



SOCIAL SECURITY SYSTEM

SSS - RASD

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GUIDELINES FOR THE LEASE OF SSS INVESTMENT PROPERTIES (IPs)

The Social Security Commission in its SSC Resolution No. 403-S-2020 dated 05 August 2020 approved these Guidelines for the Lease of SSS Investment Properties (IPs) to comply with the applicable provisions of the Government Accounting and Auditing Manual (GAAM) and provide uniform procedures based on the principles of public advantage, accountability, competition and transparency that shall govern the selection of entities to lease and develop all SSS assets at a price most advantageous to the SSS and contribute to the attainment of the policy of the State as declared in the Social Security Act of 2018.

I. SCOPE

These guidelines shall govern the general procedures on the lease of commercial/office/residential spaces, vacant land or land with building, in whole or in part and with or without proposed development, classified and recorded as SSS Investment Properties (IPs), whether for new or renewal of lease by eligible private or government entities, through the conduct of the selection modes prescribed herein.

The implementation of these guidelines shall be without prejudice to the prerogative of the Social Security Commission (SSC) to determine, upon recommendation of the SSS Lease Selection Committee (LSC) and/or other committee created for such purpose, on whether any IP development project and/or unsolicited proposal received is better undertaken and/or evaluated/considered as a joint venture (JV), in which case, the National Economic and Development Authority (NEDA) JV Guidelines shall govern.

II. OBJECTIVES

Pursuant to the power and duty of the SSS under Republic Act (RA) No. 11199, otherwise known as the Social Security Act of 2018, to acquire, develop and/or dispose of property, real or personal, on its own, through a joint venture arrangement with the public and/or private sector as may be necessary or expedient for the attainment of the purposes stated therein, these guidelines are hereby promulgated with the following objectives:

- To comply with the applicable provisions of the Government Accounting and Auditing Manual (GAAM) and provide uniform procedures based on the principles of public advantage, accountability, competition and transparency that shall govern the selection of entities to lease and develop all SSS IPs including the SSS identified prime IPs, such as:
 - Makati Building Property in Ayala Avenue, Makati City
 - Nonifacio Global City Property in Taguig City (portion of Lot 1, Bldg. 57)
 - East Triangle Project in EDSA corner East Avenue, Q.C.
 - ICA 5 Property in Macapagal Avenue and Roxas Blvd., Pasay City
 - ICA 7 Property in Diklo Avenue, Pasay City
- To lease IPs at a price most advantageous to the SSS, thereby generating funds that could be reinvested in other asset classes to maximize earnings, achieve the desired Return on Investment (ROI) and contribute to the attainment of the policy of the State as declared in the Social Security Act of 2018; and
- To ensure all lease transactions of IPs to be covered by a Contract of Lease based on approved policy guidelines.

III. ANTI-CORRUPTION POLICY

A. OBSERVANCE OF HIGHEST STANDARD OF ETHICS

- The SSS as well as the prospective lessee/s shall observe the highest standard of ethics from the beginning of the process up to the execution of the contract. In pursuance of this policy, the SSS and the prospective lessee/s shall not commit any of the following defined acts:
 - corrupt practice – behaviour on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves or others, or in the exercise of their office, they do so, by misusing the position in which they are placed, and includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in connection with this proposed lease or in the contract execution; entering, on behalf of the government, into any contract or transaction manifestly and grossly disadvantageous to the same, and whether or not the public officer profited or was to profit thereby; and similar acts as provided in Republic Act No. 3019;
 - fraudulent practice – a misrepresentation of facts in order to influence any party to the execution of a contract to the detriment of the SSS, and includes collusive practices among the prospective lessees (prior to or after the submission of the required documents) as hereinafter defined;
 - collusive practices – a scheme or arrangement between two or more prospective lessees, with or without the knowledge of the SSS, designed to establish bid prices at artificial, non-competitive levels and to deprive the SSS of the benefits of free and open competition;
 - coercive practice – harming or threatening to harm, directly or indirectly, persons or their properties to influence their participation in this process, or affect the execution of the lease contract;
 - obstructive practice – includes deliberately destroying, falsifying, altering or concealing of evidence material, or any acts intended to materially impede the exercise of inspection, investigation and audit rights of the SSS in connection with the process of selecting and executing a lease contract.
- Except communications, which are necessary or incidental to the conduct of the process of competitive procedure, any communication between the prospective lessee/s on one hand, and the members of the SSC, the President and Chief Executive Officer (PCEO), any member of the LSC, the approving authorities, or any of the employees of the Asset Management Division (AMD) on any matter relating to the SSS leasing project is strictly prohibited.
- In the event that it is established that the prospective lessee selected to be awarded with the contract has engaged in any of the above-mentioned practices, SSS shall not proceed with the execution of the contract.
- The SSS shall seek to impose the maximum administrative, civil and/or criminal penalties available under applicable laws on individuals and organizations deemed involved in any of the above-mentioned practices.

B. CONFLICT OF INTEREST AND DISCLOSURE OF RELATIONS

- All bidding documents or unsolicited proposals shall be accompanied by a sworn affidavit of the prospective lessee or duly authorized representative stating that he/she or any officer of its corporation/partnership/institution/joint venture is not related within the third civil degree of consanguinity or affinity to any members of the SSC, the PCEO, any member of the LSC, any of the approving authorities, or any of the employees of the AMD. This condition shall apply to the following persons:
 - If the prospective lessee is the sole proprietor, to the prospective lessee himself/herself;
 - If the prospective lessee is a partnership, to all its officers and members;
 - If the prospective lessee is a corporation, to all its officers, directors, and controlling stockholders;
 - If the prospective lessee is a cooperative, to all its officers, directors, and other elected representatives; and
 - If the prospective lessee is a joint venture (JV), the immediately preceding items (a), (b), or (c), shall correspondingly apply to each member of the said JV, as may be appropriate.
- All prospective lessees who fail to submit the above disclosure or found to have conflict of interest with the SSS, or if the other prospective lessees shall be disqualified to participate herein, without prejudice to the imposition of appropriate administrative, civil, and/or criminal sanctions. A prospective lessee may be considered as having conflicting interests with another prospective lessee when:
 - A prospective lessee has controlling shareholders in common with another prospective lessee;

- A prospective lessee receives or has received any direct or indirect subsidy from any other prospective lessee;
 - A prospective lessee has the same legal representative as that of another prospective lessee for purposes of this subject lease;
 - A prospective lessee has a relationship, directly or through third parties, that puts them in a position to have access to information about or influence on the proposal of another prospective lessee or influence the decision of the SSS regarding the selection process.
- Notwithstanding the foregoing, a prospective lessee entity that has, as members of its board of directors, SSC member(s) or SSS officer(s) whose disqualification in the prospective lessee's entity is for the sole reason of him/her being the nominee of the SSS due to the latter's investment interest in the prospective lessee's entity, shall be allowed to participate in the leasing process.

IV. SSS RESERVED RIGHTS

- The SSS reserves the right to accept or reject all proposals at any time prior to the execution of the contract without incurring any liability to the affected prospective lessees in the event that it determines the same to be the most beneficial course of action for the SSS;
- Notwithstanding receipt of the reservation and processing fees, or proposal security, as the case may be, the SSS may deny any intent to lease, subject to return of the said fees/security, when the same shall not be advantageous to the interest of the SSS and/or when it determines that accepting the same shall expose it to financial and/or reputational risks;
- The SSS reserves the right to award the contract of lease to a qualified prospective lessee determined to have submitted the most advantageous and most responsive proposal;
- The SSS reserves the right to inspect and audit records or accounts of a prospective lessee during the negotiation process and during the performance of a contract through its duly authorized representatives or independent auditors;
- The SSS neither assumes any obligation to compensate or indemnify a party for any expense or loss that it may incur as a result of any erroneous interpretations or conclusion by the prospective lessees or of its participation herein, nor guarantees that a contract shall be executed as a result of the selection process. Further, the SSS reserves the right to waive any defect or formality in the responses to the requirements and to the invitation to bid and reserves the right to accept the proposal most advantageous and most responsive to the SSS requirements;
- The SSS reserves the right to disqualify the prospective lessee for a period of time from participating in any of its disposal, leasing or procurement activities, regardless of mode, in the event it violates any of the conditions stated herein including but not limited to, not entering into the contract of lease with SSS when selected, or failure to perform its obligations under the said contract.

V. RECOMMENDING/PROPOSING/SIGNING AUTHORITIES

A. RECOMMENDING AUTHORITY

- For lease proposals with up to Php10M total rentals for the 1st year lease (VAT exclusive), the recommending authority shall be the Head of the Investment Property Department and the Vice President for the Asset Management Division (AMD)
- For lease proposals with over Php10M total rentals for the 1st year lease (VAT exclusive), the LSC shall have the authority to recommend such proposals on the lease of IPs thru any of the prescribed selection modes, for the approval of the SSC or any of its designated approving authorities.
 - The LSC shall be constituted for purposes of selecting a lessee to be recommended to the approving authorities for a specific lease arrangement for an SSS IP. The LSC shall be responsible in the entire activities of the selection modes for the lease of investment properties from the evaluation and recommendation to the approving authority of the terms and conditions of the lease and/or the Terms of Reference (TOR) up to the recommendation for the Award of the Contract.
 - The SSC shall constitute the LSC, the composition of which shall be as follows:
 - Chairperson – at least an EVP/Acting EVP position;
 - Officer knowledgeable with the technical aspects of the project, who shall act as Vice-Chairperson – at least an SVP/Acting SVP position;
 - Officer knowledgeable in finance – at least a VP/Acting VP position;
 - Officer knowledgeable in management/operation – at least a VP/Acting VP position; and
 - Officer knowledgeable in legal matters – at least a VP/Acting VP position.

A quorum of the LSC shall be composed of a simple majority of all members, but in all meetings either the Chairperson or Vice-Chairperson shall be present. All members shall have voting rights, however, the Chairperson shall vote only in case of a tie.

The IPD shall serve as the Secretariat of the LSC.

- The SSC shall constitute a Principal LSC to oversee all the lease of IPs pursuant to these guidelines. However, to expedite the selection process for practical intents and purposes, the SSC may create other LSC to act as a separate LSC in charge of one particular leasing project only or as may be otherwise instructed by the SSC. Such LSC shall be independent from the Principal LSC and shall be composed of the same number of members and required positions as in the Principal LSC.
 - The LSC may execute a Code of Conduct to govern its internal procedures in consonance with these guidelines.
 - The LSC, with the approval of the SSC, may create a technical working group (TWG) for each leasing project to assist the committee in the conduct of the prescribed selection process.
- The SSC may hire the services of a Consultant to prepare the TOR for lease of IPs with projected annual rental income of Php100M and above or for lease projects that will involve a major land development, in accordance with the applicable provisions of RA 9184.
- The IPD or the Consultant, as the case may be, shall prepare the TOR, for evaluation and clearance by the LSC. The TOR, as cleared by the LSC, shall be reviewed by the Office of the Government Corporate Counsel (OGCC) prior to endorsement to the approving authority.

B. APPROVING AUTHORITY

- The recommending and approving authorities for the lease of IPs depending on the total amount of rent on the first year lease are as follows:

Total Rental Payment for the 1st Year Lease (VAT exclusive) (Level of Authority)	Recommending Authority	Approving Authorities
Up to Php 3.0-M	DM III, IPD and VP, AMD	• SVP and VP To be appointed by the PCEO
Over Php 3.0-M up to Php10-M		• SVP and EVP To be appointed by the PCEO
Over Php10-M up to Php20-M	Lease Selection Committee	PCEO
Over Php20-M		SSC

The SSC shall no longer "confirm" lease proposals approved by other approving authorities. Said lease proposals shall be submitted to SSC for "notation" only.

The PCEO shall appoint the approving VP/SVP/EVP as an Approving Authority with proper background or knowledge on investment property matters including but not limited to property development, property administration, engineering, finance and legal.

In the event of disagreement on the approval of the recommendation of the LSC between the two approving authorities in the same level of authority, regardless of seniority, the more senior officer from the next level of authority shall become the third member to deliberate and approve the LSC's recommendation with the two approving authorities in disagreement.

The authority to approve a lease proposal shall not be delegated to a member of the LSC, including the Chairperson, to ensure the observance of the principle of checks and balances.

- All the TOR and draft contracts for the proposed lease of IPs thru any selection modes shall be submitted to OGCC for review and approval prior to submission to the approving authority.

Sequence of the approval of TOR and Contract:

- Preparation of TOR by the IPD for endorsement to the LSC;
- Evaluation and clearance of the TOR by the LSC;
- Preparation and referral of the TOR and endorsement letter addressed to the OGCC and to the Documentation and Conveyancing Department (DCD) by the IPD;
- Preparation of the draft lease contract and review of the endorsement letter to OGCC by DCD upon receipt of the LSC's approved TOR, endorsement letter to OGCC, and other relevant documents;
- Review and clearance of the draft lease contract and endorsement letter to OGCC by the Corporate Legal Services Division (CLSD) and Legal and Enforcement Group (LEG);
- Review and approval of the TOR and draft lease contract by the OGCC;
- Endorsement of the TOR and draft lease contract, as approved by the OGCC, to the approving authority by the LSC;
- Conduct of the prescribed selection mode on the leasing project and recommendation of a prospective lessee by the LSC;
- Request for the preparation of the final lease contract to the DCD by the IPD;
- Preparation of the final lease contract by the DCD based on the LSC's recommendation;
- Endorsement of the LSC's recommendation and final lease contract to the approving authority; and
- Approval of the LSC's recommendation and final lease contract by the approving authority.

C. SIGNING AUTHORITIES

The following officers are hereby authorized to sign the IP lease contract:

Total Rental Payment for the 1st Year Lease (VAT exclusive)	Signing Authority	Condition
	PCEO	Co-signatory with PCEO.
		In the absence of the PCEO, the approving authority and the next higher ranking approving authority shall be co-signatories
Over Php20M	EVP/Inv. Sector SVP/ LAMG and VP, AMD	
Over Php10M up to Php20M	EVP, Inv. Sector and SVP, LAMG	Co-signatories
Over Php 3M up to Php10M	SVP, LAMG and VP, AMD	Co-signatories
Php 3-M and Below	VP, AMD and DM-III, IPD	Co-signatories

For efficiency and whenever there is a lack of different officers who can be assigned to each role, the approving authority shall also co-sign. In the absence of the approving authority, the next higher-ranking authority shall sign.

VI. MODES OF SELECTION

The LSC may recommend to SSC the conduct of the following processes in the selection of an eligible lessee, for new or renewal of lease of IPs, depending on the given circumstances:

A. COMPETITIVE MODES

1. Public Bidding

This refers to the selection mode applicable to lease out available IPs, i.e. IPs that are not currently leased or the current lessee did not send a written intent to renew its lease within the prescribed period, initiated and solicited by the SSS whereby eligible prospective lessees are invited to submit their bids based on published procedures and criteria.

The SSC, may however, opt not to conduct this mode and in lieu thereof choose the Competitive Challenge mode when the SSS receives an unsolicited proposal for a lease project from a private or government entity.

The public bidding shall be declared a failure by the LSC, subject to the confirmation by the approving authority, when any of the following circumstances are present:

- No one purchased the TOR;
- No one submitted its proposal after purchase of TOR;
- No eligible prospective lessee;
- No proposal met the minimum requirements set in TOR; and
- Prospective lessees were disqualified

After the first public bidding for the lease of an SSS property or cluster of properties is declared a failure and confirmed by the approving authority, the LSC shall determine and report to the Office of the President and Chief Executive Officer (OPCEO) the cause of failure of the public bidding. The LSC shall then review the TOR and prepare the necessary recommendation to bid anew the subject properties.

2. Competitive Challenge

This refers to the selection mode whereby the unsolicited proposal to lease an available IP (i.e., not currently leased or the current lessee did not send a written intent to renew its lease within the prescribed period, submitted by a prospective lessee shall be evaluated for its completeness within a period of ninety (90) calendar days from receipt of the proposal. For justifiable reasons, the SSS may extend the said period, subject to the issuance of a notice to the prospective lessee. Upon certification of completion of the proposal and compliance with the other requirements the said prospective lessee shall be conferred with the status of original proponent lessee (OPL) and negotiation between the prospective lessee and the LSC shall ensue.

Upon successful negotiation, the agreed terms and conditions shall be subject to challenge by eligible challenger lessees (CLs), with the OPL having the right to outbid the most superior bid submitted by a CL.

To be eligible, the prospective lessee submitting an UP must satisfy the SSS minimum eligibility criteria on the Legal, Technical and Financial aspects as provided under Section VII, Item B of these Guidelines and must submit the eligibility

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| <p>documents required for an UP as enumerated in "Annex B – Checklist of Documentary Requirements."</p> <p>A complete UP must have the following components:</p> <ol style="list-style-type: none">Cover Letter;Project or Feasibility Study which includes, among others, the technical, financial, economic and legal aspects of the proposed project. Under this approach, the first submitted proposal that is complete shall be evaluated and decided upon. The second complete proposal will only be entertained if the first one is rejected. Otherwise, the second proposal will be considered only if there is a failure in the negotiation of the first proposal, or when the proponent of the second proposal applies for eligibility and submits its comparative proposal to challenge the OPL.Eligibility Documents; andDraft Contract of Lease <p>In case of receipt of several UPs for the same property/ies prior to acceptance of the proposal as the OPL, the approving authority may reject all proposals and instead pursue public bidding if the same shall be more beneficial to the SSS. Otherwise, the approving authority may evaluate the proposals using a first in time approach. Under this approach, the first submitted proposal that is complete shall be evaluated and decided upon. The second complete proposal will only be entertained if the first one is rejected. Otherwise, the second proposal will be considered only if there is a failure in the negotiation of the first proposal, or when the proponent of the second proposal applies for eligibility and submits its comparative proposal to challenge the OPL.</p> <p>Under the first in time approach, the LSC, through the IPD shall acknowledge the submission of other private/government sector proponent for the same IP, and advise the proponent on the existence of previously submitted proposals/ for the same IP and its rank/position based on date of submission of the proposal. If a contract is awarded to a private/government sector proponent, the unopened proposal of the other proponents shall be returned.</p> <p>UPs for IPs with pre-existing lease contract submitted at least six (6) months prior to the expiration of the lease shall not be evaluated and shall be rejected, unless, the current lessee has manifested its intent not to renew its lease.</p> <p>The selection mode shall automatically be Modified Competitive Challenge (MCC) whenever the current lessee has manifested its intent to renew its lease and submitted its proposal for evaluation within the prescribed period, regardless of whether unsolicited proposal/s is received by the SSS.</p> <p>3. Modified Competitive Challenge</p> <p>This refers to the selection mode applicable when the current lessee has manifested its intent to renew its lease over an SSS IP by submitting its conformity on the terms and conditions for lease renewal that are subject to the approval of the approving authority, as presented in the Notice of Renewal sent by the IPD pursuant to Part VII, CC.</p> <p>The current lessee may outright agree on such terms and conditions or request in writing to negotiate with the SSS through the LSC. In the event that the request to negotiate is granted, any revised term and condition shall be within the prescribed limits of these guidelines.</p> <p>Once the current lessee conforms to the terms and conditions, posts the Proposal Security and update the documentary requirements it earlier submitted for the current lease, the said lessee shall be accorded the OPL status. The terms and conditions shall be approved to the approving authority for approval.</p> <p>Upon approval of the approving authority of the terms and conditions accepted by the OPL and to conduct the MCC, the agreed terms and conditions for the renewal of lease shall be subject to a challenge by the public with right accorded to the OPL to outbid the most superior bid from a prospective challenger lessee (PCL).</p> <p>The Modified Competitive Challenge mode shall automatically be applied, without need for prior approval by the approving authority, whenever the current lessee has manifested its intent to renew its lease and submitted its proposal for evaluation within the prescribed period, notwithstanding the receipt of a proposal from a prospective lessee.</p> <p>B. DIRECT NEGOTIATION MODE</p> <p>This mode of selection may be resorted to in any of the following circumstances:</p> <ol style="list-style-type: none">Two (2) Failed Public Biddings <p>Whenever there are at least two (2) confirmed consecutive failed public biddings for the lease of the same IP, regardless of the period the same were conducted and reasons for failure, and irrespective of the terms and conditions specified in the TORs, the SSS, through the LSC, may directly negotiate with a prospective lessee on a "first come, first serve" basis, upon prior publication of a notice to the public.</p> <ol style="list-style-type: none">Government-to-Government Transactions <p>SSS may directly negotiate the lease of IPs with other government agencies in conformity with the express policy in the 2016 Implementing Rules and Regulations (IRR) of R.A. 9154, more particularly the negotiated modality under Annex "H" of said IRR which states that:</p> <p><i>"It is preferred that government agencies lease publicly-owned real property or venue from other government agencies, if there is an available publicly-owned real property or venue that complies with the requirements of the Procuring Entity, it may enter into a contract of lease with the government-agency owner."</i></p> <p>The Detailed Procedures and Responsibilities on the Lease of IPs for the conduct of the foregoing modes are incorporated herein as Annex "A" of these guidelines.</p> <p>VII. TERMS AND CONDITIONS</p> <p>A. LESSEE/S</p> <p>Any person (natural or juridical), including foreigners, authorized by law to reside and/or conduct business in the Philippines may be allowed to lease the SSS IPs.</p> <ol style="list-style-type: none">Individual Lessee/Sole ProprietorshipFilipino citizen / ForeignerCorporation/Partnership duly registered with the Securities and Exchange Commission (SEC)An incorporated joint venture (JV) or consortium of local/foreign individuals/entities, (i.e., a group of two (2) or more persons/entities with intention to be jointly and severally responsible or liable for the particular transaction with the SSSCooperatives duly organized under the laws of the PhilippinesMultilateral institutionsGovernment agencies <p>B. ELIGIBILITY CRITERIA</p> <p>Prospective Lessees (PLs) must satisfy the following criteria, whenever applicable, to be eligible to participate in any of the modes of selection for the lease of an IP:</p> <ol style="list-style-type: none">Legal<ol style="list-style-type: none">The PLs must possess the legal personality and/or authority to reside and/or conduct business in the Philippines as certified to by the appropriate government agencies and/or LGUs.A PL or any member of its consortium or sub-contractor shall be ineligible to participate in any lease project concerning an IP under these Guidelines if it has been disqualified or has been declared ineligible in any bidding process by any government agency, instrumentality, GOCC or any bilateral or multilateral agency such as but not limited to the Asian Development Bank and the World Bank.All PLs shall be required to submit, as part of their qualification documents, a statement stipulating that the PL: (i) has accepted the qualification criteria established by the LSC; and (ii) waives any right it may have to seek and obtain a writ of injunction or prohibition or restraining order against the SSS, SSS, LSC and SSS officers to prevent or restrain the qualification proceedings related thereto, the award of the contract to a successful PL, and the carrying out of the awarded lease contract. Such waiver shall, however be, without prejudice to the right of a disqualified or losing PL to question the lawfulness of its disqualification or the rejection of its proposal by appropriate administrative or judicial processes not involving the issuance of a writ of injunction or prohibition or restraining order.Technical<p>For all types of lease of IPs with proposed development, the PLs must have completed, within a specified period from the date of submission and receipt of proposals, a similar and/ or related project and must be able to meet the minimum requirements of SSS on years of experience as a real estate developer. The similar project completed must have a total cost of at least fifty percent (50%) of the SSS estimated cost for its proposed development project.</p><p>In all cases, the PLs must also meet the minimum technical requirements as may be specified in the TOR.</p> <p>3. Financial Capability</p> <p>The PLs must have adequate capability to sustain the financing requirements for the lease with development of the SSS properties/ies. This shall be measured in terms of:</p> <ol style="list-style-type: none">Good financial standing. The PLs must have a cash balance or a credit line with a reputable commercial bank, universal local or international bank in the amount specified in the TOR.Timely and Complete Payment of Taxes. The PLs and all members, if a PL is a JV or consortium) must be up to date in its payment of all applicable taxes and must be able to submit an updated tax clearance. <p>In all cases, the PLs must also meet the minimum financial requirements as may be specified in the TOR</p> <p>The detailed criteria in Items A and B for PL is without prejudice to SSS providing a more detailed requirements in the TOR consistent with the lease project's distinctive needs.</p> <p>C. VALIDITY AND
EXTENSION OF PROPOSALS</p> <ol style="list-style-type: none">Proposals shall be valid for a period of one hundred eighty (180) calendar days or as specified in the TOR, from the date of the opening of the proposals.In exceptional circumstances and prior to the expiration of the validity period of the proposals, the SSS may request the prospective lessees to extend the period of validity of their proposals. The request and responses shall be made in writing.A prospective lessee who/which refuses to grant the request for extension or fails to respond to the said request within the period indicated therein shall be deemed disqualified but its proposal security shall not be forfeited. A prospective lessee who/which granted the request shall not be allowed to modify its submitted proposal. <p>D. PROPOSAL SECURITY</p> <p>For all competitive modes, all prospective lessees shall be required to post a proposal security (PS) in the form of cash or cashier's manager's check, or bank draft, guarantee or irrevocable letter of credit issued by a Universal of Commercial Bank payable in favor of SSS.</p> <p>The posting and return of the PS shall be pursuant to the following:</p> <ol style="list-style-type: none">For public bidding - The prospective lessees shall post a minimum PS together with their bid proposals in the manner, time, and amount specified in the TOR;For Competitive Challenge and MCC – the prospective lessee or current lessee, as the case may be, shall post PS within seven (7) calendar days from receipt of the LSC's Notice to post PS in the amount equivalent to at least one (1) month proposed rent;The PS must be valid for one hundred eighty (180) calendar days or as specified in the TOR, from the date of the opening of the proposals, or from the submission of proposals in the case of a PL applying as OPL under Competitive Challenge or MCC mode.The PS should also be extended corresponding to at least the extension of the proposal validity period.A prospective lessee shall also submit a Proposal Securing Declaration simultaneous to the PS wherein it undertakes the following:<ol style="list-style-type: none">Warrants that the proposal submitted shall be valid for a period of one hundred eighty (180) calendar days or as specified in the TOR, from the date of the opening of the proposals (public bidding), or from the date of submission of proposals (Competitive Challenge or MCC);When selected as the winning lessee, to enter into contract with SSS and furnish the required Security Deposits from receipt of the Notice of Award and prior to the execution of the contract of lease;To acknowledge that SSS reserves the right to disqualify it for a period of time from participating in any of its selection/ procurement activity, regardless of mode, in the event it violates any of the conditions stated herein including but not limited to, not entering into the contract of lease with SSS when selected, or failure to perform its obligations under the said contract;To acknowledge that the PS shall automatically be forfeited in favor of the SSS in the event that it withdraws its proposal during its validity, fails to and/or refuses to enter into a contract with the SSS when selected or when there is a failure to furnish the required security deposit.Without prejudice to its forfeiture, the PS shall only be returned under the following circumstances but in no case beyond the period of its validity:<ol style="list-style-type: none">when after its non-selection, a prospective lessee has submitted a written waiver of its right to file a request for reconsideration within the period prescribed in the TOR; orin the absence of a written waiver as above-mentioned, after a contract has already been signed by the SSS and the selected lessee and the corresponding security deposit has been posted. <p>E. DURATION OF LEASE</p> <ol style="list-style-type: none">The lease period over an SSS IP shall be fixed up to a period not exceeding two (2) years. However, upon recommendation of the IPD or external Consultant and approval by the LSC, the approving authority may allow a longer lease period for a single lease contract not exceeding twenty-five (25) years for meritorious reasons, such as:<ol style="list-style-type: none">Long-term lease will be more profitable and advantageous for SSS;Lessee cannot recover its investment to the property within a limited period of time;The nature of the business will require a longer lease term; andPrevailing business practice in the leasing industry.For new lease under the Direct Negotiation Mode, the lease period shall be the same with the period originally indicated in the most recent TOR for public bidding.For MCC Mode, the SSS may accept/approve a renewal of lease proposal from the existing lessee for a period longer or shorter than the lease period initially approved/granted in the original contract or the immediately preceding lease contract, as the case may be, but the period of the contract of lease should not be shorter than one (1) year.The construction period shall form part of the lease term.For government-to-government transactions under the Direct Negotiation Mode, the lease renewal period may differ from the period granted in the original contract or immediately preceding lease contract, as the case may be.Upon request of the lessee, the approving authority may, for valid reasons (e.g. relocation of office, pending completion of a selection process, government-to-government transaction, SSS initiated pre-termination in case of sale or development of property, pandemic, etc.) extend the lease on a month-to-month basis only, provided that the extensions shall not exceed one (1) year and under the same terms and conditions of the previous contract except that the rental rate shall be the higher between the escalated rate and computed minimum rental rate based on valid valuation reports. <p>F. EFFECTIVITY OF LEASE</p> <p>All leases shall commence on the 1st day of the month following the month of receipt by the winning lessee of the Notice of Award/Approval of Lease Proposal from the LSC. The LSC shall notify the Winning Lessee within five (5) calendar days upon receipt by the LSC of the Approval of the Award/Lease by the approving authority.</p> <p>G. APPRAISAL</p> <ol style="list-style-type: none">SSS IPs, including all permanent facilities/improvements introduced therein by the lessee, shall be appraised annually | <p>by two (2) independent appraisal companies, hired through the process set out under the applicable procurement law and based on SSS' standards.</p> <ol style="list-style-type: none">The Fair Market Value (FMV) and Fair Rental Value (FRV) appraisals shall be deemed valid for one (1) year from the date of the appraisal report. The foregoing is without prejudice to the right of the approving authority to require for the conduct of business valuation and/or other similar appraisal tools to determine the most advantageous rental rate for any IPs.The external appraisal valuations shall be used as follows:<ol style="list-style-type: none">If the difference between the two (2) appraisals does not exceed 20% of the lower valuation, the average FMV/FRV from two (2) independent appraisal companies shall be used.If the difference between the two (2) appraisals exceeds 20% of the lower valuation, the higher valuation less a maximum of 10% shall be used.In the event the new external appraisal valuations are not available yet after the one (1) year validity period of the previous appraisals, the SSS may use the in-house appraisal alone in its lease transactions. However, if there is one (1) external appraisal that is available, the weighted average may be used by adding the 2/3 of the valuation based on the external appraisal to the 1/3 of the valuation based on the in-house appraisal.The recommended valuation for all modes of selection for lease of IPs shall be deemed valid for one (1) year from the date of the earlier appraisal report from either the external or in-house appraisal whichever is applicable. Notwithstanding, the SSS/ PCEO/Approving Authorities may request for a re-appraisal of the IPs due to near expiration of the validity of the appraisal report and/or recommended valuation.Unless otherwise instructed by the SSC/approving authority, the recommended lease proposals/projects thru any modes of selection shall be deemed withdrawn for re-evaluation or re-appraisal in the event that the validity of the appraisal valuation and/or recommended valuation expired prior to the approval by the Approving Authorities or publication of invitation to bid.The LSC shall request clearance from the Approving Authority for the withdrawal of the recommended lease proposals/ projects for conduct of mandatory review and re-evaluation of the said proposals by the IPD. <p>The LSC shall inform in writing concerned PLs/OPLs that a mandatory review and re-evaluation of the terms and conditions of lease will be conducted due to an expired validity of the appraisal valuation report to the approval by the Approving Authority or publication.</p> <p>PLs/OPLs must conform with the new terms and conditions of the lease as a result of the re-evaluation, otherwise lease transactions are deemed cancelled and lease of IPs shall be made available to other interested PLs thru competitive procedures.</p> <ol style="list-style-type: none">Any lease proposal/project whereby the publication of invitation to bid had already been published shall proceed notwithstanding that the recommended valuation for the subject IP had
expired on the date of said publication and anytime thereafter, without prejudice to the exercise of the SSS' reserved rights to withdraw from the conduct of the selection process, among others. <p>H. FORMS OF RENT</p> <p>Rent from the lease of IPs may be through any or a combination of the following forms:</p> <ol style="list-style-type: none">Guaranteed Rent on Property (GRP) - refers to the predetermined amount and escalation thereof for the use and/ or occupancy of the SSS IP.<p>The minimum rental rate shall be computed based on Part VII, Item 1.1.</p>Percentage Share on Revenue (PSOR) - refers to the SSS' share on the lessee's total gross revenue from the latter's management and operation of or on the leased IP. Gross revenue refers to the total amount of sales/income from leasing, subleasing and commercial/retail operations, and other income generating transactions recognized for a reporting period, prior to any deductions. Gross revenue includes, but is not limited to, the following:<ol style="list-style-type: none">Revenue from subleasing of commercial/office space and residential units;Revenue from sale of goods or merchandise from lessee's retail/ commercial operations;Lessee's income from the sale of goods on the retail/ commercial operations of its sublessees/; if lease agreement between lessee and sublessees includes percentage sharing on revenue; andRevenue from pay parking operation, lease of air rights such as, advertising billboards/signages and cell sites, and other similar purposes.The minimum PSOR shall be determined by the LSC using applicable valuation report (FMV, FRV and/or BV) and thru benchmarking with industry standards. The SSS may hire the services of an external Consultant to prepare the business case or project feasibility study for this purpose.Allocation of Space and/or Floors (ASF) – refers to the building spaces or floors in the SSS IP to be developed by the lessee allocated for use of SSS instead of monetary consideration. The size of area allocation shall be proportionate to the value of the contribution (e.g., land, land and building, asset or cash) of SSS to the total development cost of the project.<p>The minimum FMV of SSS property shall be computed based on the formula in Part VII, Item G.3 using the two (2) external appraisal valuations.</p>In case the lessee is a government entity, other terms/forms of payment as allowed by the Commission on Audit (COA) and by the DBM shall be accepted. <p>I. DETERMINATION OF RENTAL RATE FOR GRP</p> <p>As a policy, IPs shall be leased out at a rental rate most advantageous to the SSS.</p> <ol style="list-style-type: none">For New/Renewal Leases<p>The minimum rental rate shall be computed as follows:<ol style="list-style-type: none">If the difference between the two (2) appraisals does not exceed 20% of the lower valuation, the average fair rental value (FRV) from two (2) independent appraisal companies shall be used.If the difference between the two (2) appraisals exceeds 20% of the lower valuation, the higher valuation less a maximum of 10% shall be used.</p><p>The SSS may, upon the recommendation of the IPD, add a premium to the minimum rental rate, the amount of which shall not exceed the highest prevailing rental rate plus 10% on SSS-owned units/properties or in its absence, any other comparable units/properties in the same area.</p> <ol style="list-style-type: none">For Renewal of Leases with Other Government Agencies under Direct Negotiation<p>Rental rate may be based on the rental rate on the last year of the lease period plus escalation upon request of the lessee and subject to the approval of the approving authorities.</p>Lease of Billboard/Signage Space for New/Renewal of Leases<p>Billboard is a stand-alone large panel on steel or wooden frames designed to carry outdoor advertising.</p><ol style="list-style-type: none">Rental rate for billboard shall be computed based on Part VII Item 1.1Lease area is the total area of the structure's footprint plus setback of 5 meters on all sides.<p>Signage is an advertising medium posted either on the indoor or outdoor surface of walls, panels and parapets of building or establishments.</p><ol style="list-style-type: none">First signage space with maximum size of 4 meters x 6 meters shall be provided for free to the Lessee on the same leased property with at least 1,000 sq.m. area.Rental rate for signage shall be the higher of the following:<ol style="list-style-type: none">The FRV determined by an independent appraisal company or in-house appraiser within one (1) year | <p>prior to the date of recommendation of lease; and</p> <ol style="list-style-type: none">The highest prevailing rental rate for signage on SSS-owned units/properties or in absence, any other comparable units/properties (not owned by SSS) in the same area. <p>Lease area is based on the size of the ads.</p> <p>4. Mezzanine</p> <ol style="list-style-type: none">For IPs with mezzanine floors, the area of the mezzanine shall form part of the total space being leased. Rental for mezzanine shall be charged a rent equivalent to at least half the applicable rental rate of the main space/unit.Mezzanine floors built by Lessee/s with the written consent of the SSS shall not be charged rent for two (2) consecutive years reckoned from:<ol style="list-style-type: none">Start of the lease term, if mezzanine is included in the proposed development/rehabilitation approved prior to the commencement of the lease;Start of construction, for other instances. <p>If the lease period or the remaining lease period from start of construction is less than two (2) years, the rent-free period shall continue during the lease renewal, if any. After the rent-free period, rental for mezzanine floors shall be pursuant to Item 4a hereof.</p> <p>5. Parking Space for New/Renewal Leases</p> <ol style="list-style-type: none">Parking space shall be leased-out on a per slot basis.Rental rate shall be computed based on Part VII Item 1.1.Rental escalation shall follow Part VII Item J.2. <p>J. RENTAL ESCALATION</p> <ol style="list-style-type: none">As a general rule, leases of more than one (1) year shall be escalated annually starting on the 2nd year of the lease. The approving authority may prescribe a different escalation schedule other than annually to attract more prospective lessees.The applicable escalation rate (AER) shall be fixed for the entire original term of the lease, the minimum rate of which shall be the higher of: a) 5%; or b) the average of the available monthly inflation rate within the semester immediately preceding the semester of IPD's recommendation for an IP to be leased out plus 3%.The above formula on AER shall be applicable to the leases of building spaces/areas allocated to the SSS as a result of the ASF form of rent.A different escalation rate may be applied whenever the SSS and the Winning Lessee enters into an agreement to hire, pursuant to R 9164, a third party property manager to manage the lease of the properties owned by both the SSS and the Winning Lessee, provided that such escalation rate shall be based on independent valuations and comparable market research.The approving authority may, upon the recommendation of the IPD/external consultant thru the LSC, prescribe a rate below the foregoing rates when the lease is between SSS and another government entity, or in case of extraordinary inflation, or to attract more prospective lessees.The approving authority may, upon the recommendation of the IPD/external consultant thru the LSC, prescribe a different AER applicable for the renewal period. <p>K. REPRICING OF RENTAL RATES</p> <ol style="list-style-type: none">As a general rule, rental rates for leases of more than five (5) years duration, shall be subject to repricing every after five (5) years. However, the approving authority upon recommendation of the IPD/external consultant thru the LSC, may either waive this rule or change the schedule to a longer repricing cycle to entice more prospective lessees, or change the schedule to a shorter repricing cycle depending on the economic growth and property market condition.The minimum repriced rent shall be computed based on Part VII Item 1.1 provided, however, that if the computed repriced rent is lower than the escalated rent of the previous applicable year, the escalated rent shall apply. The foregoing is without prejudice to the right of the approving authority to require for the conduct of business valuation and/or other similar appraisal tools to determine the most advantageous repriced rent for any IPs. <p>L. SECURITY DEPOSIT</p> <ol style="list-style-type: none">The minimum Security Deposit shall be equivalent to two (2) months rent plus VAT.The Security Deposit shall be adjusted in accordance with the rental escalation.The Security Deposit shall likewise be adjusted if, after the annual assessment conducted by the IPD, it is determined that the average utility consumption of the lessee as determined by the Engineering and Facilities Management Department (EFMD) is more than the security deposit posted by the lessee.The Security Deposit shall be payable to SSS in cash or Manager's Check before the issuance of a Permit to Enter the property and must be updated at least sixty (60) calendar days before the anniversary of the commencement date of the lease to account for the annual rental escalation, if any.In case of damage to the
leased property due to the fault of lessee, the total amount of damage, as assessed by the Engineering and Facilities Management Department (EFMD), not settled prior to the expiration of the lease term shall be deducted from the Security Deposit prior to its refund.<p>If the total amount of damage for the account of lessee is greater than the Security Deposit, the lessee shall be required to pay the difference.</p>The Security Deposit shall be forfeited in case of extrajudicial termination in accordance with Part VII, Item 2.2.The Security Deposit shall not be used to offset rentals, utility charges (e.g., electricity, telephone and water) or other payments (association dues, taxes and other related fees) during the lease and/or construction period, its extension or renewal thereof.The Security Deposit shall not be released to the lessee earlier than thirty (30) calendar days after the expiration of the lease term or any extension or renewal thereof and before the following conditions have been satisfied:<ol style="list-style-type: none">All unpaid rentals, utilities, condominium/association dues and other payables for the duration of the lease have been paid; andThe lessee has vacated the premises.After the lease period, in the event that the lessee fails to pay any rental, utility charges or any payable dues, SSS shall pay the same out of the lessee's Security Deposit. <p>M. ADVANCE RENTAL PAYMENT (ARP)</p> <ol style="list-style-type: none">The minimum ARP shall be equivalent to two (2) months rent.The ARP shall be payable to SSS in cash or Manager's Check before the issuance of a Permit to Enter the property.The ARP shall be applied at the start of the lease term. <p>N. RESERVATION FEE AND PROCESSING FEE (FOR DIRECT NEGOTIATION MODE)</p> <p>Under lease thru direct negotiation mode pursuant to Part VI.B.1, prospective lessees, except for Government Lessee, are required to pay the reservation and processing fees to ensure their good faith in leasing the SSS property.</p> <ol style="list-style-type: none">Simultaneous to the submission of a letter of intent to lease an SSS property addressed to the LSC, the prospective lessee shall pay and present proof of payment of the following fees:<ol style="list-style-type: none">Reservation Fee equivalent to one (1) month applicable rental rate; andProcessing Fee equivalent to Php1,000.00 per lease transaction (per contract)The acceptance of the foregoing fees and letter of intent shall bar the LSC from negotiating with other prospective lessees for the subject property while the said fees are not forfeited.The LSC shall give the prospective lessee fifteen (15) calendar days to submit all documentary requirements from receipt of the LSC's acknowledgment letter.The processing fee shall cover the costs of confirmation/ | <p>validation of submitted documents and other processing costs, hence, non-refundable.</p> <ol style="list-style-type: none">The reservation fee shall be applied to the monthly rent upon approval and execution of the Lease Contract. However, in the event that the lease proposal is not given favorable consideration for whatever reasons, the reservation fee shall be returned to the prospective lessee within fifteen (15) calendar days from its receipt of notice of denial issued by the LSC.The reservation fee shall automatically be forfeited in favor of the SSS in any of the following events:<ol style="list-style-type: none">The prospective lessee unreasonably fails to submit the required documents within fifteen (15) calendar days from receipt of the LSC's acknowledgment letter;The prospective lessee withdraws its lease proposal;The prospective lessee refuses to pursue the lease after being informed of its approval; orThe prospective lessee unreasonably fails to pay the required Security Deposit and/or Advance Rental Payment and/ or submit the signed Contract of Lease and postdated checks (PDCs) within fifteen (15) calendar days from receipt of the requests for compliance. <p>O. MAXIMUM CONSTRUCTION PERIOD</p> <ol style="list-style-type: none">The construction period includes the preparation of plans/ designs, securing of permits/licenses, demolition, and fit-out. This period shall form part of the lease term.The approving authority may grant, upon the recommendation of the IPD/external consultant thru the LSC, a maximum construction period based on whichever is shorter between Items a and b hereof:<ol style="list-style-type: none">Construction period as evaluated and determined by the IPD based on EFMD estimate, or as determined by the external Consultant, on a per lease project basis; andActual period spent by lessee for the completion of its proposed rehabilitation/development project or start of operation/occupancy, whichever comes first, as certified by the EFMD.In the event that the lessee anticipates that it shall fails to complete its construction within the prescribed period, upon the lessee's request, which must be given prior to the expiration of the construction period, the SSS, through the approving authority that approved the lease contract, may give the lessee an extension for such period necessary to complete its construction. Despite the extension of the construction period, the lessee shall pay the monthly rental in accordance with the schedule prescribed under the lease contract.Any approved extension on the construction period shall not extend the original lease term.The lessee shall complete the construction within the approved construction period, or any extension thereof, otherwise the non-completion may be a ground for termination of the lease, forfeiture of the performance security and monies so far remitted by the lessee and the SSS shall take possession of the building so far constructed without need to reimburse the lessee for the value thereof, among others. <p>P. RENT-FREE CONSTRUCTION PERIOD</p> <ol style="list-style-type: none">The Rent-Free Construction Period (RFCP) is given for a maximum of six (6) months for leases where the lessee will develop and/or rehabilitate an IP. After the expiration of the RFCP, regular rent shall be imposed except when Nominal Construction Fee (NCF) or other fees are otherwise approved by the approving authority to be paid by the lessee.Upon request of the lessee, the maximum period of six (6) months in RFCP may be extended for valid reasons and/ or for circumstances beyond the control of the lessee (e.g., force majeure, pandemic, economic crisis, national security or emergency, etc.) upon approval by the SSC or its delegated approving authority, provided that there is no contributory negligence or delay on the part of the Lessee as may be solely determined by the SSC. In such a case, the NCF may apply.RFCP shall commence upon signing of the Contract of Lease.The minimum RFCP is one (1) month. <p>Q. NOMINAL CONSTRUCTION FEE (NCF)</p> <ol style="list-style-type: none">For leases with more than six (6) months construction period, the lessee may be required to pay a nominal construction fee, in lieu of regular rent, proportionately for the remaining period from the pre-determined construction period less the RFCP, computed based on the formula to be evaluated and determined by the IPD or external consultant on a per lease project basis.The NCF shall be payable in cash or Manager's Check, upon signing of the Contract of Lease.In the event that the construction on the leased property is completed prior to the approved construction period, the nominal construction fee shall be refunded to the lessee proportionate to the unused number of days of the construction period. <p>R. PROJECT VARIATION</p> <ol style="list-style-type: none">The SSS, through the approving authority that approved the lease contract, may, upon recommendation of the IPD, approve a request for a project variation to cover any proposed change in specifications, materials, and design of the building, subject to the following conditions:<ol style="list-style-type: none">The proposed revision/s shall not impair the quality of the building and/or reduce the total gross floor/leasable area approved in the contract or increase SSS' share of cost, if applicable;The project variation shall not reduce the GRP, PSOR, ASF, and shall not affect the RFCP, the construction period and NCF as approved in the contract;The request is made at least one hundred twenty (120) calendar days prior to intended commencement date of implementation of revisions; andLessee shall adjust accordingly all the insurance coverage and performance security affected by the project variation and submit proof thereof to the SSS within at least thirty (30) calendar days prior to the commencement date of implementation of revisions.The contract of lease may be amended to reflect any approved project variation.Any revision in the specifications, materials, or design, of the building without the prior consent of the SSS, shall be a ground for SSS to order a work stoppage, demolition of any unauthorized work, and the restoration to its original design and/or termination of the lease contract. <p>S. INSURANCE</p> <ol style="list-style-type: none">Construction<p>Prior to the start of construction of the approved development or rehabilitation works, including any approved extension of construction period, the lessee shall obtain at its own expense an all-risk insurance coverage issued by the GIS or any Top 10 insurance company accredited by the Insurance
Commission assigned in favor of SSS, and submit to SSS a copy of the insurance policy/ies. The all-risk insurance shall answer for any damage to property and/or injury or death as a result of or incidental to the lessee's construction works, property or fire, earthquake, flooding/inundation or any calamity, or force majeure, without prejudice to SSS' right to file a case against the lessee for any additional claim not covered by the insurance.</p>Operational<p>Except as may be otherwise approved by the approving authority and indicated in the contract, during the lease period the lessee shall also obtain at its own expense an all-risk insurance coverage for the leased property, including any additional improvement therein, assigned in favor of SSS and issued by the GIS or any Top 10 insurance company accredited by the Insurance Commission and submit to SSS a copy of the insurance policy/ies. The all-risk insurance shall answer for any damage to property and/or injury or death as a result of or incidental to the lessee's operation of the leased property or fire, earthquake, flooding/inundation or any calamity, or force majeure, without prejudice to SSS' right to file a case against the lessee for any additional claim not covered by the insurance.</p> | <p>T. PERFORMANCE SECURITY</p> <ol style="list-style-type: none">To guarantee the lessee's faithful performance of its obligation to construct and complete the construction of the proposed development and/or rehabilitation works under the contract, the lessee shall, within five (5) calendar days from receipt of the Notice of Award, post a performance security in favor of SSS in the form of cash, bank guarantee or irrevocable standby letter of credit issued by a universal or commercial bank, or a Surety Bond, as demanded, issued by the GIS or any Top 10 insurance company accredited by the Insurance Commission, and reasonably acceptable to SSS and shall be in the form and amount computed based on the formula prescribed in the TOR.The performance security shall be forfeited in the event that the lessee fails or refuses to construct or complete the construction of its proposed development or rehabilitation works within the prescribed period or its extension.The performance security shall be released by the SSS within sixty (60) calendar days from the successful completion and final acceptance of the constructed development. <p>U. RENTAL/SURETY BOND</p> <ol style="list-style-type: none">To fully secure the monthly rental payment for lease transactions with at least Php20-M annual rent and with development/ rehabilitation works, the SSS may require the lessee to submit to SSS an acceptable form of continuing guaranty such as a bank guaranty or irrevocable standby letter of credit issued by a universal or commercial bank, or a continuing Rental/Surety Bond issued by the GIS or any Top 10 insurance company accredited by the Insurance Commission.The rental/surety bond shall not be less than an amount equivalent to three (3) months rental and shall be submitted later than three (3) months before the end of the construction period. The bond shall at all times be maintained at the stated amount and shall be replenished within thirty (30) days if the same falls below the required amount. <p>V. RENTAL PAYMENTS</p> <ol style="list-style-type: none">Upon submission of the signed and notarized Contract of Lease, the lessee shall simultaneously submit PDCs, dated every 1st day of the applicable month, quarter or semester, for the remaining months of the first year of the lease term after taking into consideration the advance rental payments and rent-free period, if any, and the paid reservation fee, if applicable.<p>Thereafter, the lessee shall, without need of a demand from SSS, issue twelve (12) PDCs dated every 1st day of the applicable month every year, or the corresponding number of remaining months of the lease term, if unexpired months are less than twelve (12), to be submitted at least sixty (60) calendar days before the anniversary of the commencement date of the lease .</p>Should the lessee fail to issue the required PDCs, it shall, without need of demand from the SSS, post additional advance payment of rent equivalent to at least three (3) months within the prescribed period to secure the PDCs. Thereafter, payments for the succeeding months shall be made on the 1st day of the applicable quarter or semester, as the case may be, without need of demand from the SSS.In case rent is computed based on PSOR or GRP, whichever is higher, the lessee shall issue twelve (12) PDCs corresponding to the GRP. On a monthly basis, the lessee shall submit to the SSS its financial statement pertaining to its operations on the leased property, subject to the right of the SSS, through the IPD or other authorized units/representatives, to inspect and validate lessee's book of accounts at any time. In the event that the validated PSOR is higher than the paid GRP, the lessee shall pay the deficiency amount within the period indicated in the TOR or as may be agreed upon by the lessee and the SSS.In case rent is computed based on the combination of GRP and PSOR, the lessee shall issue twelve (12) PDCs corresponding to the GRP. Within fifteen (15) calendar days from the end of the month, the lessee shall pay the SSS' PSOR and submit its financial statement pertaining to its operations on the leased property. Acceptance of PSOR is without prejudice to the SSS' right to inspect and validate the lessee's book of accounts at any time to be conducted by the IPD or other authorized units/representatives and collect any deficiency amount, if any.For leased IPs being managed by an External Property Manager (EPM), rental collections must be remitted by the EPM to the SSS, without need of a demand, within three (3) days from the lessee's due date or as may be indicated in the agreement between the EPM and the SSS.In case the lessee is a government entity, other terms/ forms of payment as allowed by the COA and by the DBM shall be accepted. <p>W. DELAY/NON-PAYMENT OF RENTALS AND OTHER DUES AND DEFAULT</p> <ol style="list-style-type: none">In case of any delay in the payment of the monthly rentals, fees and other charges such as, but not limited to, association dues/CUSA, or utilities provided by SSS, the Lessee shall pay a penalty equivalent to 2% per month of the rental due/other charges computed from the first day of the applicable month until fully paid.Collection Letter/Notice of Dishonor shall be sent to the lessee immediately after the failure to pay on due date. In case of non-payment and/or dishonor of the lease, the lessee shall be required to settle the amount due inclusive of penalties imposed within five (5) days from receipt of the aforesaid letter/notice.For purposes of these guidelines, the term default shall refer to the following:<ol style="list-style-type: none">Default on rent. - The lessee who/fails to pay the rent on due date shall be deemed in default without need of demand.Default on money obligations other than rent - In fulfilling obligations wherein payment of money other than rentals is involved, including but not limited to electric, water and gas consumption or other charges provided herein, the lessee shall, except as may otherwise be specifically prescribed in these guidelines, have a period of thirty (30) calendar days from due date within which to make the necessary payment otherwise the same shall be a ground for the lessee's termination of the lease without prejudice to the SSS' right to exercise rights/remedies prescribed in these guidelines and other applicable laws, rules, and issuances.Default on other terms and conditions of the contract - The lessee violates any of the terms and conditions in the lease contract including abandonment of the leased property and such violation persists or not remedied within the prescribed period in these guidelines and despite the issuance of a written notice.<p>The leased property is deemed abandoned, deserted or vacated if for a period of thirty (30) or more consecutive calendar days within the lease period, or any extension or renewal thereof, the lessee has ceased operations in the leased property and the rental for such period is unpaid and the lessee fails to respond within fifteen (15) days from receipt of the SSS' written notice.</p>Bounced and Returned Checks. In case the check issued by the lessee for the payment of monthly rent or other charges bounced, the lessee is given a period of twenty-four (24) hours from receipt of the written notice to replace the check with cash of equivalent amount, otherwise, the lessee is considered in default and SSS shall exercise rights/remedies prescribed in these guidelines and other applicable laws, rules, and issuances.Should the lessee fail to pay its outstanding obligations despite receipt of the above-mentioned Collection Letter/Notice of Dishonor, and/or is deemed in default pursuant to the contract, the SSS may immediately undertake any or all of the following, as may be applicable:<ol style="list-style-type: none">Cancel the Contract of Lease;Cut-off utilities;Take possession of and padlock the leased premises; andTake appropriate legal action against the LesseeIn addition to the foregoing, the SSS may take over/step-in to the rights of the lessee over any sub-lease, if any, to the extent provided in the TOR.All lease contracts shall contain a provision stating that upon the termination, default, violation of any of the terms and conditions of the lease contract, the SSS is deemed automatically and fully authorized to, and shall immediately, take possession of the
leased IP, without need of any judicial process, and for the payment by the lessee of liquidated damages, amount of

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Acting Department Manager III

indemnification and other charges as may be indicated in the contract. In this connection, the SSS has full power and authority to take possession of the leased IP and to do or perform such acts as may be necessary to take possession, including but not limited to entering into the leased IP, actions enumerated under Item Nos. 3 and 4 hereof and such other steps designed to enable the SSS to effectively repossess the leased IP. The lessee waives the right to file any action, civil, administrative or criminal, including application for temporary restraining order or preliminary injunction or any action to prevent the SSS from taking possession of the leased IP.

8. **Acceptance of Payment of Arrears.** The acceptance by the SSS of arrears in rent or the penalty for late payment, extensions of payment, or performance of one or more obligations by the lessee shall not by itself be deemed a waiver by the SSS of any breach by the lessee of any covenant or condition contained in the lease contract.

9. Failure or delay by the SSS to enforce or demand strict performance by the lessee of any stipulation or condition in the lease contract shall neither affect the validity hereof, nor shall such be construed as abandonment, withdrawal, waiver or cancellation of such stipulation or condition or right or option, or of the right of the SSS to subsequently enforce or demand performance of such provisions. No waiver by the SSS shall be deemed to have been unless expressed in writing and signed by the SSS.

X. PRIORITY OF APPLICATION OF PAYMENTS

The SSS may accept partial payments of the total amount due which shall be applied first to the penalty obligations, monthly rentals, then to utilities and other bills/charges. However, acceptance of partial payments shall not deter SSS from taking the appropriate actions enumerated under **Part VII, Item W.5.**

Y. TAXES, FEES AND OTHER CHARGES

1. Taxes

Pursuant to Section 16 of the Social Security Act of 2018, the SSS is exempt from tax, legal process and lien. However, the SSS is subject to VAT as provided under Republic Act No. 10963, Tax Reform for Acceleration and Inclusion (TRAIN), which shall be shouldered by the lessee. Thus, it is agreed and understood that should there be other changes in the law or the interpretation thereof or any other circumstances which would subject the lessee to the payment of the rental payments hereunder to any kind of tax (including but not limited to Real Property Tax) assessment or levy which would constitute a charge against the leased property or create a lien against the leased property and/or rental payments, the lessee agrees and obligates itself to assume, shoulder and pay such tax, assessments or levy as it becomes due.

SSS may opt to include in the gross collection from the lessee the amount of taxes payable by the lessee in order to ensure that the same are fully and promptly remitted to the concerned government entities.

2. Utilities

Utility charges such as, but not limited to, electric, telephone, and water for the leased premises for the duration of the lease, inclusive of the RFCP and/or construction period, if applicable, shall be for the account of the lessee and settled directly with the providers.

3. Association/Condominium or Building Dues and Common Usage and Service Area (CUSA) Fees

Association/condominium or building dues and CUSA imposed during the lease period, inclusive of the RFCP and/or construction period, if applicable, shall be settled directly with the Homeowners' Association or Property Management Office of the condominium or building concerned or the SSS, as the case may be.

Other fees and charges as may be imposed as a result of or incidental to the lease and relevant laws and issuance.

5. Submission of Proof of Payments

The lessee must submit proofs of payments for utilities and other dues to the SSS on a quarterly basis and on an annual basis for the real property tax **within seven (7) working days** from payment thereof, otherwise, this may serve as a ground for the SSS to cancel the lease.

6. Unpaid taxes, fees, and other charges

a. All payables due within the lease period but received after the expiration of the lease term shall remain for the account of the lessee and be billed accordingly.

b. The lessee shall be responsible for the payments of all taxes, fees, and other charges which may be assessed and/or levied against it and/or its sub-lessees during the lease period and all that remain unpaid after the lease period.

c. The SSS may advance the payment of all taxes, fees, and other charges in behalf of the lessee to the extent that it shall protect the SSS from the payment of the lease period under applicable laws, rules and regulations and other issuances, subject to reimbursement from the lessee within five (5) calendar days from the receipt of SSS notice.

d. A **2% penalty per month up to a maximum period of two (2) months** from receipt of the notice of reimbursement by the lessee shall be imposed against the lessee for any unpaid amount advanced by the SSS. Continued non-payment of all amounts due beyond the maximum period of two (2) months shall be a ground for the cancellation of the lease.

Z. EXTRAJUDICIAL TERMINATION OF LEASE

1. RFCP AND CONSTRUCTION PERIOD

a. The SSS or lessee may extrajudicially terminate the lease for violation of contract, including abandonment of the leased property, and whenever the lessee committed an act or negligence that puts the SSS, as it determines, in a financial and/or reputational risk.

b. For failure to complete the construction within the prescribed construction period or the approved extension thereof, the SSS may, without prejudice to the other available remedies provided in these guidelines and applicable laws and issuances, extrajudicially terminate the lease and exercise any of the following:

i. Demand the lessee to remove any or all improvements at the sole expense of the lessee;

ii. Demand for the payment for loss of potential income, and damages, actual or incidental, as a result of the non-completion of the construction within the prescribed period or the approved extension thereof.

c. The SSS may extrajudicially terminate the lease in times of economic/health crisis or in crucial situations that will necessitate SSS to dispose of the leased property through sale to generate the much needed funds, subject to compensation equitable or reasonable under the circumstances and based on proper valuation of the improvement and other conditions as may be prescribed by the TOR.

d. The lessee may not extrajudicially terminate the lease contract for any other reason as stated under **Part VII, Item Z, 1.a**, otherwise, the SSS shall forfeit all monies so far remitted to it, without prejudice to the filing of appropriate action, if any.

2. OPERATIONAL

a. The SSS or lessee may extrajudicially terminate the lease for violation of contract, including abandonment of the leased property, force majeure (e.g. any war, acts of God or any other cause beyond the lessee's control and without any contributing fault on the part of the lessee), extraordinary inflation, health/economic crisis, bankruptcy and whenever the lessee committed an act or negligence that puts the SSS, as it determines, in a financial and/or reputational risk.

b. In case the termination is due to the lessee's violation of the contract, including abandonment of the leased property, and/or non-performance of its responsibilities and obligations under the contract, the SSS shall forfeit all the bonds/securities and monies so far posted and/or remitted by the lessee in relation to the lease, without prejudice to the filing of appropriate action, if any. Additionally, the SSS may exercise any of the following:

i. Demand the lessee to rectify its violation/non-performance of its responsibilities and obligations under the contract within thirty (30) days from receipt of notice by the SSS or within such period as may otherwise be specifically provided in these guidelines but such demand shall not constitute as a waiver of the SSS'

right to terminate the contract and/or undertake any of the actions/remedies available to the SSS;

ii. Demand the lessee to remove any or all improvements at the sole expense of the lessee;

iii. Demand for the payment for loss of potential income and damages, actual or incidental, as a result of the violation of the contract and/or non-performance of its responsibilities and obligations under the contract.

c. The SSS may extrajudicially terminate the lease in times of economic/health crisis or in crucial situations that will necessitate SSS to dispose of the leased property through sale to improve its financial status or to fund a vital SSS project or program, subject to compensation equitable or reasonable under the circumstances and based on proper valuation of the improvement and other conditions as may be prescribed by the TOR;

d. For lease without construction and development, either party may extrajudicially terminate the lease for convenience provided that the party who will initiate such termination shall inform the other party in writing at least ninety (90) calendar days before the intended date of termination. In any event, the extrajudicial termination of the contract shall take effect ninety (90) calendar days after receipt by the other party of the notice to terminate.

e. In case the Lessee initiates the extrajudicial termination of the Contract for convenience, the Lessee shall pay the Lessor a Termination Fee, to be deducted from the Security Deposit, in accordance with the following:

Date of Pre-termination	Percentage of Forfeiture (VAT Component, excluded)
Within 1st half of lease term	100% of security deposit
Within 3rd quarter of lease term	50% of security deposit
Within 4th quarter of lease term	25% of security deposit

Portion of the Security Deposit not forfeited shall be returned to the Lessee subject to **Part VII, Items L.5, L.8 and L.9** of the Guidelines.

f. The Security Deposit will not be forfeited in case the SSS extrajudicially terminates the contract or if such termination is mutually agreed upon by both parties. The SSS may move or mutually agree to extrajudicially terminate the lease for compelling circumstances such as to protect its image, carry out a more beneficial development plan over the leased property or in case of sale, or in other analogous circumstances.

g. Upon receipt of the Lessee, the SSS may waive its rights under **Item Z.2.c and/or Z.2.e** in the lease contract for the whole duration of the lease term or in part, provided that the cost of developments or rehabilitation works on the leased property as assessed by the EFMD, is at least equivalent to one (1) year rental for residential leases or two (2) years rental for commercial leases (exclusive of VAT).

h. In case of partial damage to the leased property due to force majeure, the SSS may, upon lessee's request, grant a suspension or reduction of payment proportionate to the affected areas during the clearing operations.

3. In the case of lease of clustered properties, the lessee shall not be allowed to involve partial extrajudicial termination of the lease contract.

AA. NOTICE OF RENEWAL OF LEASE THRU MODIFIED COMPETITIVE CHALLENGE

1. The IPD shall notify the lessee in writing for the latter to signify its intention to participate or not in the conduct of MCC procedure (except when the lessee is another government agency) for the renewal of the lease, not later than six (6) months prior to the expiration of the lease contract. The said notice shall indicate the basic terms and conditions of the TOR for the renewal of the lease, which are subject to the approval of the approving authority.

Within fifteen (15) calendar days from receipt of the IPD's notice, the lessee shall submit a written notice of its intent to participate in the MCC procedure and conform to the terms and conditions indicated therein, otherwise, the lessee shall be presumed to be no longer interested to renew its lease on the property and must immediately vacate the premises upon expiration of the lease. The competitive mode for the lease of property will shift from MCC to public bidding/competitive challenge. Notwithstanding the non-submission of intent to participate in the MCC, the lessee may still participate in the public bidding/competitive challenge.

2. Should the lessee lose the renewal of lease in the MCC procedure but continue to occupy the premises, without the written consent of the SSS, despite the expiration of the lease and the receipt of the notice to vacate, it shall be obliged to pay the SSS liquidated damages in accordance with **Part JJ** without prejudice to the exercise of other rights/remedies available to the SSS as prescribed in these guidelines or applicable laws, rules, and issuances.

BB. IMPROVEMENTS ON THE PROPERTY

1. All improvements, which are not part of the proposed development or rehabilitation works previously approved by SSS including approved project variations thereof, shall require the prior approval of the approving authority who approved the lease project.

2. Upon expiration/termination of the lease, all improvements and conditions in the leased property, which cannot be removed without causing damage or injury to the leased property, introduced or made by the lessee, shall become the SSS' property upon the expiration of the lease period or any extension or renewal thereof, or the termination of the lease contract, without any obligation on the part of the SSS to reimburse the lessee for the value thereof. However, the lessee may, at its option and own expense, elect to remove such structures and improvements which are not otherwise stipulated to be retained or owned by the SSS and which are capable of being detached without causing material damage or injury to the leased property.

3. All improvements shall be included in the determination of the rent should the lease be renewed, except as may be otherwise indicated in these guidelines.

CC. PROHIBITIONS ON THE USE OF THE PROPERTY AND INSPECTION

1. The Lessee shall not use the leased property including any improvements thereon for:

a. Purposes other than and/or contrary to the what is permitted in the contract;

b. Purposes which are illegal, immoral, or contrary to public policy;

c. Purposes or acts as may be prohibited by the SSS;

d. Any activity which may endanger the health, safety, peace, and tranquility of other people conducting business and/or residing in the same area such as, but not limited to, production of annoying sounds and obnoxious odors, and other analogous activities; and

e. Any activity which may endanger the environment through ecological disturbances and other analogous activities.

2. The foregoing prohibitions shall remain in force even if the property or any portion thereof has been sub-leased.

3. To ensure faithful compliance of lessee/s on proper use of the property, the IPD or other SSS authorized units/representatives shall have the right to **inspect** the leased premises, during business hours of the day or as otherwise arranged by mutual consent.

4. The lessee shall make the leased property available during regular business hours for inspection by prospective lessee/s and shall cooperate in every reasonable way with the SSS' efforts to obtain a new lessee for the leased property.

DD. REPAIRS AND MAINTENANCE

As a general rule, all repairs and maintenance on the leased property, including all the development and improvements

constructed thereon or SSS' equipment retained therein, shall be for the sole account of the lessee.

The repairs of damages due **solely** to force majeure and/or a fortuitous event shall be for the account of the SSS, except when otherwise stated in these guidelines and/or TOR.

EE. SUBLEASE

The subleasing of the leased premises or any part thereof may be allowed under the conditions indicated in the TOR subject to prior written approval by the approving authority that approved the lease.

Provided further, that a provision on the right of SSS to take over/step-in to the rights of the lessee over any sub-lease, shall be contained in any sublease contract to clearly reflect the said right/authority of the SSS and to properly notify the sublessee.

Whenever the lessee is allowed to sublease the leased premises or any part thereof, a copy of the sublease contract shall be submitted to the SSS within ten (10) calendar days from the execution thereof to ensure compliance with these guidelines.

FF. ASSIGNMENT, TRANSFER, OR CONVEYANCE OF LESSEE'S RIGHTS

1. The assignment, transfer, or any conveyance of the lessee's rights, whether wholly or partially, over the SSS property in favor of a third party shall be subject to the evaluation and prior written consent of the SSS. Any assignment, transfer, or conveyance without the prior written consent of the SSS shall be null and void insofar as SSS is concerned.

2. In case of lease with construction of development, any assignment, transfer, or conveyance of lessee's rights, whether wholly or partially, pending completion of the approved development shall not be allowed.

3. Notwithstanding the approval of any assignment, transfer, or conveyance of the lessee's rights over the leased property, the lessee and its assignee shall be solidarily liable to the SSS for any unpaid or unfulfilled obligations incurred prior to such assignment, transfer, or conveyance of the lessee's rights over the leased property.

GG. STEP-IN RIGHTS

Every TOR and lease contract, including the sub-lease contract, shall contain mandatory step-in right provisions for the SSS which may be due to circumstances such as, but not limited to:

- Force majeure;
- Lessee's default or breaches;
- National security or emergency;
- Insolvency of the lessee; and
- Other matters or instances as may be prescribed under the TOR.

HH. PROTEST MECHANISM FOR ALL MODES OF SELECTION PROCESS

1. Protest on Decisions of the LSC

a. Decisions of the LSC at any stage of the selection process may be questioned by filing a request for reconsideration within the three (3) calendar days upon receipt of written notice or upon verbal notification when duly present during the SSS's meeting. The LSC shall decide on the request for reconsideration within seven (7) calendar days from receipt thereof. The PL shall not be allowed to submit additional documents to correct any defects in the bid submitted.

If a failed PL signifies its intent to file a request for reconsideration, the LSC shall keep the bid envelopes of the said failed PL unopened and/or duly sealed until such time that the request for reconsideration has been resolved. This provision is, however, understood to apply only for matters involving a process wherein the bids have not been opened.

b. In the event that the request for reconsideration is denied, decisions of the LSC may be protested in writing to the SSC or its delegated Approving Authority. Provided, however, that a prior request for reconsideration should have been filed by the PL concerned in accordance with the preceding section, and the same has been resolved.

c. The protest must be filed within seven (7) calendar days from receipt by the PL concerned of the resolution of the LSC denying its request for reconsideration. A protest shall be made by filing a verified position paper with the SSC or its delegated Approving Authority, as may be indicated in the TOR, accompanied by the payment of a non-refundable fee in an amount equivalent to at least one percent (1%) of the Minimum Bid Price or such amount as may be indicated in the TOR as recommended by the LSC and approved by the SSC or its delegated Approving Authority, in the form of cash or Manager's Check issued by a local universal bank.

d. The verified position paper shall contain the following information:

- The name of PL;
- The office address of the PL;
- The name of project/contract;
- A brief statement of facts;
- The issue to be resolved; and
- Such other matters and information pertinent and relevant to the proper resolution of the protest.

The position paper is verified by an affidavit that the affiant is duly authorized to file the protest and that he/she has read and understood the contents thereof and that the allegations therein are true and correct of his/her personal knowledge or based on authentic records. An unverified position paper shall be considered unsigned, produces no legal effect, and results to the outright dismissal of the protest.

In addition, the PL shall likewise certify under oath that:

i.) PL has not theretofore commenced any action or filed any claim involving the same issues in any court, tribunal or quasi-judicial agency and, to the best of its knowledge, no such other action or claim is pending therein;

ii.) If there is such other pending action or claim, PL is including a complete statement of the present status thereof; and

iii.) If PL should thereafter learn that the same or similar action or claim has been filed or is pending, it shall report that fact within five (5) days thereafter to the SSC or its delegated Approving Authority wherein its protest is filed.

Failure to comply with the foregoing requirements shall not be curable by mere amendment of the verified position paper and shall result to outright dismissal of the protest.

2. Resolution of Protests

The protest shall be resolved strictly on the basis of records of the LSC. The SSC or its delegated Approving Authority shall resolve the protest within an extendible period of thirty (30) working days from receipt thereof. The decisions of the SSC or its delegated Approving Authority on the protest shall be final and immediately executory.

3. Non-interruption of the Selection Process

In no case shall any protest taken from any decision stay or delay the **selection** process. Provided, however, that protest must first be resolved before any award is made.

4. Resort to Regular Courts

Court action may be resorted to only after the protest shall have been completed, i.e., resolved by the SSC or its delegated Approving Authority but in no case shall it involve injunctive reliefs when the concerned leasing project involves development of the SSS IP, unless otherwise allowed by applicable laws relating to infrastructure projects of the government.

II. DISPUTE RESOLUTION

Every contract shall contain a mandatory provision on dispute

resolution and procedure thereof.

All actions and controversies that may arise from the lease involving, but not limited to, demands for specific performance of any obligations of the lessee and including the interpretation of any provisions or clauses therein, shall, in the first instance, be settled within thirty (30) calendar days through amicable means, such as, but not limited to mutual discussion/dispute resolution. Should the dispute remain unresolved by the end of the aforementioned period, it shall be resolved through judicial process or in accordance with the applicable provisions of Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004.

However, the lease contract should not be extended beyond the contract period notwithstanding the pendency any court/arbitration proceeding.

JJ. DAMAGES

For any violation of the contract or any rights of the SSS, whether direct or incidental, in addition to actual damages, the lessee shall be liable to pay damages, such as but not limited to, the following:

1. **Liquidated Damages** - Notwithstanding the expiration, termination or cancellation of the lease contract without the written consent of the LESSOR, and/or should the lessee continue occupying the leased property without the prior written consent of the SSS, the lessee shall be liable for and shall pay the SSS by way of liquidated damages for such occupancy and unauthorized use, an amount equivalent to two (2) monthly rentals based on the latest applicable Fair Rental Value corresponding to the period of unauthorized occupation and use or the escalated rate as stipulated in the lease contract, whichever is higher, for each month of such occupancy or use or a fraction thereof, provided further, that the payment by the lessee of such liquidated damages shall neither be considered as payment for the rentals nor shall it be construed to extend or renew the lease contract. In either case, the SSS does not in any manner lose its right to eject the lessee from the leased property and exercise and/or all rights/remedies available to it.

2. **Attorney's Fees** - Should the SSS be compelled to seek judicial relief against the lessee, the latter shall, in addition to any relief sought by the former, pay an amount equivalent to twenty five percent (25%) of the amount claimed in the complaint as attorney's fees or Fifty Thousand Pesos (P50,000.00), whichever is higher, aside from cost of litigation and other expenses which the law, these guidelines or lease contract may entitle the SSS to recover from the lessee.

KK. VENUE OF LEGAL ACTION

For any or all cause/s of actions, suits or proceedings arising out of or in connection with the lease contract, the venue for such actions, suit or proceedings shall exclusively be in the courts of Quezon City, to the exclusion of any other venue.

LL. AWARD OF CONTRACT

The SSS shall award the lease contract to the prospective lessee that has submitted the highest proposal and passed the post-qualification.

VIII. SUSPENSION OF THE APPLICATION OF THE GUIDELINES

The SSC may, in the exercise of sound discretion based on facts and data, waive the implementation of any of the provisions of these guidelines, subject to consideration of the following circumstances:

a. The waiver would not contravene any relevant and/or applicable law, rules and regulations or other issuance by appropriate government units;

b. The waiver would redound to the benefit of the SSS;

c. No third party (e.g. prospective lessee) shall be unreasonably prejudiced by such waiver;

d. Any of the following scenarios may be present:

- Force majeure/acts of nature such as earthquake, calamity, pandemic;
- Political unrest, civil war, national health or security emergencies; or
- Such other circumstances as may be considered by the SSC.

e. There is no contributory negligence, delay, or fault on the part of the lessee/prospective lessee as may be solely determined by the SSC.

IX. REPEALING PROVISION

These Guidelines shall supersede the revised Policy Guidelines for Lease of SSS Investments Properties (IPs) and Real and Other Properties Acquired (ROPAs) approved under SSC Res. No. 685-s.2016 dated October 05, 2016 insofar as those guidelines applicable to the lease of IPs.

X. TRANSITORY PROVISIONS

The following guidelines shall be observed to regulate the processing of all lease proposals, whether new or renewal, which were earlier received and pending with IPD for recommendation and/or approval by the approving authority, by the time the amended Lease Guidelines for IPs is enacted.

Also, the following guidelines will ensure a smooth transition in the mode of selection for the new/renewal of leases from

direct negotiation to competitive procedure considering the significant number of lease proposals that will be excluded from the instant volume of lease transactions readily qualified for processing under the Competitive Challenge/MCC procedure.

1. Unsolicited/New Lease Proposals

a. Unsolicited/new lease proposals for IPs regardless of status (i.e., vacant, currently leased or current lessee will not renew) received prior to the effectivity of these guidelines but were not yet acted upon by the IPD shall be returned to proponents for resubmission of their final lease proposal in compliance with these guidelines.

b. Unsolicited/new lease proposals for vacant/available IPs which were recommended based on the old lease guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 but pending for approval by the approving authority shall remain valid and effective provided that said proposals were approved by the approving authority within 30 calendar days from receipt of the IPD recommendation. Otherwise, proposals shall be returned to proponents and lease of IPs shall be governed by the new guidelines.

c. Unsolicited/new lease proposals for vacant/available IPs which were recommended and approved up to the level of the approving authority based on the old lease guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 but not yet confirmed by the SSC, shall remain valid and effective considering the resources and time spent in the approval process, provided that said proposals were endorsed to and approved by the SSC within 90 calendar days from the date of approval by the approving authorities. Otherwise, the approval of the lease proposals shall be deemed withdrawn and lease of the IP shall be governed by the new guidelines.

d. In the evaluation of the recommended unsolicited/new lease proposals, the approving authorities shall ensure that the terms and conditions based on the old Lease Guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 remain beneficial to the SSS.

e. The recommending and approving authorities under the old Lease Guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 shall remain the recommending and approving authorities for the subject lease proposals

2. Lease Renewals

a. All current lease contracts shall be deemed terminated upon the expiration of the lease term in the event that the current lessee failed to submit its written intent to renew the lease at least sixty (60) calendar days prior to the expiration of the lease in consonance with SSC Res. No. 685-s.2016 dated October 05, 2016.

b. All existing lease contracts, except month to month lease contracts, shall be allowed to undergo the renewal process based on the old Lease Guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016.

c. Renewal lease term may be for a maximum period of two years only, except current lease with one year term may only be allowed to renew for the same period.

d. Lease renewal proposals compliant with the renewal process of the old Lease Guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 and containing terms and conditions based thereon, except lease terms which shall not exceed two (2) years, **agreed to and submitted by the lessee prior to the effectivity of these guidelines**, may be recommended by the IPD and approved by the approving authorities, provided that the said terms and conditions remain beneficial to the SSS.

i. Upon receipt of the above-mentioned lease renewal proposals which have yet to be recommended for approval, the IPD shall have a non-extendible period of thirty (30) calendar days from receipt thereof within which to submit its recommendation to the approving authorities.

ii. For recommendations submitted by the IPD for complete staff work (CSW) clearance, the IPD shall have two (2) calendar days from receipt of the CSW clearance within which to submit its recommendation to the approving authority.

iii. The approving authorities under the old Lease Guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 shall remain the approving authorities for the subject lease renewal proposals.

a. All subject recommendations **received by the approving authorities prior to the effectivity of these guidelines** shall be acted upon within fifteen (15) calendar days from the implementation of these guidelines.

b. For subject recommendations **received by the approving authorities on or after the date of effectivity of these guidelines**, the approving authorities shall have a non-extendible period of sixty (60) calendar days from receipt thereof within which to approve and endorse the same for the SSC's confirmation.

iv. Non-compliance with the prescribed periods within which to recommend and approve shall not be a ground to deny the lease renewal proposals deemed favorable to the SSS.

e. Lease renewal proposals containing terms and conditions based on the old Lease Guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 **agreed to and submitted by the lessee on or after the effectivity of these guidelines** shall not be recommended for approval by the IPD. The following shall be undertaken by the IPD:

i. Within ten (10) calendar days from receipt of the lessee's above-mentioned conformity, the IPD shall notify the concerned lessee of the amended terms and conditions based on these guidelines for lessee's conformity.

ii. The lessee shall have a non-extendible period of ten (10) calendar days from receipt of the amended terms and conditions within which to submit its conformity. Non-conformity to the amended terms and conditions based on these guidelines or non-submission of conformity within the prescribed period shall terminate the lease upon its expiration.

iii. Upon receipt of the lessee's conformity, the IPD shall have thirty (30) calendar days from receipt thereof within which to submit its recommendation to the approving authorities.

iv. For recommendations submitted by the IPD for CSW clearance, the IPD shall have two (2) calendar days from receipt of the CSW clearance within which to submit its recommendation to the approving authority.

v. The approving authorities shall be the ones named in these guidelines.

vi. Upon receipt of the IPD's recommendation, the approving authorities shall have sixty (60) calendar days within which to approve the same.

vii. Non-compliance with the prescribed period within which to recommend and approve shall not be a ground to deny the lease renewal proposals deemed favorable to the SSS.

viii. The existing lease shall automatically be deemed extended on a month-to-month basis but not more than six (6) months should there be no approval yet at the time of the supposed expiration of the existing lease, and the applicable rent to be imposed during such extension shall be based on the amended terms and conditions conformed to by the lessee, subject to adjustments depending on the approval made by the approving authorities. The lessee's conformity must expressly state that his/her conformity shall include the adjustments to the rent, if any, based on the approval made by the approving authorities.

3. Lease Projects thru Public Bidding under SSC Res. No. 685-s.2016 dated October 05, 2016

Lease projects for IPs thru public bidding which were approved and confirmed based on the old lease guidelines under SSC Res. No. 685-s.2016 dated October 05, 2016 but have yet to be published shall be withdrawn to comply with these guidelines.

4. **Month-to-Month Lease Contracts executed under SSC Res. No. 685-s.2016 dated October 05, 2016**

Any statement made at the Pre-Bid Conference shall not modify the terms of the Eligibility Documents unless such statement is specifically identified in writing as an amendment thereto and issued as a Bid Bulletin.

c. Submission of Eligibility Documents/Bid Proposals with Proposal Security

Interested PLs are requested to submit the required Eligibility Documents and the duly accomplished Bid Form together with the Bid Deposit to LSC on or before the prescribed date of submission. PLs shall submit one (1) set of original Eligibility Documents/Bid Proposal and two (2) other sets of **certified true copies** thereof, with each set contained in a sealed envelope. In the event of any discrepancy between the original and the copies, the original shall prevail.

- The Eligibility Documents shall be signed, and each and every page thereof shall be initialed, by the duly authorized representative/s of the prospective PL;
- Any interlineations, erasures, or overwriting shall be valid only if they are signed or initialed by the duly authorized representative/s of the prospective PL; and
- Requires PLs and/or the authorized representatives to sign in the attendance logbook.

d. Sealing and Marking of Eligibility Documents/Bid Proposals with Proposal Security

PLs shall enclose their original Eligibility Documents in one sealed envelope marked "ORIGINAL – ELIGIBILITY DOCUMENTS". Each copy of the original Eligibility Documents shall be similarly sealed and duly marked as "COPY NO. ____ELIGIBILITY DOCUMENTS" in another envelope. These envelopes containing the original and the copies shall then be enclosed in one single envelope.

Likewise, PLs shall enclose their original Bid and Proposal Security in one sealed envelope marked "ORIGINAL-BID". Each copy of the original Bid shall be similarly sealed and these envelopes as "COPY NO. ____-BID" in another envelope. These envelopes containing the original and the copies shall also be enclosed in one single envelope.

All envelopes shall:

- contain the name of the Property to be bid in capital letters;
- bear the name and address of the PL in capital letters;
- be addressed to the LSC as identified in the Invitation to Bid; and
- bear a warning "DO NOT OPEN BEFORE..." the date and time for the opening of the Eligibility Documents/Bids.

If envelopes are not sealed and marked as required, the SSS will assume no responsibility for the misplacement or premature opening of the Eligibility Documents/Bids.

The Eligibility Documents shall be treated as confidential. Each party 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.

e. Opening and Preliminary Examination of Eligibility Documents

The LSC shall consider Eligibility Documents submitted even if there is only one (1) PL. The envelopes containing the Eligibility Documents from PLs shall be opened one-by-one to check the submitted documents against the checklist of Eligibility Documents. The LSC shall mark on the envelopes containing the Eligibility Documents, the time, date and place of the opening of said envelope.

Eligibility Documents submitted by the PLs shall be evaluated on a pass or fail basis to determine if the PL (or the member firms) complies with or satisfies all of the requirements. Only those PLs who strictly comply with ALL eligibility requirements shall be declared "ELIGIBLE," for the opening and evaluation of their Bid Proposals.

On the other hand, failure to submit a requirement, or an incomplete submission, merits a "failed" rating for the particular requirement. If a PL is rated "failed" IN ANY of the eligibility requirements, it shall be considered INELIGIBLE to further participate in the bidding procedure, and the LSC shall mark the set of Eligibility Documents of the PL concerned as "ineligible".

f. Opening and Evaluation of Bid Proposals

The Bid Proposals opened on same day shall be evaluated and ranked based on the bid price and the highest bid price shall be declared the Highest Ranked Bid (HRB).

Only bids that are determined to contain all the bid requirements for the components shall be duly passed and shall immediately be considered for evaluation and comparison.

In case of a tie on the bid price, the PL who submitted the highest amount of Proposal Security shall be chosen. However, coin toss shall be resorted to in case the winner in a tie cannot be decided based on the criteria mentioned herein.

The Proposal Security of losing PLs shall be returned immediately after the bidding without interest. The receipt by losing PL of his/her/its Proposal Security shall be deemed a waiver on his/her/its part to contest the result of the bidding. However, should a losing PL contest/protest/ appeal the outcome of the bidding, his/her/its deposit shall be retained until the resolution thereof. Upon resolution of the contest/ protest/ appeal, SSS shall return proposal security of losing PLs without interest.

g. Notification to the HRB

The HRB shall be notified within three (3) working days after the Opening and Evaluation of Sealed Bids to submit Tax Clearance within five (5) working days from receipt hereof, if he/she/it submitted only proof of filing to qualify for eligibility.

h. Post-Qualification

i. The LSC shall conduct post-qualification for a period of five (5) working days to verify the accuracy and authenticity of all the documents and information submitted by PL with the HRB. Any material inconsistencies, errors or misrepresentations in the submitted documents shall be ground for disqualification and forfeiture of the Proposal Security;

ii. If the PL with the HRB passes post-qualification, his/her/its bid shall be declared as the highest ranked and complying bid (HRCB). The SSS-LSC shall recommend to the SSC or designated Approving Authority that the lease of the Property be awarded to the said PL as the Winning Lessee;

iii. If the PL with the HRB fails post-qualification due to misrepresentation, fraudulent acts, falsification, submission of spurious/fake documents or commission of an offense about the bidding process, or non-submission of Tax Clearance, the LSC shall notify the PL of the results thereof and forfeit its Proposal Security. The LSC shall declare a failure of bidding and conduct a re-bidding.

After two (2) failure of biddings the SSC, at its discretion, may accept lease proposal thru direct negotiation with interested Lessee.

i. Award on Lease of Property/ies

- Within five (5) working days from determining the PL with HRCB, the LSC shall recommend to the SSC or to the designated Approving Authority, the award on the lease of the properties/ies to the highest ranked and complying PL;

- The LSC shall notify the WL in writing that his/her/its bid has been accepted, through a Notice of Award, within five (5) working days from receipt of the approval of the award, to be received personally or sent by registered mail or electronically, receipt of which must be confirmed in writing within two (2) working days by the WL and submitted personally or sent by registered mail or electronically to the SSS. LSC shall furnish IPD with a copy of the Notice of Award.

The Notice of Award shall be sent together with the COL

for signature of the WL.

3.11 Evaluate appeal, if any, and submit recommendation to the SSC for approval;

3.12 Retain Eligibility Documents of various PLs including other documents submitted and forward these to IPD for safekeeping;

3.13 Nullify award and forfeit Proposal Security in favor of SSS in case WL fails to comply with the requirements as stipulated on the Notice of Award.

4. TWG shall –

4.1 Prepare the Bid Tender Documents (BTD) for a specific project.

4.2 Assist the RA/LSC in the implementation of the bidding activities.

4.3 Assist the RA/LSC in the conduct of post-qualification to verify the accuracy and authenticity of all the documents and information submitted by PL with the HRB.

5. DCD shall –

5.1 Prepare the draft COL based on the RA/LSC approved TOR within commitment day.

5.2 Review of the letter-endorsement to OGCC.

5.3 Forward the RA/LSC approved TOR and draft COL to OGCC for review and clearance, upon review and clearance by the Corporate Legal Services Division (CLSD) and Legal and Enforcement Group (LEG).

5.4 Submit to RA/LSC the TOR and COL duly approved by the OGCC.

5.5 Prepare the final COL as requested by the IPD, based on the recommendation of the RA/LSC on the WL.

6. LEG shall –

6.1 Review and give clearance to the letter-endorsement to OGCC requesting review and approval of the TOR and draft COL.

6.2 Receive from OGCC the approval of the TOR and draft COL.

6.3 Forward to RA/LSC the OGCC's approved TOR and draft COL.

6.4 Review the recommendation on lease of IPs thru Public Bidding together with the TOR and COL, as endorsed by the RA/LSC for CSW certification before endorsement to the SSC thru Channels, for final approval.

6.5 Institute appropriate legal action against defaulting Lessee/s, if necessary.

7. AA/PCEO/SSC shall –

7.1 Approved the TOR and draft COL, as approved by the OGCC.

7.2 Approved the award of the contract as recommended by the RA/ LSC.

7.3 Forward to RA/LSC all approved recommendations, TOR and CO

B. COMPETITIVE CHALLENGE (Unsolicited Proposal)

1. Process Flow

1.1 Stage One: Unsolicited Proposal (UP)

	Activities	Estimated Calendar Days
1	Submission of UP by the Proponent Lessee (PL), accompanied by: a. Cover Letter; b. Project Study or Feasibility Study; c. Eligibility Documents; and d. Draft Contract	1
2	Initial evaluation by the RA/LSC of the UP as to the eligibility of the PL and the completeness of the proposal; Recommendation and issuance of Acceptance or Non-Acceptance of the Proposal by the RA/LSC; If acceptance, conferment of the Original Proponent Lessee (OPL) status.	90

1.2 Stage Two: Detailed Negotiation with PL

	Activities	Estimated Calendar Days
1	Negotiation between the RA/LSC and the OPL regarding the technical and financial aspects of the lease project; If successful, issuance of a Certificate of Successful Negotiation (CSN) by the RA/LSC and posting of Proposal Security by the OPL; If unsuccessful, issuance of a written rejection of OPL's proposal.	10

1.3 Stage Three: Competitive Challenge or Swiss Challenge Proper

	Activities	Estimated Calendar Days
1	Preparation of the following documents by the IPD or by the TWG, for endorsement to the RA/ LSC for clearance / approval: a. TOR and tender documents. The eligibility criteria used in determining the eligibility of the OPL shall be the same as those stated in the tender documents. The TOR reflects the terms and conditions agreed upon in Stage 2. b. Memo for DCD requesting preparation of draft COL; and c. Letter-endorsement to OGCC requesting review and approval of the TOR and draft COL.	45
2	Evaluation, clearance and/or approval by the RA/LSC of the TOR, memo for DCD, and letter-endorsement to OGCC	5
3	Preparation of draft COL by the DCD and review of the letter-endorsement to OGCC, up to review and clearance by the CLSD and LEG.	30
4	Review and approval of the TOR and draft COL by the OGCC.	30
5	Approval by the AA/PCEO/SSC (with SSC Res.), as endorsed by the RA/LSC, of the TOR and tender documents including the draft COL which reflects the terms and conditions agreed upon in Stage 2, as approved by the OGCC.	30
6	Publication of the Invitation to Apply for Eligibility and Submit Comparative Proposals (IAESCP).	14

	Preparation of eligibility documents and bid proposal by the Challenger Lessee (CL)	20
7	Submission, Opening and preliminary examination of Eligibility Documents and Opening of Lease Proposals of CL.	1
8	Evaluation of bid proposal by the RA/LSC.	5
9	Exercise Right to Outbid by the OPL, if applicable	5
10	Post-Qualification of Eligibility Documents of the CL with the Highest Ranked Bid (HRB)	5
11	Preparation of the final COL by the DCD, as requested by IPD, based on the recommendation of the RA/ LSC on the WL.	20
12	Approval of the Award and the final COL, by the AA/SSC, as recommended by the RA/LSC	30 (max. if with SSC Res.)
13	Issuance of Notice of Award by the LSC.	5
14	Execution of COL to be administered by the IPD.	10
TOTAL ESTIMATED CALENDAR DAYS		356

2. IPD shall –

2.1 Receive the UP from PL for the lease project of an SSS IP.

2.2 Acknowledge the receipt of UP and state that the same shall be forwarded to the LSC for appropriate action and that any query as regards the IP subject matter of the UP must be addressed to the LSC.

2.3 Prepare the following documents for endorsement to the RA/ LSC for clearance / approval:
a) Terms of Reference (TOR) for the proposed lease of IPs which reflects the terms and conditions agreed upon in Stage 2

b) Memo for Documentation and Conveyancing Department (DCD) requesting preparation of draft Contract of Lease (COL); and
c) Letter-endorsement to Office of the Government Corporate Counsel (OGCC) requesting review and approval of the TOR and draft COL.

2.4 Forward to the RA/LSC for review and approval the TOR, memo for DCD, and letter-endorsement to OGCC.

2.5 Request DCD for the preparation of final COL upon approval by the RA/LSC of the result of the post-qualification / assessment of the highest bidder.

2.6 Facilitate the execution/signing of the COL by the WL and the SSS authorized signatory;

2.7 Receive from the WL the duly signed COL together with the required rental payments, security deposit and all documentary requirements as listed in the Notice of Award within ten (10) working days from the WL's receipt of the Notice of Award/COL;

2.8 Receive all documents of CLs endorsed by the RA/LSC for safekeeping.

3. RA/LSC shall –

3.1 Conduct initial evaluation of the proposal to determine the following:

- a. eligibility of the PL;
- b. completeness of the UP;
- c. necessity and appropriateness of the proposed lease project; and
- d. consistency of the terms and conditions of the draft COL with the Guidelines;

3.2 If complete, recommend for AA/PCEO/SSC approval the issuance of certificate of acceptance of the UP and conferment of the OPL status to PL for purposes of detailed negotiations. Otherwise, non-acceptance of the proposal.

3.3 Conduct detailed negotiation with OPL regarding the technical and financial aspects of the lease project for the improvement of the lease proposal.

a. If successful,

- i. Issue a joint certification by the SSS and the OPL stating that an agreement has been reached, specifying that the OPL has passed the minimum eligibility requirements and the technical and financial aspects of the lease project;

ii. Require the OPL to post the proposal security in the amount and form as provided in the Guidelines on the Lease of SSS IPs.

iii. Commencement of activities under Stage 3.

- a. If unsuccessful,
 - i. Issuance of a written rejection of OPL's proposal and AA/PCEO/SSC may exercise other options such as acceptance of new proposal from other PLs, pursue other modalities, or subject the lease project to public bidding.

3.4 Request the IPD to prepare the TOR for the Competitive Challenge.

3.5 Evaluate the following documents as endorsed by the IPD:
a) TOR for the proposed Competitive Challenge;

b) Memo for DCD requesting preparation of draft COL; and
c) Letter-endorsement to OGCC requesting review and approval of the TOR and draft COL.

3.6 Approved the TOR for the proposed Competitive Challenge.

3.7 Forward the approved TOR to DCD for preparation of draft COL and for endorsement of both the TOR and the draft COL, to the OGCC for review and clearance.

3.8 Receive from LEG the TOR and draft COL duly approved by OGCC.

3.9 Recommend to AA/PCEO/SSC for its approval, the TOR and COL duly approved by the OGCC which reflects the terms and conditions agreed upon in Stage 2.

3.10 Endorse to the TWG/IPD for preparation of bidding documents, the AA/PCEO/SSC Resolution approving the TOR and the draft COL for the Competitive Challenge as approved by the OGCC.

3.11 Furnish COA with the Auditor's copy of the Invitation for Comparative Proposals at least twenty (20) calendar days prior to actual competitive challenge procedure;

3.12 Inform and invite the representative/s of COA to attend the Competitive Challenge Procedure;

3.13 Answer all queries regarding the property documents, present status/condition and technical aspects of the IPs subject of bid.

3.14 Conduct the Competitive Challenge procedure with the following activities:

- a. Publication of IAESCP
- b. Pre-Selection Conference
- c. Submission of Eligibility Documents/Comparative Proposals with Proposal Security.
- d. Sealing and Marking of Eligibility Documents/ Comparative Proposals with Proposal Security.
- e. Opening and Preliminary Evaluation of Eligibility Documents

Details on foregoing activities same with procedures on Public Bidding

f. Opening and Evaluation of Comparative Proposals

Lease Proposals shall be opened immediately on same day after they are found eligible to further participate in the

competitive challenge by the SSS-LSC. The Challenger Lessee (CL) may attend the opening of the Lease Proposals.

The Lease Proposals shall be evaluated and ranked based on the bid price and the superior bid price shall be declared the Highest Ranked Bid (HRB).

If a CL's proposal is superior to all other proposals, including that of the OPL, the OPL shall be given the right to outbid such superior or more advantageous offer based on the parameters, which may be a fixed amount or percentage, that the SSC will decide. CL in order for its/ their proposal(s) to be considered, must be able to deliver the project under the same agreed terms arrived at during the Detailed Negotiations with the OPL.

In case of a tie on the Lease Proposal, the CL who submitted the highest amount of Lease Proposal Security shall be chosen. However, toss coin shall be resorted to determine WL in case CLs have the same amount of Lease Proposal Security.

If no comparative proposal or superior comparative proposal is received by the SSS, the lease project shall be immediately awarded to the OPL.

g. Post-Qualification

The SSS-LSC shall conduct post-qualification for a period of five (5) calendar days or as stated in the TOR to verify the accuracy and authenticity of all the documents and information submitted by CL with the Highest Ranked Bid. Any material inconsistencies, errors or misrepresentations in the submitted documents shall be ground for disqualification and forfeiture of the Lease Proposal Security.

If the CL passes post-qualification, its proposal shall be declared the Highest Ranked and Complying Bid (HRCB).

If the CL with the Highest Ranked Bid fails post-qualification due to misrepresentation, fraudulent acts, falsification, submission of spurious/fake documents or commission of offense in connection with this bidding process, the SSS-LSC shall notify the CL of the results thereof and forfeit its Lease Proposal Security. The LSC shall subject the CL with the Second Highest Ranked Bid to post-qualification, if any. Otherwise, the SSS-LSC shall declare the OPL as the WL.

If the CL with the Second Highest Ranked Bid passes post-qualification, it shall be declared as the HRCB. If, however, the CL with the Second Highest Ranked Bid fails post-qualification, the post-qualification process shall be repeated for the CL with the next highest ranked bid, and so on until the HRCB is determined. If none at all, the SSS-LSC shall declare the OPL as the WL.

h. Right to Outbid

Upon declaration of the HRCB, the OPL shall be given a right to outbid such superior or more advantageous offer within within five (5) calendar days from notification or within such period as specified in the TOR from the declaration of the HRCB. If a more advantageous offer from the OPL is received within the prescribed period, the lease project shall be awarded to the OPL. However, should there be no better offer received from the OPL within the prescribed period, the Property shall be awarded to the HRCB.

If the OPL is not able to outbid the offer of the CPL, the former shall be reimbursed of the cost incurred in preparing the UP within 30 days from issuance of the notice of award, provided that the cost is duly substantiated and approved by the SSC, and the amount is included in the TOR.

The SSS-LSC shall then recommend to the SSC the award of the contract to the Winning Lessee (WL).

i. Award on Lease of Property

- Within five (5) working days from determining the WL, the LSC shall recommend to the SSC or its designated Approving Authority, the award on the lease of the properties/ies to the WL.

- The SSS-LSC shall notify the WL in writing that its Lease Proposal has been accepted through a Notice of Award within five (5) calendar days from receipt of the approval of the award, to be received personally or sent by registered mail or electronically. Receipt of which must be confirmed in writing within two (2) calendar days by the WL and submitted personally or sent by registered mail or electronically to the SSS.

j. Execution of the Contract of Lease

- The Notice of Award shall be sent together with the COL for signature of the WL.

- Within ten (10) calendar days, or as stated in the TOR, from receipt of the Notice of Award, the WL shall deliver the duly signed Contract of Lease and return it to the SSS together with the required payments and all other documentary requirements, if any, as listed in the Notice of Award. Failure to comply with the requirements may render the award nullified and the Proposal Security Deposit forfeited in favor of SSS.

3.13 Evaluate appeal, if any, and submit recommendation to the AA/PCEO/SSC for approval;

3.14 Retain Eligibility Documents of various Lessees including other documents submitted and forward these to IPD for safekeeping;

3.15 Nullify award and forfeit Proposal Security in favor of SSS in case WL fails to comply with the requirements as stipulated on the Notice of Award.

4. TWG shall –

4.1 Prepare the BTD and other documents for the Competitive Challenge.

4.2 Assist the RA/LSC in the implementation of the bidding activities.

4.3 Assist the RA/LSC in the conduct of post-qualification to verify the accuracy and authenticity of all the documents and information submitted by OPL/CL with the HRB.

5. DCD shall –

5.1 Prepare the draft COL based on the RA/LSC approved TOR within commitment day with reference to the OPL submitted draft Contract for UP.

5.2 Make clarifications on the TOR prepared by the IPD.

5.3 Review of the letter-endorsement to OGCC.

5.4 Forward the RA/LSC approved TOR and draft COL to OGCC for review and clearance, upon review and clearance by the Corporate Legal Services Division (CLSD) and Legal and Enforcement Group (LEG).

5.5 Submit to RA/LSC the TOR and COL duly approved by the OGCC.

5.6 Prepare the final COL as requested by the IPD, based on the recommendation of the RA/LSC on the WL.

6. LEG shall –

6.1 Review and give clearance to the letter-endorsement to OGCC requesting review and approval of the TOR and draft COL.

6.2 Receive from OGCC the approval of the TOR and draft COL.

6.3 Forward to RA/LSC the OGCC's approved TOR and draft COL.

6.4 Review the recommendation on lease of IPs thru Competitive Challenge together with the TOR and COL as endorsed by the RA/LSC for CSW certification before

endorsement to the AA/PCEO/SSC thru Channels, for final approval.

6.5 Institute appropriate legal action against defaulting Lessees/, if necessary.

7. AA/PCEO/SSC shall –

7.1 Approved the TOR and draft COL, as approved by the OGCC.

7.2 Approved the award of the contract as recommended by the RA/LSC.

7.3 Forward to RA/LSC all approved recommendations, TOR and COL.

C. MODIFIED COMPETITIVE CHALLENGE

1. Process Flow

	Activities	Estimated Calendar Days
1	Notification by IPD to existing tenants, whether they are interested or not interested to renew its COL.	1
2	Receipt of a Proposal to Renew Lease from a Lessee with Pre-existing Contract	1
3	Preliminary evaluation by IPD on the compliance of existing tenants to the minimum requirements for the renewal of lease	5
4	Preparation of the following documents by the IPD or by the TWG for endorsement to the RA/LSC for clearance / approval: a. TOR and tender documents. The eligibility criteria used in determining the eligibility of the OPL shall be the same as those stated in the tender documents b. Memo for DCD requesting preparation of draft COL; and c. Letter-endorsement to OGCC requesting review and approval of the TOR and draft COL.	45
5	Evaluation, clearance and/or approval by the RA/LSC of the TOR, memo for DCD, and letter-endorsement to OGCC.	5
6	Preparation of draft COL by the DCD and review of the letter-endorsement to OGCC, up to review and clearance by the CLSD and LEG	30
7	OGCC Review and Approval of TOR and draft COL.	30
8	Approval by the AA/PCEO/SSC (with SSC Res.), as endorsed by the RA/LSC, of the TOR and draft COL, as approved by the OGCC.	30
9	Publication of the IAESCP Pre-Selection Conference (optional) 1 c.d.	14
	Preparation of eligibility documents and lease proposal by the CL	10
10	Submission, Opening and preliminary examination of Eligibility Documents and Lease Proposals of CL	1
11	Post-Qualification	5
12	Exercise Right to Outbid by the OPL, if applicable	5
13	Preparation final COL by the DCD as requested by the IPD, based on the recommendation of the LSC on the WL	20
14	Approval of the Award and the COL by the AA/PCEO/SSC, as recommended by the RA/LSC	30
15	Issuance of Notice of Award by the RA/ LSC.	5
16	Execution of COL to be administered by the IPD.	10
TOTAL ESTIMATED CALENDAR DAYS		247

2. IPD shall –

2.1 Notify in writing the current lessee to submit his/her/its proposal to renew or not to renew the lease contract not later than 6 months prior to expiration of the contract. Indicate in the letter the SSS minimum requirements on the terms and conditions for the lease renewal and the mode of selection thru modified competitive challenge.

2.2 Receive proposal from Lessee with pre-existing contract to renew or not to renew the lease of an IP. If to renew, proceed to the next steps, otherwise mode of selection is thru public bidding;

2.3 Conduct evaluation of the proposal to check its compliance to the SSS minimum requirements for the renewal of lease of the property;

2.4 Prepare the following documents for endorsement to the RA/ LSC for clearance / approval:
a. Terms of Reference (TOR) for the proposed lease of IPs thru MCC;
b. Memo for DCD requesting preparation of draft Contract of Lease (COL); and
c. Letter-endorsement to OGCC requesting review and approval of the TOR and draft COL.

2.5 Forward to the RA/LSC for review and approval, the TOR, memo for DCD, and letter-endorsement to OGCC.

2.6 Request DCD for the preparation of final COL upon approval by the RA/LSC of the result of the post-qualification / assessment of the highest bidder.

2.7 Facilitate the execution/signing of the COL by the WL and the SSS authorized signatory;

2.8 Receive from the WL the duly signed COL together with the required rental payments, security deposit and all documentary requirements as listed in the Notice of Award within ten (10) working days from the WL's receipt of the Notice of Award/COL;

2.9 Receive all documents of CLs endorsed by the RA/LSC for safekeeping.

3. RA/LSC shall –

3.1 Evaluate the following documents as endorsed by the IPD:
a. TOR for the proposed lease of IPs thru Public Bidding as prepared by IPD or external consultant;
b. Memo for DCD requesting preparation of draft COL; and
c. Letter-endorsement to OGCC requesting review and approval of the TOR and draft COL.