

Original

TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY (TIEZA)

TERMS OF REFERENCE

**APPRAISAL OF TIEZA'S INTEREST RIGHTS THRU REAL PROPERTY VALUATION OF
TIEZA'S ASSETS AND ITS DEVELOPMENT AND USUFRUCTUARY RIGHTS/SUPERIOR
INTEREST**

I. INTRODUCTION

The Tourism Infrastructure and Enterprise Zone Authority (TIEZA) is a Government Owned and Controlled Corporation created under Republic Act No. 9593 and an attached body corporate of the Department of Tourism (DOT).

TIEZA has forty – nine properties and there is a recognized need in the determination of the Real Property Valuation of the Development and Usufructuary Rights (DUR)/ Superior Interest. DUR is defined as the right to use and possess the land for redevelopment under a joint venture (JV) arrangement, either through a contractual agreement or a JV company (JVC) into a mixed use commercial, excluding the naked ownership rights of the subject property. With the TIEZA Board-approved Public-Private Cooperation Program, the Real Property Valuation of TIEZA's Assets and its Development and Usufructuary Rights/ Superior Interest are essential in coming up with accurate financial parameters for the purpose of public tender for the development, operation and/ or management of TIEZA's Assets to private sector who has the expertise in land development, operation and management of its properties through Joint Venture, Operation and/ or Management Contract or Lease. In addition, the Commission on Audit has also recommended to:

1. Xx
2. *Record the revaluation surplus from the appraisal valuation to establish the accuracy of the Land account;*
3. *Conduct appraisal valuation of the properties for every three or five years or when the fair value of the re-valued land differs materially from its carrying amount as provided in PRFS 16 paragraph 34.*

The TIEZA principal office is located at 6th & 7th Floor, Tower I, Double Dragon Plaza, Double Dragon Meridian Park, Macapagal Park, Macapagal Avenue corner EDSA Extension Bay Area, Pasay City 1302.

The TIEZA through its Bids and Awards Committee is inviting interested and qualified parties to bid for the provision of Appraisal Services on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest on its Land, improvements, other land improvements and machinery & equipment using the appropriate valuation methodologies located across the country, specifically the following:

Table 1. Required Appraisal of TIEZA's Interest Rights thru Real Property Valuation of TIEZA's Assets and its Development and Usufructuary Rights/ Superior Interest

Name of Property	Interest Rights to be Appraised - Development and Usufructuary Rights/ Superior Interest	Location of the Properties	Area (square meter)
1. Balacad Property	Land only	Bo. Balacad, Laoag, Ilocos Norte	123,387
2. General Luna Lot 991	Land only	Gen. Luna St., Intramuros, Manila	991.6
3. Mt. Data Hotel	Land, improvements, other land improvements and machinery & equipment	Km. 100 Sinto, Bauko, Mountain	77,060
4. San Fabian BLL	Land only	San Fabian, Pangasinan	57,935
5. Cagayan de Oro Convention Center	Land, improvements, other land improvements and machinery & equipment	Sitio Taguanao, Barangay Indahag, Cagayan de Oro City	49,999
6. Leyte Park Hotel Property	Land only	Real Street, Barangay Libertad, Tacloban, Leyte	60,000

II. BIDDING ON THE PROCUREMENT OF SURVEY SERVICES

The scope of services to be performed during the period of consultancy is beyond the function of any TIEZA Employee.

The engagement of independent appraiser is within the purview of "Consultancy Services" enumerated in Annex B of the 2016 Revised Implementing Rules and Regulations (IRR) of R.A. 9184 particularly falling under Section 6.6 Other Technical Services of Special Studies, as follows:

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"The Special Studies may include the following and other studies not covered under any of the services and studies described above:

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h) Investigation involving detailed consideration of the operation, maintenance, and overhead expenses; and the preparation of rate schedules; earning and expense statements, feasibility studies, appraisals, evaluations, and material audits or inventories required for certification of force account construction performed by the agencies;

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Thus, for purposes of bidding in the procurement of appraisal services in the determination of the Valuation of Land, improvements, other land improvements and machinery & equipment and its Development and Usufructuary Rights/Superior Interest for appraisal using the appropriate valuation methodologies for its various properties, the winning bid shall be determined by the Quality-Cost Based Evaluation Procedure.

In order, however to achieve proper and efficient procurement of requirements of appraisal services for TIEZA Properties, the Bids and Awards Committee (BAC) shall also take into consideration, aside from the cost, other factors determining the winning bid, such as, but not limited to, contracts with other clients and quality of services rendered, scope of work and implementation methodology.

The minimum requirements prescribed in this Terms of Reference shall be used as basis in evaluation of the technical proposal of the bidder. Compliance of the bidder to said minimum requirements shall be determined using a "pass-fail system".

Correspondingly, the approved Budget for the Contract (ABC) would be the basis for the computation of the Bid Security.

III. CONTRACT DURATION

The Proposed Contract for APPRAISAL SERVICES on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest shall be for Ninety (90) working days period from the Issuance of the "Notice to Proceed."

Suspension of the Ninety (90) working days shall be considered in cases of necessity of clarification of ownership documents, area or location of the property or pending review, an authorization or resolution of a decision point from TIEZA.

Suspension of Ninety (90) working day based on aforementioned /similar grounds shall be reckoned from TIEZA's receipt of the letter/ written endorsement or request for clarification.

Fortuitous events will only be considered in the suspension of the Ninety (90) working day period if the APPRAISAL COMPANY can submit sufficient proof that such fortuitous

event has prevented the APPRAISAL COMPANY to continue conducting the Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest.

In cases of fortuitous events, a written request for suspension of the Ninety (90) (90) working day period shall be submitted by the APPRAISAL COMPANY to the Business Development Department Manager, and receipt of TIEZA shall be the reckoning point for the suspension of the Ninety (90) working day period, in case the request has been approved in writing.

A notice from the Business Development Department (BUDD) shall be issued to the APPRAISAL COMPANY on the resumption of running of the Ninety (90) working day period.

IV. TECHNICAL REQUIREMENTS

1. The APPRAISAL COMPANY shall submit the following to TIEZA:

- a) Profile highlighting related projects
- b) Certificate of Satisfactory Service from at least two (2) clients for the past three (3) years
- c) Proof of having Ten (10) years of experience in real estate appraisal
- d) Scope of Work and Implementation Methodology
- e) Mayor's/ Business Permit
- f) BIR Certificate of Registration
- g) PhilGEP's Registration Number
- h) Omnibus Sworn Statement
- i) Professional License/ Curriculum Vitae of Key Personnel.

2. MANPOWER

The APPRAISAL COMPANY shall ensure that the personnel to be assigned to TIEZA must have the following:

- a) The Team Leader to be assigned to the project should be a licensed Real Estate Appraiser with at least five (5) years of experience in appraisal works. To submit the curriculum vitae of the Assigned Team Leader.
- b) Possess the required professional licenses issued by an appropriate regulatory body
- c) He/She must be reliable, honest, courteous and professional.

V. SCOPE OF SERVICES

1. The APPRAISAL COMPANY must submit the Final Appraisal Report in three (3) hard copies, signed and/ or affixed with dry seal, and a digitized copy saved in a USB flash drive.
2. Conduct inspection and identification of the properties.
3. Investigate the utility of the properties.
4. The Valuation Date shall be as of the last day of inspection
5. The Value Orientation and Methodology should be as follows:

- a. The premise of the valuation shall be "MARKET VALUE".
Valuation based on Market Value shall adopt the definition set forth by the International Valuation Standards Council (IVSC). Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
 - b. Methodology to be adopted in arriving an opinion of value are as follows:
 - i. Income Approach as stated in the valuation standard, "provides an indication of value by converting future cash flows to a single current capital value".
The income methodology uses the present value of free cash flows from leasing out the hypothetical developed subdivided lots over period of the development and usufructuary rights as the basis for market value with presentation on the following:
 1. Discounted Cash Flow / Discounting
 2. Internal Rate of Return, or IRR, or the weighted average cost of capital, or WACC.
 3. Capital Asset Pricing Model "CAPM" to estimate the cost of equity.
6. Appraisal Report must include the following details:
- a. General market research of the hypothetical development's relevant economic area of operation.
 - b. The market research will generate relevant economic data such as:
 1. Market rental rates of properties similar to the hypothetical Development
 2. Marginal revenues
 3. Marginal costs
 4. Inflation/escalation rates
 5. Other metrics for input into the financial modeling section of the valuation
 - c. Financial modeling that re-creates the hypothetical business using existing highest and best use- basis economic data for measuring potential costs and benefits expected to accrue to the operations. The objective of the financial modeling is to approximate expected free cash flows for use in valuation analysis
 - d. Research and evaluation of the environment, market condition, sales and holding prices for similar land, supplemented by informed local opinions and their records of judgement.
 - e. Summarized result of the investigation and appraisal of interest rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest
 - f. Summary showing the Market rental rates of properties similar to the hypothetical Development, Marginal revenues, Marginal costs, Inflation/escalation rates, other metrics for input into the financial modeling section of the valuation
 - g. Narrative report showing details of the property.
 - h. Plans and pictures of the property.

7. Conduct Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest under the Joint Venture Guidelines/ Agreement of Tourism Infrastructure and Enterprise Zone Authority
8. The Appraisal Company shall prioritize Three (3) properties for submission, namely;

Table 2. Priority Properties

	TIEZA ASSET	LOCATION
1.	General Luna lot 991	Gen. Luna St., Intramuros, Manila
2.	San Fabian BLL	San Fabian, Pangasinan
3.	Cagayan de Oro Convention Center	Sitio Taguanao, Barangay Indahag, Cagayan de Oro City

VI. DUTIES AND RESPONSIBILITIES OF APPRAISAL COMPANY

1. The APPRAISAL COMPANY shall:
 - a) Gather relevant data on the aforementioned properties
 - b) Draft the Appraisal Report based on the data gathered, subject to the approval by the TIEZA
 - c) Ensure the appropriate qualifications of the personnel assigned to conduct the appraisal process
 - d) Provide the transportation, accommodation and other expenses in the conduct of the appraisal, of their personnel
 - e) Ensure the timely submission of the Final Appraisal Report.
2. For the faithful compliance of the terms and conditions of this contract, the APPRAISAL COMPANY shall be required to post a performance bond in favor of TIEZA in the equivalent amount and form according to a schedule provided in the bid documents.

VII. DUTIES AND RESPONSIBILITIES OF TIEZA

1. Designate a counterpart support team who will work closely with the APPRAISAL COMPANY regarding the technical requirements of the activities and a point person who shall coordinate with the APPRAISAL COMPANY on the administrative requirements.
2. Provide location guides during the activities to provide assistance to properly identify and locate the Project Site.
3. Furnish the APPRAISAL COMPANY with the information concerning the TIEZA Properties including, among others, reference plans and data, and any other material information that may impact on the surveying services.

VIII. TERMS AND CONDITIONS OF THE CONTRACT

1. *Indemnity.* The APPRAISAL COMPANY shall be responsible for losses and/or damages suffered by TIEZA, its officers, employees and guests, and their

properties by reason of the willful, unlawful or negligent act or omission of the APPRAISAL COMPANY or any of its personnel or representative.

2. *Solidary Liability of the APPRAISAL COMPANY in case it is a Joint Venture.* In case the APPRAISAL COMPANY as a supplier is a joint venture, all partners to the joint venture shall be jointly and severally liable to TIEZA.
3. *Liquidated Damages.* In the event that the APPRAISAL COMPANY fails to satisfactorily perform the services stipulated in this Terms of Reference, inclusive of duly granted time extensions, if any, TIEZA shall, without prejudice to its other remedies under the Conditions of Contract and other applicable laws, deduct from the Contract Price as liquidated damages the applicable rate of one tenth (1/10) of one percent (1%) of the cost of the unperformed portion for every day of delay until actual delivery or performance.

In the event that the total sum of liquidated damages for such delay or inability by the APPRAISAL COMPANY to perform its obligations exceeds 10% of the Contract Price, TIEZA may rescind or terminate the resulting Contract upon giving the APPRASIAL COMPANY written notice at least five calendar days prior to the intended date of termination, without prejudice to other courses of action and remedies open to it.

TIEZA needs not prove that it has incurred actual damages to be entitled to liquidate damages from the APPRAISAL COMPANY, and the same shall not be by way of penalty. TIEZA reserves the right to deduct any and all of the liquidated damages from any money due or which may become due to the APPRAISAL COMPANY under the resulting Contract and/or from the warranty security or other securities posted by the APPRAISAL COMPANY, as TIEZA may deem convenient and expeditious under the prevailing circumstance.

4. *Hold Harmless.* The APPRAISAL COMPANY agrees to hold TIEZA entirely free and harmless from any liability, cause or causes of action, or claims which may be filed by any or all of its personnel by reason of his/her/their employment under the resulting Contract, under the provisions of RA 602, otherwise known as the Minimum Wage Law, RA 4119, otherwise known as the Workmen's Compensation Act, and any other related law or laws which are already in effect, or which may hereafter be enacted, it being expressly agreed and understood that there is absolutely no privity between them and TIEZA, and that they are not employees of TIEZA, and the APPRAISAL COMPANY shall indemnify and/or reimburse TIEZA should the latter pay in advance any said claim, including damages incurred in connection therewith.
5. *Confidentiality.* The APPRAISAL COMPANY agrees that the services covered by the resulting Contract are strictly confidential and that a breach of any of the Terms and Conditions thereof by the APPRAISAL COMPANY may subject TIEZA to the compromise of its security, financial, material and operational loss, and therefore, the APPRAISAL COMPANY hereby agrees as follows:

- a) The APPRAISAL COMPANY and any of its personnel shall not, during the term of this Contract or anytime thereafter, reveal, disclose or furnish in any manner to any person, firm or corporation, any information relating to TIEZA which the APPRAISAL COMPANY or its personnel may have acquired or which came to its/their knowledge or possession during the performance of their obligations to TIEZA.
 - b) Only persons expressly authorized in writing by TIEZA shall be allowed by the APPRAISAL COMPANY to have access to the documents/records in the custody of the APPRAISAL COMPANY. For this purpose, TIEZA shall inform the APPRAISAL COMPANY in writing of the persons authorized to have access to said documents/records.
 - c) The APPRAISAL COMPANY shall prevent any unauthorized person from gaining access to the documents/records described in the preceding Item.
6. *Non-waiver of Rights.* The failure of TIEZA to insist upon the strict performance of any of the terms, conditions and covenants of the resulting Contract shall not be deemed a relinquishment or waiver of any right or remedy that TIEZA may have, nor shall it be construed as a waiver of any subsequent breach or default of the terms, conditions and covenants of the resulting, which in turn shall continue to be in full force and effect. No waiver by TIEZA of any of its rights under this Terms of Reference and the resulting Contract shall be deemed to have been made unless expressed in writing and signed by it.
7. *Severability.* If any provision of the resulting Contract or of any of its attachments should, for any reason, be held void or unenforceable, the legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired, and shall remain in full force and effect.
8. *Binding Effect and Assignment of Rights.* The resulting Contract shall be binding upon the APPRAISAL COMPANY, its partners, successors-in-interest, its legal representatives and assigns. Notwithstanding the foregoing, the APPRAISAL COMPANY shall not in any manner assign or transfer its rights and obligations under the resulting Contract without the prior written consent of TIEZA.
9. *Contract Amendment.* Subject to applicable laws, the resulting Contract may be amended or modified in writing upon mutual agreement of TIEZA and the APPRAISAL COMPANY.
10. *Application.* Should there be any conflict or inconsistency between the provisions, terms and conditions set forth in this Terms of Reference and those provided in the General and Special Conditions of the Contract, the former shall prevail.

IX. MODE OF PAYMENT

1. The APPRAISAL COMPANY shall be paid by milestone and only after the services have been rendered, as follows:

Table 2. Milestone of Payment

MILESTONE	Condition for Processing of Payment	% of Contract Price	Due date
1.SUBMITTED THE Inception Report in the Conduct of Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest	Issuance of Certificate of Acceptance of the Inception Report by AMS as recommended by Business Development Department	10%	Five (5) Days from the Issuance of Notice to proceed
2.Submitted All three (3) Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for the Three (3) Priority Properties (Stated in the Scope of Services)	Issuance of Certificate of Acceptance All Three (3) Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest Reports by AMS as recommended by BUDD	30%	Within 60 days from receipt of Notice to Proceed
3. Submitted All Three (3) Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for the 7 Properties (Stated in the Scope of Services)	Issuance of Certificate of Acceptance All Three (3) Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest Reports by AMS as recommended by BUDD	60%	Within 90 days from receipt of Notice to Proceed

4. Payments will only be processed after TIEZA has accepted the submitted surveying outputs and reports through the issuance of a Certificate of Acceptance by the Assets Management Sector (AMS), upon the recommendation of the Business Development Department (BUDD).

5. Regardless if one or more activities has been accomplished under the scope of services, only upon the completion and acceptance of the Three (3) Appraisal Reports on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for the Six (6) Properties Reports, can a Certificate of Acceptance be issued for its corresponding milestone.
6. Only Three (3) Certificates of Acceptance shall be issued by the AMS to qualify for processing of payment as follows:

Table 3. Certificates of Acceptance per Milestone of Payment

CERTIFICATES OF ACCEPTANCE	
1	Acceptance of the Inception Report in the Conduct of Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its
2	Acceptance of All three (3) Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for the 3 Priority Properties
3	Acceptance of All Three (3) Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for the remaining three (3) Properties of the total six (6) properties

X. APPROVED BUDGET FOR THE CONTRACT

1. The Financial Proposal shall reflect the cost of the appraisal services on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for Six (6) Properties.
2. ABC for the project will be based on the approved estimated cost stated in the Purchase Request, as follows:

Table 4. Approved Budget Contract


SCOPE OF SERVICES	APPROVED BUDGET CONTRACT
Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for the Six (6) Properties as follows	
1. Balacad Property	
2. General Luna Lot 911	
3. Mt. Data Hotel	
4. San Fabian BLL	
5. Cagayan de Oro Convention Center	
6. Leyte Park Hotel	
GRAND TOTAL	2,200,000.00
TWO MILLION TWO HUNDRED THOUSAND PESOS ONLY	

XI. BASIS FOR EVALUATION OF AWARD

Evaluation and award of contract shall be in accordance with the provisions of Republic Act No. 9184.

RECOMMENDING APPROVAL:

APPROVED/DISAPPROVED


JETRO NICOLAS F. DOZADA
Assistant Chief Operating Officer
Assets Management Sector


MARK T. LAPID
Chief Operating Officer 73

List of TABLES FOR THE TERMS OF REFERENCE

Table 1. Subject Areas for Appraisal on TIEZA'S Interest Rights thru Real Property Valuation of TIEZA'S Assets and its Development and Usufructuary Rights / Superior Interest for the Six (6) Properties

Table 2. Milestone of Payment

Table 3. Certificate of Acceptance

Table 4. Approved Budget Contract

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