

REPUBLIKA NG PILIPINAS
SANGGUNIANG PANLUNGSOD
LUNGSOD NG ORMOC



EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE
FOURTEENTH SANGGUNIANG PANLUNGSOD NG ORMOC HELD
AT THE SANGGUNIANG PANLUNGSOD SESSION HALL,
ORMOC CITY HALL BUILDING
ON AUGUST 16, 2018

PRESENT:

Vincent L. Rama,	(Acting City Vice-Mayor & Temporary Presiding Officer), SP Member, Majority Floor Leader
Mario M. Rodriguez,	SP Member, Presiding Officer "Pro-Tempore"
Tomas R. Serafica,	SP Member, Asst. Majority Floor Leader
Benjamin S. Pongos, Jr.,	SP Member
Gregorio G. Yrastorza III,	SP Member
Nolito M. Quilang,	SP Member
John Eulalio Nepomuceno O. Aparis II,	SP Member
	Minority Floor Leader
Lea Doris C. Villar,	SP Member, Asst. Minority Floor Leader
Esteban V. Laurente,	Ex-Officio SP Member, Chapter President, Liga ng mga Barangay ng Ormoc
Jasper C. Yerro,	Ex-Officio SP Member, Chapter President, Panlungsod Pederasyon ng mga Sangguniang Kabataan ng Ormoc

ON OFFICIAL BUSINESS:

Leo Carmelo L. Locsin, Jr.	(Acting City Mayor), City Vice Mayor & Presiding Officer
Eusebio Gerardo S. Penserga,	(O.B. - Indonesia), SP Member

RESOLUTION NO. 2018-216

A RESOLUTION GRANTING AUTHORITY TO THE CITY MAYOR RICHARD I. GOMEZ, OR THE ACTING CITY MAYOR, TO ENTER INTO AND SIGN THE MEMORANDUM OF AGREEMENT (MOA), FOR AND ON BEHALF OF THE LOCAL GOVERNMENT UNIT OF ORMOC (LGU-ORMOC), WITH INDIANA AEROSPACE UNIVERSITY (INDIANA), BY WAY OF COMPROMISE OF VIOLATIONS BY THE LATTER, AS LESSEE, OF A CONTRACT OF LEASE DATED APRIL 11, 2012 WITH LGU-ORMOC, AS LESSOR, OVER THE CITY-OWNED FORMER EXECUTIVE BUILDING.

WHEREAS, this august Body was in receipt of an Endorsement from the Office of the City Administrator dated August 6, 2018, endorsing to Vice Mayor Leo Carmelo L. Locsin, Jr., Presiding Officer of the 14th Sangguniang Panlungsod, through Maria Antonieta G. Co Hat, OIC - Secretary to the Sangguniang Panlungsod, the request of Atty. Jasper M. Lucero, City Legal Officer, for the Sangguniang Panlungsod, to authorize City Mayor Richard I. Gomez, to enter into and sign, for and behalf of the Local Government of Ormoc (LGU - ORMOC) a Memoranda of Agreements (MOAs) with INDIANA AEROSPACE UNIVERSITY (INDIANA), lessee of the former Executive Building, and VMB FOODS (VMB), lessee of the former Legislative Building, which agreements were done in pursuant to and in accordance with public policy favoring the speedy, just and fair settlement or disposition of conflicts and controversies of the violation of the terms of Contract of Lease dated April 11, 2012, a copy of the final MOA is hereto attached as Annex "A" and made an integral part hereof;

WHEREAS, to recall, upon the assumption of the new administration headed by City Mayor Richard I. Gomez, among the first directives of the City Mayor was to have all existing contracts and agreements entered into by LGU-Ormoc reviewed and examined by the City Legal Office, one of which was a Contract of Lease executed between LGU – ORMOC and INDIANA dated April 11, 2012 allowing the lease by INDIANA of the City-owned former Executive Building for a period of ten (10) years, a copy of the said Contract is herein attached as Annex "B";

WHEREAS, violations were noted by the reviewing concerned officials of the City's Executive Department, prompting it to formally refer the matter to the Sangguniang Panlungsod for the conduct of further and more thorough inquiry;

WHEREAS, this august Body, through its concerned Committees on Public Properties and Economic Enterprise, jointly conducted extensive inquiry into the matter as a matter of response to the Executive Department's request, and eventually came up with the findings contained in a Joint Committee Report dated September 22, 2017 which was adopted by this Sanggunian on the same date that INDIANA and VMB, lessees of City-owned former Legislative Building had committed several significant violations of pertinent provisions of their respective Contracts and City Ordinance No. 169, entitled: "AN ORDINANCE ESTABLISHING THE POLICIES AND GUIDELINES FOR THE LEASE OF THE FORMER EXECUTIVE AND LEGISLATIVE BUILDINGS OF THE CITY GOVERNMENT OF ORMOC";

WHEREAS, the Executive Department acted on the said findings by serving notices on the two lessees to vacate the premises, prompting the latter to negotiate with the former to find a settlement to the controversy;

WHEREAS, the subject MOA is the product of extensive settlement negotiations exerted by the parties and/or their representatives towards the attainment of a speedy, just and fair settlement or disposition of afore-described conflict brought about by the violations of the lessees as laid down in the findings of said Joint Committee Report;

WHEREAS, in said MOA, both parties have agreed to enter into a compromise agreement to speedily, justly, settle the controversies brought about by the violation of the terms of the Contract, which is the most ideal means of resolving such conflict and in order to avoid costly and protracted litigation which will be disadvantageous to both parties;

WHEREAS, upon close and thorough examination of the MOA, this Sanggunian, finds that it is not contrary to law, contract, public policy and morals, that its aims are advantageous to LGU-Ormoc as, among others, it reverts back to its possession and use, at very minimal cost to it, if at all, the former Executive Building, with the advantage, therefore, of potentially generating higher revenues for its future use, and importantly, that it fairly and expeditiously resolves afore-mentioned conflict and controversy in consonance with afore-reiterated public policy favoring the speedy, just and fair settlement or disposition of conflict and controversies;

WHEREFORE, on joint motion of SP Member Benjamin S. Pongos Jr., Chairman, Committee on Laws and Ordinances, and SP Member Tomas R. Serafica, Chairman, Committee on Ways and Means, Public Properties, and Economic Enterprises, severally seconded by SP Members Mario M. Rodriguez, Nolito M. Quilang and Esteban V. Laurente; be it

RESOLVED, AS IT IS HEREBY RESOLVED, to pass a RESOLUTION GRANTING AUTHORITY TO THE CITY MAYOR RICHARD I. GOMEZ, OR THE ACTING CITY MAYOR, TO ENTER INTO AND SIGN THE MEMORANDUM OF AGREEMENT (MOA), FOR AND ON BEHALF OF THE LOCAL GOVERNMENT UNIT OF ORMOC (LGU-ORMOC), WITH INDIANA AEROSPACE UNIVERSITY (INDIANA), BY WAY OF COMPROMISE OF VIOLATIONS BY THE LATTER, AS LESSEE, OF A CONTRACT OF LEASE DATED APRIL 11, 2012 WITH LGU-ORMOC, AS LESSOR, OVER THE CITY-OWNED FORMER EXECUTIVE BUILDING;

ADOPTED, August 16, 2018.

RESOLVED, FURTHER, that a copy of the final and notarized Memorandum of Agreement (MOA) be furnished to this Sanggunian for its information and files;

RESOLVED, FINALLY, to furnish copies of this resolution each to the City Mayor of Ormoc Richard I. Gomez, the City Administrator, Mr. Vincent L. Emnas; the City Legal Officer, Atty. Jasper M. Lucero; the City Treasurer; the City Accountant; the City Auditor; the City Engineer; the City General Services Office; the Office of the Building Official; Mr. Jovenal B. Toring of Indiana Aerospace University; the OIC-City Director, DILG; and all other offices concerned.

CARRIED UNANIMOUSLY.

I HEREBY CERTIFY to the correctness of the above resolution.


MARIA ANTONIETA G. CO HAT
(OIC - SP Secretary)
Supervising Administrative Officer

ATTESTED:


VINCENT L. RAMA
(Acting City Vice-Mayor & Temporary Presiding Officer)
Majority Floor Leader
SP Member

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8/16/18

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made and entered into this ____ day of _____, 2018,
by and among:

The LOCAL GOVERNMENT UNIT OF ORMOC, a local government unit organized under the existing laws of the Republic of the Philippines, represented by RICHARD I. GOMEZ, M.B.A. as per Sangguniang Panlungsod ng Ormoc Resolution No. _____, dated _____, with address at New Ormoc City Hall, Brgy. Cogon, Ormoc City, Philippines, herein referred to as the "LGUORMOC";

AND

INDIANA AEROSPACE UNIVERSITY, a corporation organized and existing under relevant laws, with principal place of business at Penthouse, Tito Jovy Tower, Buencamino Street, Alabang, Muntinlupa City, Philippines, represented by JOVENAL B. TORING, herein referred to as the "INDIANA";

WITNESSETH:

WHEREAS, the parties entered into Contracts of Lease, attached and marked as *Exhibit "A"*;

WHEREAS, the mentioned Contracts of Lease allowed the lease and occupation by the INDIANA of the *former Executive Building*, which is owned in whole by the LGU ORMOC located in and bounded by *Inaki Larrazabal Avenue, Navarro Street and Burgos Street*;

WHEREAS, among other terms and conditions, Contracts of Lease with INDIANA specifically provide for the following:

1. **Rule on Sub-lease** (Sec. I, Nos. 3 and 4): The Lessee may not assign, encumber or in any other manner transfer the LEASE or any portion thereof, or any interest, rights, participation or contractual personality to another without the express consent of the Lessor.

The Lessee may execute lawful contracts and agreements for the sub-lease of the subject property during the effectivity of the Contract of Lease.

2. **Rule on Renovations, Improvements, and other Construction and Civil Works** (Sec. IV [B] [9] of Contract): All structural, engineering, and architectural design plans involving any and all renovations, improvements and other construction and civil works at the subject property can only be undertaken after the engineering, architectural and structural specifications and plans for the same have been submitted for prior consideration and approved in writing by the City Mayor or the Lessor.
3. **Rule on Provision of Ramp and Safety for Persons with Disabilities (PWDs)** (Sec. IV [A] [3] of Contract): The Lessee shall comply with ramps and other safety features intended for PWDs as required in Republic Act No. 7277.

OFFICE OF THE CITY MAYOR
Ormoc City

CERTIFIED TRUE COPY OF
ORIGINAL DOCUMENT

MA. VICTORIA LYRA P. DELA CERNA
CITY GOVT. ASST. DEPT. HEAD 1

4. **Rule on Provision of Comprehensive Property Insurance** (Sec. IV [B] [8] of Contract): The Lessee shall provide and shoulder the expenses and premium of a Comprehensive Insurance of the subject properties thru the Government Service

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Ormoc City

the LGU ORMOC, without interests, by August 15, 2018 or until after a complete determination and verification that there are no more existing

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CERTIFIED TRUE COPY OF
ORIGINAL DOCUMENT

MA. VICTORIA LYRA P. DELA CERNA
CITY GOVT. ASST. DEPT. HEAD 1

2

Insurance System (GSIS) with the LGU-Ormoc as the designated beneficiary thereof in an amount to be determined by the GSIS and the Lessor which Comprehensive Insurance must be maintained and remain valid and effective during the entire period of the lease.

WHEREAS, upon a formal inquiry conducted by the Sangguniang Panlungsod ng Ormoc on March 21, 2017 and April 10, 2017 upon the request of City Mayor's Office through the City Attorney, findings were made that INDIANA have caused the violation of the above-enumerated provisions, with the same officially contained in a Joint Committee Report dated September 22, 2017 rendered by said Sanggunian's Committees on Laws and Ordinances and Economic Enterprise. These breaches have been relayed by the LGU ORMOC to the Lessees through a letter dated February 1, 2018, copies of which were received by INDIANA;

WHEREAS, following receipt of the LGU ORMOC's letter dated February 1, 2018, representatives of both parties had a series of meetings to discuss the most ideal manner to address the findings of the Sanggunian Committees;

WHEREAS, in order to avoid protracted court litigation that may only be detrimental to the interests of the parties, which is pursuant to and in accordance with public policy favoring the speedy, just and fair settlement or disposition of conflicts and controversies, the parties, for and in consideration of the mutual covenants and agreements herein established, hereto agree as follows:


1. The Contract of Lease dated April 11, 2012 is hereby mutually and voluntarily rescinded between the LGU ORMOC and the INDIANA. All of the violations attributed to INDIANA in regard to the terms of its Contract of Lease with the LGU ORMOC are deemed to have been rectified.
2. That INDIANA by itself will vacate the leased premises subject of the said Contract of Lease, within thirty (30) days from the signing of this agreement by the Mayor or Acting Mayor. The parties are aware that there are other occupants in leased premises which include the commercial spaces occupied by the various establishments and sub lessees of INDIANA, which are as follows:
 - a. Lorenzo's Café
 - b. JCT Ventures
 - c. Jellie's Boutique
 - d. Sorbeteria
 - e. Mercedita V. Piamonte Medical Clinic
 - f. The SPacialist
 - g. OrmocGluta Clinic & Wellness
 - h. Plaza Net
 - i. Ormoc City Christian Church
3. For those occupants or sublessees who have been issued business or mayor's permits, INDIANA cannot unilaterally take action on the same and it would need the assistance of the LGU on this matter of possession of the subleased premises. For those occupants without permits, INDIANA will assist in recovering possession of the leased premises;
4. Deposits made by INDIANA in the form of checks will be returned to it by the LGU ORMOC, without interests, by August 15, 2018 or until after a complete determination and verification that there are no more existing

obligations due from the INDIANA to LGU ORMOC and to other offices/agencies.

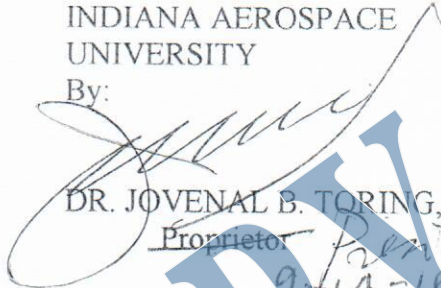
5. This agreement constitutes the entire covenant between all the parties hereto. No amendment, revision or supplement shall be binding and enforceable unless with prior written approval of the parties hereto. It is likewise agreed that, if for any reason, any provision/ provisions is / are hereafter declared invalid, the rest of this agreement shall remain in full force and effect.

IN WITNESS WHEREOF, we have hereunto set our hands this SEP 19 2018, 2018, at Ormoc City, Philippines.

LGU-ORMOC CITY

By: 
Hon. VINCENT L. RAMA
ACTING MAYOR
RICHARD I. GOMEZ, M.B.A. AUG 24 2018
City Mayor
CS per SP Resolution no. 2018-216
Signed in the presence of and Parties personally known to the witnesses:

INDIANA AEROSPACE
UNIVERSITY

By: 
DR. JOVENAL B. TORING, Ph.D.
Proprietor

Acknowledgement

Republic of the Philippines)
Ormoc City) S.S.

BEFORE ME, a Notary Public for and in the City of Ormoc, this _____, 2017 personally appeared the above named persons with their competent identification bearing their signatures and photographs, to wit:

Name	Identification	Date/Place Issued
RICHARD I. GOMEZ		
DR. JOVENAL B. TORING		

Personally known to the witnesses and known to me to be the same persons who executed the foregoing instrument and they acknowledge to me that the same is their free and voluntary act and deed.

This instrument, consisting of three (3) pages, including the page on which this acknowledgment is written, has been signed on the left margin of each and every page thereof by the concerned parties and their witnesses, and sealed with my notarial seal.

WITNESS MY HAND AND SEAL on this SEP 19 2018 day of _____, 2018 at Ormoc City, Leyte.

Doc No. 67
Page No. 14
Book No. LIII
Series of 2018

OFFICE OF THE CITY MAYOR
Ormoc City

CERTIFIED TRUE COPY OF
ORIGINAL DOCUMENT

MA. VICTORIA LYRA P. DELA CERNA
CITY GOVT. ASST. DEPT. HEAD 1

Atty. ARI S. LARRAZABAL

Notary Public for Leyte

Until December 31, 2018

Notarial Commission No. ORM - 16-12-015

PTR No. 5109038/1-4-2017, Ormoc City

Roll No. 38667

IBP No. 654778/01-18-06, Leyte

MCLE Compliance No. 1V-0001088/Dec. 11, 2014

2nd Floor Hotel Don Felipe, Annex Bldg., Bonifacio St.

Ormoc City, Leyte, Philippines

CONTRACT OF LEASE

KNOW ALL MEN BY THESE PRESENTS:

This *Contract of Lease*, made and entered into this 11th day of April 2012 at City of Ormoc, by and between:

THE CITY GOVERNMENT OF ORMOC, a local government unit organized and existing under and by virtue of Philippine Law, with postal address at the Ormoc City Hall, represented herein by its duly-authorized City Mayor, **ERIC C. CODILLA**, hereinafter referred to as the LESSOR

- and -

INDIANA AEROSPACE UNIVERSITY, a corporation organized and existing under and by virtue of Philippine Law, with postal and corporate address at the Penthouse, Tito Jovy Tower, Buencamino St., Alabang, Muntinlupa City, represented herein by its President and duly-authorized representative, **JOVENAL B. TORING**, hereinafter referred to as the LESSEE

WITNESSETH: THAT

WHEREAS the LESSOR, as a local government unit and body politic, has been duly-authorized and empowered under and by virtue of *Republic Act No. 7160* to perform various governmental and corporate functions such as, but not limited to, the leasing out of properties of the City of Ormoc which are patrimonial in character for the purpose of generating revenues for the use of the City of Ormoc;

WHEREAS by virtue of *Sangguniang Panlungsod Resolution No. 2011-078* dated 14 April 2011 the former *Executive Building* and the former *Legislative Building* of the *City Government of Ormoc* located in and bounded by *Iñaki Larrazabal Avenue*, *Navarro Street*, and *Burgos Street*, have already been declared as PATRIMONIAL PROPERTIES of the City of Ormoc;

WHEREAS, the aforementioned former *Executive Building* is among the properties that are intended to be leased out by the LESSOR, with an area of **SEVEN HUNDRED FOUR SQUARE METERS (704 SQ.M.)**;

WHEREAS the LESSEE, which is organized and existing as a private tertiary educational and technical training learning institution, has expressed an interest in and offered to lease the former *Executive Building* and participated in the public bidding conducted for the purpose of determining the prospective lessee for the above-mentioned property;

WHEREAS, during the public bidding conducted on February 16, 2012 by the *Bids and Awards Committee (BAC)* created by virtue of *Executive Order No. 26 (Series of 2011)*, the bid of **INDIANA AEROSPACE UNIVERSITY** was opened and it was found to have complied with the required documents as stipulated in the Invitation to Bid by virtue of which the LESSEE was recommended to be awarded the lease of the subject property, subject to the terms and conditions specified in *City Ordinance No. 169* dated *October 27, 2011*;

WHEREAS, by virtue of *Sangguniang Panlungsod Resolution No. _____* passed and approved on April 4, 2012, the City Mayor of Ormoc City has been duly-authorized to execute and sign, on behalf of the City Government of Ormoc, the corresponding contract and agreement for the lease of the subject property;

WHEREAS, by virtue of *Board Resolution No. 2012-02-01* unanimously approved and issued on *February 1, 2012*, the LESSEE has authorized its herein signatory, **JOVENAL B. TORING**, to sign and deliver any and all documents including the contract or agreement for the lease of the subject property;

WHEREAS the LESSOR and the LESSEE have agreed to execute the corresponding contract and agreement of lease to formalize the terms and conditions that will govern the respective rights and obligations between the parties for the lease of the subject property;

NOW, THEREFORE, for and in consideration of the foregoing promises and of the mutual covenants and agreements hereinafter set forth, the LESSOR and the LESSEE hereby covenant and agree as follows:

I. SUBJECT MATTER

1. This *Contract of Lease* contemplates the lease and commercial use by the LESSEE, primarily for the operation of a private tertiary educational and technical training learning institution and training facilities, of the patrimonial property consisting of the two-storey structure formerly known and utilized as the **Executive Building** located at and bounded by *Inaki Larrazabal Avenue, Navarro Street, and Burgos Street*. 2

2. The LESSEE hereby agrees that the use of the subject property shall be devoted to and for the purposes stated in the immediately preceding paragraph, as well as for the conduct of any other lawful and duly-registered business. In no case shall the subject property, in whole or in part, permanently or temporarily, be used or operated as a *lodging house, pension house, motel, massage parlor, day and/or night club, drinking bar, Karaoke and/or KTV Bar, "Ukay-ukay" or "Wag-wagan" or any similar establishment selling secondhand clothes, shoes, and other apparel, ticketing outlet and/or garage terminal for buses, vans, and other such vehicles for hire, Lotto outlet, Off-track Betting (OTB), E-Games, and other related establishments*.

3. The LESSEE may not assign, encumber, or in any other manner transfer the LEASE or any portion thereof, or any interest, rights, participation, or contractual personality to another without the express written consent of the LESSOR. 1

4. Subject to the express limitation set forth in the immediately preceding paragraph, the LESSEE may execute such lawful contracts and agreements for the sub-lease the subject property during the effectivity of the *Contract of Lease*. The SUB-LESSEE, except for the rate of the MONTHLY RENTAL between the LESSOR and the LESSEE, shall be subject to the same contractual obligations and qualification requirements as those imposed on the LESSEE such as, but not limited to, securing the requisite clearances, licenses, and permits from the appropriate offices and departments of the LESSOR.

II. TERM

The TERM of this lease shall be for a period of **TEN (10) YEARS** from the time of the execution of this *Contract of Lease* which can be renewed upon its expiration for the same period upon agreement of the PARTIES;

III. RENTAL RATE AND RELATED CONDITIONS

1. The LESSEE hereby agrees to pay the amount of TWO HUNDRED PESOS (Php 200.00) per SQUARE METER of the SEVEN HUNDRED FOUR SQUARE METER (704 SQ.M.) SUBJECT PROPERTY, or a TOTAL MONTHLY RENTAL of ONE HUNDRED FORTY THOUSAND EIGHT HUNDRED PESOS (Php 140,800.00).

2. The LESSEE shall pay the monthly rental within the first five (5) days of the month for which it is due and applicable at the Office of the City Treasurer - Ormoc City without need of any demand. In the event of non-payment of the rental when due, the LESSEE shall be liable to pay a surcharge of TWENTY-FIVE PERCENT (25%) of the amount due and interest of TWO PERCENT (2%) PER MONTH of the unpaid rentals including the applicable surcharges, if any, until the rental is fully paid but in no case shall the total interest on the unpaid rentals or portion thereof exceed THIRTY SIX (36) MONTHS.

3. The MONTHLY RENTAL shall be subject to an escalation on the NET RENTAL RATE of TEN PERCENT (10%) per ANNUM which escalation shall begin on the SIXTH YEAR of the Lease until the same is terminated. In the event that a new CONTRACT OF LEASE is executed with the same LESSEE, this escalation clause shall continue to be applicable unless otherwise agreed upon in writing by the PARTIES.

4. The LESSEE shall pay ONE (1) MONTH ADVANCE RENTAL and TWO (2) MONTHS SECURITY DEPOSIT upon the signing of the Contract of Lease which shall answer for whatever liability the LESSEE may incur during the period or the lease. Any remaining balance on the SECURITY DEPOSIT at the time of the expiration or termination of the Contract of Lease shall be returned to the LESSEE.

IV. RIGHTS AND OBLIGATIONS OF THE PARTIES

A. Rights / Obligations of the LESSOR

1. The LESSOR shall have the right to conduct an annual review of the compliance by the LESSEE of the terms and conditions of the Contract of Lease and to require IN WRITING the LESSEE to perform such acts or to desist from performing prohibited acts, as may be correspondingly required or disallowed in the Contract of Lease, subject to the right of the LESSOR to PRE-TERMINATE the lease in the event of non-compliance.

2. The LESSOR has the right to terminate the lease contract for failure or refusal of the LESSEE to pay the rentals or for violation of any of the policies and guidelines as specified herein, as well as of the terms and conditions as provided in City Ordinance No. 169 without need of any Court action. Upon such pre-termination or upon expiration of the lease, the LESSEE shall deliver the building and shall be liable for such consequential damages which the City Government of Ormoc may suffer for failure to surrender the same.

3. To conduct periodic visits to the leased premises for regulatory purposes for the purpose of ensuring continuing and duly-certified compliance with all the fire, health, licensing, safety, and sanitation requirements, as well as compliance with the requirements imposed by special laws such as, but not limited to, provisions for ramps and other safety features required for persons with disabilities (PWD) in accordance with Republic Act No. 7277 and other related laws and regulations.

4. To acquire any and all constructions and renovations, at the end of the lease or upon its termination, which are permanent or fixed in nature or which cannot be removed without damaging the corresponding area or portion

of the leased structures to which they are attached or affixed without any obligation to reimburse the **LESSEE** for such acquisition.

5. In the event that the subject property is abandoned by the **LESSEE** before the expiration of the *Contract of Lease* without justifiable cause, the **LESSOR** reserves the right to enter and re-let the same, as well as to take possession of any and all appliances, furnishings, fixtures, machineries, office supplies and documents, with the corresponding right to collect from the **LESSEE** the rental corresponding to the unexpired portion of the *Contract of Lease*.

B. Obligations of the LESSEE

1. To keep the leased premises in good condition, making the necessary repairs, and devoting the use of the property primarily for the conduct and operation of a private tertiary educational and technical training learning institution and training facilities.

2. To secure the requisite **BUSINESS AND REGULATORY PERMIT/S** prior to its operation and every year thereafter, as well all other city and national permits and licenses as may now or hereafter be required by law or subsequently deemed necessary and indispensable in accordance with the nature of lessee's business establishment.

3. To pay the **MONTHLY RENTAL** in the amount, extent, and manner, as aforesaid, without the necessity of express demand thereof.

4. To pay from time to time during the term of this lease, all charges for water, electric current, telephone and such other services in the leased premises, which utilities and services shall solely be for the account of the **LESSEE**.

5. To pay the corresponding **Real Property Tax (RPT)** as the beneficial user of the structure or structures leased. The **LESSEE** shall not invoke any exemption from the payment of the **RPT** as may be provided by law, regulation, or court declaration/decision.

6. To permit the **LESSOR** or his agents to enter and view the condition of the subject property at reasonable hours and in a manner that will not unreasonably or improperly disrupt the conduct of business of the **LESSEE**.

7. In relation to the option for the sub-lease of certain portions of the subject property, the **LESSEE** expressly undertakes that it is the **SOLE PARTY** contractually liable for payment of the **MONTHLY RENTAL**, and for the payment or settlement of all the taxes, fees, and charges due even if there are **SUB-LESSEES**. In view thereof, the **LESSEE** is precluded from evading any of its obligations on account of any act or omission of the **SUB-LESSEE/S**. In this connection, the **LESSEE** shall hold the **LESSOR** free from any liability that may arise from any case or controversy between the **LESSEE** and the **SUB-LESSEE/S**. Likewise, the **SUB-LESSEE** shall hold the **LESSOR** free from any liability for any act or omission committed by the **LESSEE**, or for any claim or cause of action arising from its agreement with the **LESSEE**.

8. Upon the execution of the *Contract of Lease*, The **LESSEE** shall provide for the Comprehensive Insurance of the subject property thru the **Government Service Insurance System (GSIS)** with the **LGU-Ormoc** as the designated beneficiary thereof in an amount to be determined by the **GSIS** and the **LESSOR** which Comprehensive Insurance must be maintained and remain valid and effective during the entire period of the lease. The Comprehensive

Insurance must provide for full and comprehensive insurance protection of the subject property from any and all damages, whether natural or man-made, including coverage against damages caused by Force Majeure and / or Acts of God. In the event that the Comprehensive Insurance is renewable annually, the LESSEE further undertakes to renew the same not later than the last quarter of the preceding year. Any and all payments, fees, and charges on the premium and documentation shall be borne solely by the LESSEE.

9. To submit for the prior consideration and written approval of the LESSOR all structural, engineering, and architectural design plans involving any and all renovations, improvements, and other constructions and civil works at the subject property such as, but not limited to, installation of toilet fixtures, air conditioning, telephone, lights and other facilities, and any other kind of construction or renovation of the same or any portion thereof. In no case shall the LESSEE undertake any renovation or construction for the purpose of adding additional floors, stories, or mid-level structures or super-structures. All such renovations, improvements, and constructions shall be at the sole expense of the LESSEE. 5

10. In relation to the immediately preceding paragraph, the LESSEE shall secure, within one (1) month from the date of the signing of the *Contract of Lease a Performance and Indemnity Bond* in an amount to be determined by the LESSOR and the LESSEE with the *Government Service Insurance System (GSIS)*, or with a reputable and established private assurance corporation approved by the LESSOR with LGU-Ormoc as beneficiary which *Performance and Indemnity Bond* shall answer for any and all damages arising from any unauthorized or unapproved renovations, demolitions, and other analogous acts made on the subject properties.

11. The LESSEE shall secure all the required business and administrative licenses and permits in and for the conduct and operation of its business and shall ensure that all such licenses and permits are periodically and fully renewed and kept current.

V. COMPLETENESS CLAUSE

1. The provisions of *City Ordinance No. 169 dated October 27, 2011* providing guidelines for the lease of the SUBJECT PROPERTY shall form part and parcel of this *Contract of Lease*. Other than the provisions embodied in *City Ordinance No. 169*, the foregoing terms and conditions embody the entire agreement of the PARTIES and shall supersede and modify any and all previous verbal or written agreements, discussions, and commitments.

2. Any and all amendments, revisions, or supplements to this *Contract of Lease* shall only be effective if the same shall be executed in writing and signed and attested to by the PARTIES.

IN WITNESS WHEREOF, the PARTIES have hereunto set their hands on the date and in the place above-stated.

CITY GOVERNMENT OF ORMOC
LESSOR

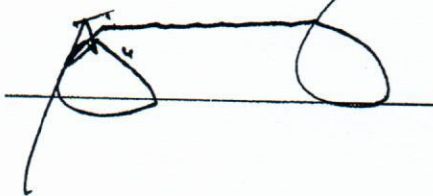
By:

ERIC C. CODILLA
City Mayor

INDIANA AEROSPACE UNIVERSITY
LESSEE

JOVENAL B. TORING
President

Signed in the presence of:



ACKNOWLEDGMENT

BEFORE ME, a Notary Public, for and in APR 11 2012, personally appeared the following persons with their respective competent proof/s of identification:

	Identification Doc.	Date/Place Issued
1.	ERIC C. CODILLA	Passport No. XX1628286
		July 17, 2008 / Tacloban City
2.	JOVENAL B. TORING	LTC #3518722
		Jan - 27 - 2012 Agila alabang Muntinlupa

the duly-authorized signatories-parties to the foregoing *Contract of Lease* consisting of SIX (6) PAGES, including the page on which this *Acknowledgment* appears, and they acknowledged to me that the said agreement and the provisions therein were executed of their own free and voluntary act and deed.

Doc. No. 274;
Page No. 60;
Book No. XVI;
Series of 2012.

NOTARY PUBLIC
ATTY. ARIG. LARRAZABAL
Notary Public
Until December 31, 2012
PTR. No. 3559496/01-04-12, Ormoc City
IBP No. 654778-01-18-06 Leyte
Roll No. 33667