



Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila

Seventeenth Congress  
First Regular Session



HOUSE RESOLUTION NO. 708

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Introduced by Representative Juan Pablo "Rimpy" P. Bondoc and  
Representative Salvador B. Belaro, Jr.

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**RESOLUTION**

**DIRECTING THE HOUSE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE GROSSLY DISADVANTAGEOUS AND HIGHLY IRREGULAR LEASE AGREEMENT BETWEEN THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) AND VANDERWOOD MANAGEMENT CORPORATION (VANDERWOOD)**

**WHEREAS**, it is a policy of the State that all procurement of the National Government shall, in all cases, be governed by competitiveness to enable eligible and qualified contracting parties to participate in public bidding;

**WHEREAS**, it is likewise a policy of the State to maintain a system of accountability in the procurement process, where both the public officials directly or indirectly involved in the procurement process, as well as in the implementation of procurement contracts and the private parties that deal with the government are, when warranted by circumstances, investigated and held liable for their actions relative thereto;

**WHEREAS**, on 24 September 2014, PAGCOR's Bids and Awards Committee (BAC) released a bulletin searching for qualified bidders, as PAGCOR wanted to lease a space for a casino gaming facility in the City of Manila;

**WHEREAS**, Vanderwood offered to lease to PAGCOR a six thousand five hundred square meter (6,500 sqm) area within the Museo ng Maynila Complex for a

period of fifteen (15) years and at the rate of Thirteen Million Pesos (Php 13,000,000.00) a month;

**WHEREAS**, Vanderwood was the only bidder to submit its offer/quotation and the BAC announced, at first, that there was a failure in the submission of the offers/quotations and a Notice of Disqualification (NOD) was sent to Vanderwood;

**WHEREAS**, Vanderwood filed an Urgent Request for Reconsideration with the BAC, which the latter decided to grant in Vanderwood's favor;

**WHEREAS**, on 24 March 2015, the BAC released its recommendation to award the contract to Vanderwood, which recommendation was immediately approved, on the same day it was released, by PAGCOR's Board of Directors (Board);

**WHEREAS**, on 31 July 2015, PAGCOR and Vanderwood entered into a Contract of Lease (Contract), wherein PAGCOR, pursuant to the provisions of the contract, paid Vanderwood a total of Two Hundred Thirty Four Million Pesos (Php 234,000,000.00), representing twelve (12) months of advance rentals and a six (6) month security deposit;

**WHEREAS**, the grant of the Contract in favor of Vanderwood is in direct contravention of existing procurement laws and regulations, as existing laws require that the lessor must have absolute ownership over the property to be leased; Vanderwood is only a mere sub-lessee of the property it leased to PAGCOR, the true owner of the property being the City of Manila which leased the said property to Oceanville Hotel and Spa Corporation (Oceanville), and in turn, Oceanville subleased the property to Vanderwood;

**WHEREAS**, the Commission on Audit (COA), after conducting an audit, disallowed the payment of PAGCOR to Vanderwood because the premises to be leased to PAGCOR was not yet existing at the time of the execution of the Contract, and COA discovered that unlike in previous contracts of lease for casino gaming facilities executed by PAGCOR, which only required a six (6) month advance rentals, this Contract required an advance payment of twelve (12) months plus another six (6) month security deposit;

**WHEREAS**, the BAC deliberately ignored the fact that Vanderwood failed to submit some required documents after qualifying, and BAC was fully aware that Vanderwood was non-compliant with certain conditions, as indicated under the technical requirements and specified in the bidding documents;

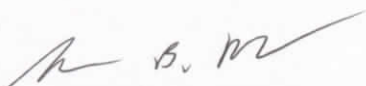
**WHEREAS**, notwithstanding that Vanderwood was merely a sub-lessee of the property it offered to lease to PAGCOR, the non-existence of the premises it intended

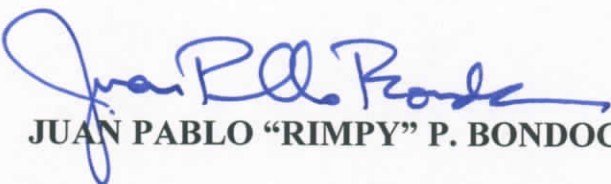


to lease to the latter at the time of the execution of the Contract, the grossly disadvantageous terms of the Contract, and the apparent failure of Vanderwood to comply with documentary and technical requirements, Vanderwood was still awarded the Contract: Now, therefore, be it

**RESOLVED AS IT IS HEREBY RESOLVED**, To direct the Committee on Good Government and Public Accountability to conduct an inquiry, in aid of legislation, on the grossly disadvantageous and highly irregular lease agreement between the Philippine Amusement and Gaming Corporation (PAGCOR) and Vanderwood Management Corporation (Vanderwood).

Adopted,

  
**SALVADOR B. BELARO, JR.**

  
**JUAN PABLO "RIMPY" P. BONDOC**