do not contravene or constitute a default under its organizational documents or, to the best of its knowledge, any provision of applicable law or any agreement, judgment, injunction, order, decree or other instrument binding upon it, or subject the performance of its obligations in this **CONTRACT** to any lien. It is in compliance with all applicable laws and government approvals which govern its ability to perform its obligations under this **CONTRACT**;



- c. It has duly and validly executed and delivered this **CONTRACT** which constitutes a legal, valid and binding obligation enforceable against it in accordance with its terms;
- d. It has all the required skills and capacity necessary to perform or cause to be performed all of its obligations under this **CONTRACT** in a proper, timely and professional manner;
- e. It has the knowledge of all the legal requirements and good business practices that must be followed in performing its obligations under this **CONTRACT**, and the same will be in conformity with such requirements and practices and in compliance with all applicable laws and Governmental Approvals;
- f. It is financially solvent, able to pay its debts as they mature, and possessed of sufficient working capital to complete its obligations under this **CONTRACT**;
- g. To the best of its knowledge, there is no action, suit or proceeding, at law or in equity, or official investigation before or by any government authority, arbitral or tribunal or other body pending, threatened against, or affecting, it or any of its properties, rights or assets, which could reasonably be expected to result in a material adverse effect on its ability to perform its obligations under this **CONTRACT** or on the validity or enforceability of this **CONTRACT**;
- h. The **LESSEE** (or any of its members, if a consortium), its parent company, or its subsidiaries or affiliates with common controlling shareholdings, if any, is not considered in default of its financial or other obligations by **PPMC**, **BCDA** or any of its subsidiaries at the time of the execution of this **CONTRACT**;
- i. It has not committed, directly or indirectly, any of the acts prohibited under Republic Act Nos. 3019 (Anti-Graft and Corrupt Practices Act) and 6713 (Code of Conduct and Ethical Standards of Public Officials and Employees). Any violation of this warranty shall be sufficient ground for the revocation or termination of this **CONTRACT** without prejudice to the criminal, civil and/or administrative liabilities of those involved;
- j. It has neither applied nor filed any insolvency, bankruptcy, rehabilitation, or suspension of payments and liquidation proceeding against or on behalf of the **LESSEE** before any Governmental Authority; and
- k. It is not involved in any money laundering activity as defined by the Anti-Money Laundering Act of 2001 (Republic Act No. 9160).

Section 2. REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS OF PPMC

The **PPMC** represents, warrants and covenants in favor of the **LESSEE** that:

- a. WITH RESPECT TO ITS CORPORATE AUTHORITY

- (i) It is a government instrumentality vested with corporate powers and has all necessary power and authority to award the disposition and privatization of the **PROPERTY** to the **LESSEE** under the Terms of Reference;
 - (ii) To the best of its knowledge, it has all the necessary power and authority to execute, deliver and perform its obligations under this **CONTRACT**. Should there be any other requirement of law, rules or regulation, **PPMC** commits to comply therewith; and
 - (iii) No application has been filed with any Governmental Authority for the commencement of any insolvency or bankruptcy proceeding against or on behalf of **PPMC**.
- b. WITH RESPECT TO THE PROPERTY
- (i) There are no parties in possession of the **PROPERTY** or any portion thereof, except the **PPMC** and **PCG** as disclosed in the Terms of Reference.

ARTICLE VI DEFAULT AND ITS CONSEQUENCES

Section 1. EVENTS OF DEFAULT

The occurrence of any of the following events shall constitute an Event of Default:

- a. Failure of any **PARTY** to comply with any of its covenants and undertakings as provided in the General Agreements (Article I), Rights and Responsibilities of the Parties (Article II) and Performance Security and Insurance (Article III) of this **CONTRACT**;
- b. Any representation or warranty of any **PARTY** contained in this **CONTRACT** is shown to have been untrue, incorrect, inaccurate or misleading in any material respect as of the time that it was made or deemed to have been made and such breach is not remediable or, if capable of being remedied, shall remain after the lapse of the Curing Period mentioned in Section 2 (b) hereof, as provided for in this Article;
- c. Failure of the **LESSEE** to comply with its financial commitments under this **CONTRACT** on the due dates after the lapse of the applicable grace period specified in this **CONTRACT**;
- d. Insolvency of a **PARTY**, or the application by a **PARTY** for insolvency, rehabilitation or suspension of payments, or a **PARTY** is adjudged bankrupt, disposes or assigns all or substantially all of its assets for the benefit of creditors, or where a **PARTY** is subjected to voluntary or involuntary dissolution;



- e. Merger, consolidation or change of ownership of the **LESSEE** without the prior written consent of **PPMC**, which consent shall not be unreasonably withheld; and
- f. Any other cause, due to the fault or negligence of either **PARTY** that prevents it from fully exercising its rights under this **CONTRACT**.

Section 2. CONSEQUENCES OF DEFAULT

Upon the occurrence of an Event of Default, the non-defaulting **PARTY** shall, in addition to such other rights and remedies available under other provisions of this **CONTRACT** and pertinent laws, have the following rights which may be exercised cumulatively or alternatively:

- a. The non-defaulting **PARTY** shall have the alternative right to (1) compel the performance of the defaulting **PARTY**, or (2) upon prior written notice to the defaulting **PARTY**, rescind or terminate this **CONTRACT** without the necessity of judicial action if the event giving rise to the default is incurable;
- b. Should the event giving rise to the right of a **PARTY** to terminate this **CONTRACT** be curable, the defaulting **PARTY** shall have the right to cure the same within a period of sixty (60) days from receipt of written demand by the non-defaulting **PARTY** (the "Curing Period") and the non-defaulting **PARTY** shall only be entitled to rescind or terminate this **CONTRACT** without judicial intervention if such default shall have not been cured within the Curing Period;

In the event the **LESSEE** fails to pay/remit the lease rentals, share in gross revenues from operations and sub-lease agreements or other fees and charges pursuant to this **CONTRACT**, the **LESSEE** shall have the right to cure the same. **PPMC**, however, shall charge an interest equivalent to one percent (1%) of the monthly rental rate for every calendar day of delay and one percent (1%) penalty charge from date of delay which shall be compounded until full payment is remitted.

- c. In case the non-defaulting **PARTY** chooses to continue with the transaction despite the default of the defaulting **PARTY**, the non-defaulting **PARTY** may, by written notice, compel the defaulting **PARTY** to perform its obligations under this **CONTRACT** within such period of time as may be required by the non-defaulting **PARTY**, failing which, the non-defaulting **PARTY**, may by written notice to the defaulting **PARTY** and without the necessity of judicial action, (1) terminate this **CONTRACT** or (2) elect to continue the transaction, in both cases reserving its rights to claim damages for such non-compliance and/or seek such other legal remedies as may be available to it under the law.
- d. **PPMC** may, in addition to the rights of a non-defaulting **PARTY**, call on the *Performance Security* pursuant to Article III hereof.



Section 3. COMMITMENT TO NEGOTIATE IN GOOD FAITH

The **PARTIES** agree that upon the occurrence of an Event of Default, both **PARTIES** shall cooperate and conduct in good faith such discussions and negotiations as may be necessary to cure or resolve the Event of Default and address the impact of the Event of Default on the rights of the **PARTIES**, and exhaust all reasonable options or remedies, prior to availing of the remedies afforded under Section 2 hereof.

ARTICLE VI MISCELLANEOUS PROVISIONS

Section 1. PRIORITY OF DOCUMENTS

This **CONTRACT** constitutes the entire agreement of the **PARTIES**. For matters not provided in the TOR for the disposition of the **PROPERTY**, this **CONTRACT** supplements the same. However, in case of conflict between the provisions of this **CONTRACT** and those of the TOR, the provisions of the TOR shall prevail, it being imperative that this **CONTRACT** should comply with the TOR.

In case of conflict between this **CONTRACT** on one hand and/or the TOR on the other hand, the **PARTIES** agree to execute the necessary amendment of this **CONTRACT** to conform with the TOR.

Section 2. DISPUTE RESOLUTION

Any dispute, controversy or claim arising out of or relating to this **CONTRACT**, or the breach, termination or invalidity thereof shall first be settled by arbitration, to be held in City of San Fernando, La Union. The Arbitral Tribunal shall be composed of three arbitrators, one to be appointed by **PPMC**, the second one to be appointed by the **LESSEE**, and the third one to be appointed by the two arbitrators appointed by the **PARTIES**.

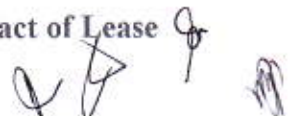
However, should the **PARTIES** be constrained to litigate, the appropriate case shall be filed in the competent courts of law of City of San Fernando, La Union, to the exclusion of other courts of equal jurisdiction.

Section 3. BINDING EFFECTS

This **CONTRACT** and all the provisions hereof shall be binding upon and inure to the benefit of the **PARTIES** hereto and their respective lawful successors and assigns.

Section 4. NON-WAIVER OF RIGHTS

The failure of one **PARTY** to insist upon a strict performance of any of the terms, conditions and covenants hereof, shall not be deemed a relinquishment or waiver of any right/remedy that said **PARTY** may have, nor shall it be construed as a waiver of any subsequent breach of the same or other terms, conditions or covenants. Any waiver, extension or forbearance of any of the terms, conditions and covenants of this **CONTRACT** by any **PARTY** hereto shall not in any manner whatsoever be



construed as a waiver, extension or forbearance of any other terms, conditions and/or covenants of this **CONTRACT**.

Section 5. AMENDMENTS

No amendments or modifications to this **CONTRACT** shall be effective unless made and signed by the duly authorized representative/s of both **PARTIES** observing the same formalities observed in its execution.

Section 6. GOVERNING LAW

This **CONTRACT** shall be governed by, and construed according to, Philippine laws.

Section 7. NOTICE

Any notice required or permitted in this **CONTRACT** or otherwise, in connection herewith, shall be in writing and shall be delivered personally, or by facsimile transmission, or by registered mail with postage prepaid to a **PARTY** at its address as specified below. A party is deemed notified when such notice, if by personal delivery or mail, is received by the other **PARTY**, or if sent by facsimile transmission, is transmitted.

If to **PPMC**:

FLORANTE S. GERDAN
President and CEO
Poro Point Management Corporation
Gov. Joaquin L. Ortega Avenue
Poro Point Freeport Zone
City of San Fernando, La Union
Fax No. (072) 242-0683

If to the **LESSEE**:

It shall be the obligation of both **PARTIES** to inform each other in writing or by facsimile transmission of any change of address within three (3) calendar days from such change. In the absence of a valid notice of change of address, all such correspondence and papers shall be legally considered to have been received by the party when sent to such address even if not actually received by the recipient.

Section 8. SEVERABILITY

The invalidity or unenforceability of any portion or provision of this **CONTRACT** shall not affect the validity or enforceability of any other portion or provision. Any invalid or unenforceable portion or provision shall be deemed severed from this **CONTRACT**. The **PARTIES** shall negotiate an equitable amendment in the remaining portions or provisions of this **CONTRACT** to effect its purpose.



Section 9. CONFIDENTIALITY

The **PARTIES** agree that any exchange of information or documents between the **PARTIES** in connection with this **CONTRACT** shall be treated with strict confidentiality and no such information or documents shall be released to third parties without the prior written consent of the other **PARTY** unless such information is required to be divulged or produced by any law, court order, or other competent authority.

Section 10. ENVIRONMENTAL COMPLIANCE

The **LESSEE** shall by itself, and cause all assignees, transferees, sublessees, licensees, contractors, subcontractors, suppliers and invitees to use and maintain the **PROPERTY** in compliance with all the existing national environmental laws, rules and regulations, including the specific environmental rules and regulations being implemented by the appropriate authority. Accordingly, the **LESSEE** shall file the necessary application for Environmental Compliance Certificate (ECC). The **LESSEE** shall submit to PPMC a copy of such ECC prior to commencement of the construction works.

Section 11. BUILDING STANDARDS

All renovations, repairs, rehabilitation and other constructions shall be undertaken in accordance with the specifications of the National Building Code and its referral codes including the rules, regulations and standards promulgated by the **PPMC**. No renovations, repairs, rehabilitation and other constructions shall commence without first securing a Building Permit from the **PPMC**. Non-compliance with the foregoing shall subject the **LESSEE** to the applicable penalty provided for by law.

Section 12. FIRE SAFETY CODE AND STANDARDS

The **LESSEE** shall comply with the Fire Code and standards imposed by the appropriate authority. The **LESSEE** also warrants that it shall hold fire drills and exercises among its employees and locators within the **PROPERTY** once every year. It shall also promote fire protection awareness among its employees and locators.

Section 13. SECURITY

The **LESSEE** shall comply with all the applicable laws, rules and regulations relating to the security of the **PROPERTY** including those which from time to time imposed by the appropriate authority. It shall cooperate in securing the **PROPERTY** so as to prevent or deter unauthorized access to, and criminal or other disruptive activity on the **PROPERTY**. The **LESSEE** shall employ, at its own expense, security personnel for the **PROPERTY**.

Except as may be necessary to secure the **PROPERTY** and secure the operation of the **LESSEE**, no one is allowed to keep or carry firearms and/or deadly weapons within the **PROPERTY**. However, the **LESSEE** shall take all necessary precautions to secure the **PROPERTY**.



Section 14. OGCC REVIEW

This **CONTRACT** shall be subject to the review of the Office of the Government Corporate Counsel (OGCC). The OGCC's comments and suggestions shall be incorporated to the **CONTRACT** and considered as an integral part thereof.

Section 15. PPFZ RULES AND REGULATIONS

The Implementing Rules and Regulations of the PPFZ as promulgated by **PPMC** is incorporated herein by reference and made an integral part of this **CONTRACT**. The **LESSEE** agrees to abide by all the rules and regulations of the PPFZ as may be imposed by **PPMC** from time to time.

SIGNED by the parties on _____ day of _____ 2017 at the City of San Fernando, La Union.

PORO POINT MANAGEMENT CORPORATION

LESSEE

By:

By:

FLORANTE S. GERDAN
President & CEO

SIGNED IN THE PRESENCE OF:



ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
PROVINCE OF LA UNION) SS.
CITY OF SAN FERNANDO)

BEFORE ME, Notary Public for and in City of San Fernando, La Union, personally appeared:

Name	Identification Document	Date/ Place Issued
PPMC, By: FLORANTE S. GERDAN	Passport No. EB6053379	July 31, 2012/ DFA Manila
LESSEE		

known to me to be the same persons who executed the foregoing Contract of Lease and they acknowledged to me that the signatures are their free act and the entities represented.

SIGNED and SEALED on parties on ____ day of _____ 2017
at City of San Fernando, La Union.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2017.

CHECKLIST OF DOCUMENTS

Pre-Qualification Documents		
Annex H-1	Duly Notarized Pre-Qualification Statement	Mark as "A"
Annex H-2	Duly Notarized Pre-Qualification Statement for Joint Venture/Consortium	Mark as "A"
Annex I	Company Profile, or if a Joint Venture/Consortium, of all members	Mark as "A-1"
	Certification from the bank/s reflecting the Potential Lessee's available cash balance and/or approved credit facilities as of the month prior to the deadline set for the submission of pre-qualification documents (if pre-qualifying as joint venture/consortium, any member of the joint venture/consortium who meets the Financial Capacity requirement)	Mark as "B"
	Audited financial statements of the Potential Lessee (or its major/largest stockholders for newly incorporated corporations, or if pre-qualifying as a joint venture/consortium, all members of the consortium) for the past three (3) years - 2013, 2014 and 2015	Mark as "C"
	SEC Registration together with the General Information Sheet (GIS) of the Potential Lessee for the latest applicable calendar or fiscal year (or all members in case of joint venture/consortium) or for foreign corporations, the equivalent document duly authenticated by the Philippine Consulate based in the foreign company's domicile	Mark as "D"
	Articles of Incorporation and By-Laws of the Potential Lessee (or all members in case of joint venture/consortium) including Amendments thereto, or the foreign equivalent documents	Mark as "E"
	A Board Resolution or Secretary's Certificate of the Potential Lessee (or all members in case of joint venture/consortium) expressly authorizing its participation in the pre-qualification and disposition process, and appointing its authorized representative/s for this purpose	Mark as "F"
Financial Proposal		
Annex J	Final Bid Letter	
	Bid Security	

REPUBLIC OF THE PHILIPPINES
CITY OF _____) S.S.

PRE-QUALIFICATION STATEMENT

I, _____, of legal age, (*nationality*), and with office address at _____, under oath, hereby depose and say THAT:

1. The (*Name of Corporation*) (Potential Lessee) is interested in the disposition through long-term lease and in the development of the Poro Point Lighthouse covering an area of more or less six (6) hectares located at the western part of the Poro Point Freeport Zone, City of San Fernando, La Union, Philippines. The (*Name of Corporation*) (Potential Lessee) is interested to pre-qualify for the said disposition;
2. I am the (*designation*) of the (*Name of Corporation*) (Potential Lessee), duly authorized to make this Statement for and on its behalf;
3. In compliance with the Pre-Qualification Requirements, the following information are hereto attached:
 - a. Company Profile – Annex A-1;
4. The Potential Lessee, its parent company or subsidiaries or affiliates with common controlling shareholdings, if any, is not considered in default of its financial or other obligations to PPMC, BCDA or any of its subsidiaries;
5. The Potential Lessee is in good credit and financial standing;
6. The Potential Lessee accepts the Terms of Reference, pre-qualification criteria and the terms and conditions set by PPMC;
7. The Potential Lessee, if awarded the contract to lease and develop the subject Property, commits to comply with: (1) the permitted land use/s, and the development restrictions for the Property; (2) the rules, regulations and standards set by PPMC and PCG; and (3) all other pertinent government standards such as but not limited to the National Building Code, the Fire Code of the Philippines, and other relevant laws, rules, regulations and issuances of the agencies of the National Government, for the entire duration of the Lease;
8. The Potential Lessee commits to abide by the decision of the ADP-Com, waives its right to seek legal remedies against PPMC, BCDA and its subsidiaries, and holds its Board of Directors, Officers and staff, consultants and authorized representatives/personnel free and harmless from any liability, costs, and expenses suit or allegation arising from its participation in this Long-Term Lease and Development of the Poro Point Lighthouse Process;
9. All information in this statement, including attachments and enclosures thereof, are true and correct. Any falsity, error, or misrepresentation shall constitute ground for disqualification from this pre-qualification process or revocation of award as determined by PPMC;

10. The Potential Lessee, its Directors, Officers and staff or any representative thereof, shall not attempt to establish any contact with any of PPMC's Directors, Officers, staff, consultants, and authorized representatives/personnel on matters concerning the Long-Term Lease and Development of the Poro Point Lighthouse Process from the date of the submission of their pre-qualification documents, financial proposal, and up to the conclusion of the Long-Term Lease and Development of the Poro Point Lighthouse Process, except for clarifications which must be in writing and addressed to the ADP-Com, through its Chairperson.

The Potential Lessee, its Directors and Officers have not given or offered, nor will it give or offer, directly or indirectly, any bribe or other improper payment or advantage to any Directors, Officers, staff, consultants and authorized representatives/personnel of PPMC, or engage in any of the acts prohibited under R.A. 3019, otherwise known as the "Anti-Graft and Corrupt Practices Act," as amended.

Violation of any of the foregoing shall be a ground for the disqualification from the pre-qualification and disposition process or revocation of the award, if any, without prejudice to damages that PPMC may recover for any loss or damage that may result therefrom.

11. The Potential Lessee is not involved in any money laundering activity as defined by the Anti-Money Laundering Act of 2001 (RA 9160) and as further governed by RA 10365;

12. The Potential Lessee authorizes PPMC or its authorized representatives to conduct any investigation and verification of the statements, documents and information submitted relative to our bid;

For this purpose, the Potential Lessee hereby authorizes any public office, bank, manufacturer, supplier, distributor, or any person or firm to furnish pertinent information deemed necessary and requested by PPMC to verify statements and information provided in this statement.

IN FAITH WHEREOF, I have hereunto affixed my signature this ____ day of _____ 2017 at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me this ____ day of _____, 2017 affiant exhibiting to me his/her competent evidence of identity (e.g. Passport, Driver's License, etc.) _____ issued at _____, Philippines on _____.

NOTARY PUBLIC

Doc. No.: _____
Page No.: _____
Book No.: _____
Series of 2017.

REPUBLIC OF THE PHILIPPINES
CITY OF _____) S.S.

JOINT ELIGIBILITY STATEMENT

We, the undersigned representatives of the members of the Joint Venture/Consortium, under oath, hereby depose and say THAT:

1. The Joint Venture/Consortium intends to participate in the disposition through long-term lease and in the development of the Poro Point Lighthouse covering an area of more or less six (6) hectares located at the western part of the Poro Point Freeport Zone, City of San Fernando, La Union, Philippines, and shall undertake to execute a Joint Venture/Consortium Agreement among all members, to be submitted during the post-qualification process. The Joint Venture/Consortium is interested to pre-qualify for the said disposition;
2. The Joint Venture/Consortium is composed of the following:

Composition	Nationality	Place of Incorporation	Extent of Participation
Lead Member Corporation			
Members:			
Total			100%

3. In compliance with the Pre-Qualification Requirements, the following information are hereto attached:
 - a. Company Profile of all members – Annex A-1;
4. The Joint Venture/Consortium (and all its members), its parent company or subsidiaries or affiliates with common controlling shareholdings, if any, is not considered in default of its financial or other obligations to PPMC, BCDA or any of its subsidiaries;
5. The Joint Venture/Consortium is in good credit and financial standing;
6. The Joint Venture/Consortium accepts the Terms of Reference, pre-qualification criteria and the terms and conditions set by PPMC;
7. The Joint Venture/Consortium, if awarded the contract to lease and develop the subject Property, commits to comply with: (1) the permitted land use/s, and the development restrictions for the Property; (2) the rules, regulations and standards set by the PPMC and PCG; and (3) all other pertinent government standards such as but not limited to the National Building Code, the Fire Code of the Philippines, and other relevant laws, rules, regulations and issuances of the agencies of the National Government, for the entire duration of the Lease;

8. The Joint Venture/Consortium commits to abide by the decision of the ADP-Com, waives its right to seek legal remedies against PPMC, BCDA and its subsidiaries, and holds its Board of Directors, Officers and staff, consultants and authorized representatives/personnel free and harmless from any liability, costs, and expenses suit or allegation arising from its participation in this Long-Term Lease and Development of the Poro Point Lighthouse Process;
9. All information in this statement, including attachments and enclosures thereof, are true and correct. Any falsity, error, or misrepresentation shall constitute ground for disqualification from this pre-qualification process or revocation of award as determined by PPMC;
10. The Joint Venture/Consortium members and their Directors and Officers, shall not attempt to establish any contact with any of PPMC's Directors, Officers, staff, consultants, and authorized representatives/personnel on matters concerning the bidding from the date of the submission of their pre-qualification documents, financial proposal, and up to the conclusion of the Long-Term Lease and Development of the Poro Point Lighthouse Process, except for clarifications which must be in writing and addressed to the ADP-Com, through its Chairperson.

The Joint Venture/Consortium members and their Directors and Officers have not given or offered, nor will it give or offer, directly or indirectly, any bribe or other improper payment or advantage to any Directors, Officers, staff, consultants and authorized representatives/personnel of PPMC, or engage in any of the acts prohibited under R.A. 3019, otherwise known as the "Anti-Graft and Corrupt Practices Act," as amended.

Violation of any of the foregoing shall be a ground for the disqualification from the pre-qualification and disposition process or revocation of the award, if any, without prejudice to damages that PPMC may recover for any loss or damage that may result therefrom.

11. No member of the Joint Venture/Consortium is involved in any money laundering activity as defined by the Anti-Money Laundering Act of 2001 (RA 9160) and as further governed by RA 10365;
12. The Joint Venture/Consortium members authorize PPMC or its authorized representatives to conduct any investigation and verification of the statements, documents and information submitted relative to our bid;

For this purpose, the Consortium hereby authorizes any public office, bank, manufacturer, supplier, distributor, or any person or firm to furnish pertinent information deemed necessary and requested by PPMC to verify statements and information provided in this statement.

IN FAITH WHEREOF, we have hereunto affixed our signatures this ____ day of _____ 2017 at _____, Philippines.

Affiant

Affiant

Affiant

Affiant

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2017
affiants exhibiting their competent evidence as provided hereunder:

Name	Competent Evidence of Identity	Validity Date and Place Of Issuance

NOTARY PUBLIC

Doc. No.: _____
Page No.: _____
Book No.: _____
Series of 2017.



COMPANY PROFILE

I. GENERAL INFORMATION

1. Name of the Company: _____

2. Brief Description of Business:

3. Address:

3.1 Office Address: _____

3.2 Telephone No.: _____

3.3 Fax No.: _____

3.4 E-mail Address: _____

4. Type of Organization (please check):

 Sole Proprietorship Partnership Corporation Cooperative5. Person managing the affairs of the Company is: _____
who is appointed/designated as _____

II. LEGAL ASPECT

1. Date when the organization was registered: _____

2. Place of Registration: _____

3. Ownership and Management

3.1 Ownership Structure

Ownership Structure	
% owned by Filipino:	% owned by Foreign:

3.2 Shareholders

Name	Authorized Capital	Paid-up Capital	Extent of Financial Control

3.3 Member of the Governing Board of the Corporation

Name	Designation

3.4 Key Officers

Name	Position/Nationality

3.5 Subsidiaries and Affiliates

Business Name	Percentage (%) of Ownership

(use additional sheets if necessary, but attach immediately after this page)

III. FINANCIAL SUMMARY (Financial Highlights for the last three calendar years based on Audited Financial Statements).

(audited financial statements of major/largest stockholders for newly incorporated corporations)

	2013	2014	2015
1. Total Assets	_____	_____	_____
2. Total Current Assets	_____	_____	_____
3. Total Liabilities	_____	_____	_____
4. Total Current Liabilities	_____	_____	_____
5. Total Net Worth	_____	_____	_____
6. Gross Income	_____	_____	_____
7. Net Income	_____	_____	_____
8. Name of External Auditor	_____	_____	_____

IV. FINANCIAL CAPACITY

Key Banking Relations			
Bank Name	Location	as of (the month prior to the deadline for submission of pre-qualification documents) 2017	
		Bank Deposit	Credit Facility

I hereby certify that the above statements are true and correct and I am duly authorized to make this statement for and in behalf of *(Business Name)*:

 (Signature)
 Authorized Representative

Name:
 Position:
 Date:

FINAL BID LETTER

Date

THE CHAIRPERSON

Asset Disposition Program Committee
Poro Point Management Corporation
Gov. Joaquin L. Ortega Avenue
Poro Point Freeport Zone
City of San Fernando 2500
La Union, Philippines

Sir/Madam:

In connection with the disposition through the long-term lease and the development of the Poro Point Lighthouse covering an area of more or less six (6) hectares located at the western part of the Poro Point Freeport Zone, City of San Fernando, La Union, Philippines, our Company (*State the name of the Corporation/Lead Member Corporation*), hereby, formally proposes a starting Annual Fixed Lease, for the abovementioned Property, in the amount of _____ (PhP _____), subject to an escalation of ten percent (10%) every three (3) years.

We understand that, should our Company be declared the Winning Lessee, we shall, upon signing of the *Contract of Lease* with the PPMC, immediately remit to them an Advance Payment in the amount equivalent to our proposed Annual Fixed Lease for the Property for year 3 of the lease.

The undersigned, hereby, affirms that I am duly authorized by the Corporation to make this proposal for and on its behalf.

Submitted by:

(Signature)
Name of Authorized Representative

Position

