

SERVICE CONTRACT

This SERVICE CONTRACT is entered into and executed by and between:

PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR), a government-owned and -controlled corporation created and existing by virtue of *Presidential Decree 1869*, as amended, with office address at the PAGCOR Executive Office, Fifth (5th) Floor, New World Manila Bay Hotel, 1588 MH Del Pilar cor. Pedro Gil Sts., Malate, Manila, represented in this act by its President and Chief Operating Officer **JORGE V. SARMIENTO**, hereinafter referred to as "**PAGCOR**";

- and -

BUENA SUERTE JIMENEZ (BSJ) HOLDINGS, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at Lot 4, Gozun Compound, Letre Road, Tonsuya, Malabon City represented in this act by its Vice-President, **MR. WILLIAM P. PASCARAN**, hereinafter referred to as the "**CONTRACTOR**".

A copy of the duly notarized Secretary's Certificate is attached hereto as ANNEX "A".

The parties warrant that they are duly organized, registered, validly existing and in good standing under the laws of the Republic of the Philippines, and that the parties and their representatives are capable and have the requisite power, authority, permits, clearances and licenses, to enter into this Service Contract and to perform the Services and all of their obligations under this Service Contract.

RECITALS:

WHEREAS, PAGCOR requires food and beverage services for the Casino Guests for Kartini Table Games Satellite of Satellite Operations Group (SOG) 3 for a period of three (3) years under ITB No.: 06-15-2015 (the "Services");

WHEREAS, pursuant to Section 50 (c) of the Implementing Rules and regulations (IRR) of Republic Act (R.A.) 9184, the CONTRACTOR has submitted a single calculated responsive quotation to undertake the said Services and PAGCOR has accepted the proposal of the CONTRACTOR, subject to the terms and conditions hereunder stipulated;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereunder specified by these presents, PAGCOR and the CONTRACTOR hereby enter into this Service Contract under the following terms, conditions and stipulations:

I. SCOPE OF SERVICES

The CONTRACTOR undertakes to provide the Services, specifically, the provision of meals and/or snacks and the incidental services for sanitation and cleaning, including all the necessary labor, materials, supplies and equipment, to PAGCOR in its Kartini Table Games Satellite of Satellite Operations Group (SOG)3, in accordance with the menu as attached herein as Annex "B" and technical specifications:

1. The CONTRACTOR shall not amend the menu without prior written consent of PAGCOR. The prices herein agreed shall not be subject to any increase or upward adjustment for any reason or cause whatsoever for the duration of the Contract.
2. The F&B Kartini Table games Satellite shall cover a total area of two (200) hundred sq.m. more or less, as defined in the floor plan hereto attached as Annex "C".
3. The restaurant of the CONTRACTOR should be able to serve various cuisines including options for healthy meals/beverages.
4. The CONTRACTOR shall be responsible for the cleanliness and sanitation of the F&B area.
5. The CONTRACTOR has a good title to the items/goods/services being offered and full authority to sell and transfer the same and that the items/goods/services are sold free and clear of all liens, encumbrances, liabilities and adverse claims of every nature and description.
6. The CONTRACTOR's utensils shall be sterilized, kept clean and dried properly.
7. The CONTRACTOR shall provide the Services twenty-four (24) hours a day, seven (7) days a week or in accordance with the operations of Kartini Table Games Satellite.
8. The goods and services provided by the CONTRACTOR shall comply with PAGCOR's standards and shall always take into consideration the special preference of PAGCOR, its customers/clientele and/ or guests.
9. The CONTRACTOR's personnel shall secure from the responsible government agency a health/sanitary permit/clearance and submit the same to PAGCOR. The CONTRACTOR shall not field any of its personnel without the requisite government health/sanitary permit/clearance.
10. The CONTRACTOR's personnel shall, at all times, wear their prescribed uniform including, but not limited to, aprons, headdress/haircaps/hairnet and gloves, which shall be provided by the CONTRACTOR.
11. PAGCOR may require the replacement of any of the CONTRACTOR's personnel who is not performing his/her duties and responsibilities to PAGCOR's satisfaction. The CONTRACTOR shall not unilaterally pull out any of its personnel without the conformity of PAGCOR.
12. The CONTRACTOR should set-up and maintain its PAGCOR F & B operations within the premises/hotel where PAGCOR has leased an area for the operation of its SOG3 Kartini Satellite Table Games.
13. The CONTRACTOR is the exclusive provider/supplier of food and beverage requirements within the above-stated location.
14. The restaurant of the CONTRACTOR should be able to serve various cuisines including options for healthy meals/beverages.
15. The CONTRACTOR should provide sufficient manpower to meet the operation schedule that is required by PAGCOR.

16. The personnel of the CONTRACTOR should at all times be well-mannered, courteous, polite, efficient and shall conduct themselves, at all times, in a professional manner towards PAGCOR, its directors, officers, agents, customers and guests.

17. The CONTRACTOR shall exercise the required diligence in providing goods and services to the clientele and guests of PAGCOR.

18. The CONTRACTOR shall ensure that its personnel exercise good personal hygiene, particularly, but not limited to:

- a) Regular and proper hand washing;
- b) Clean and well trimmed finger nails without polish;
- c) Hair should be neat and tidy; all personnel shall wear a headdress/hair net; and
- d) Personnel who have any and/or all open wounds should be properly dressed.

19. The personnel of the CONTRACTOR must observe the practice of "Clean As You Go" policy.

20. Health / sanitary permit / clearance are required for all personnel.

21. The CONTRACTOR shall promptly serve / comply all food orders.

22. The CONTRACTOR shall have sufficient manpower to provide the Services and shall own, legally possess and/or have access to all the necessary kitchen and restaurant/canteen/cafeteria supplies, utensils and equipment necessary for the delivery of the Service and as part of the CONTRACTOR's due diligence in providing goods and services to the clientele and customers of PAGCOR such as but not limited to:

- a) Various kitchen utensils (e.g. spoons, forks, knives and chopping boards);
- b) Plates, glasses, cups and saucers;
- c) Various cookwares;
- d) Various tablecloths and table napkins;
- e) Stoves, ovens, microwave ovens; and
- f) Spices and clean containers for the different food ingredients.

23. FOOD HANDLING:

- a) Proper hand-washing should be observed at all times.
- b) Chopping boards must not be used interchangeably for raw and cooked foods.
- c) Wooden chopping boards should not be used.
- d) If food will be cooked in a different location, the service provider must transport food in a warmer that is tightly covered at least thirty (30) minutes before service.
- e) Salads that are prepared in advance must be properly stored and transported in a cold temperature.
- f) Heating of food must be available upon request of the customer.
- g) All kitchen utensils must always be sterilized.
- h) All plates, cups, glasses and saucers should always be properly cleaned and dried.

24. SPECIAL FOOD REQUIREMENTS (MENU CYCLE):

- a) The meals and beverages being offered by the CONTRACTOR to the customers and guests and listed in the menu should be mutually agreed upon by PAGCOR and the CONTRACTOR.
- b) All goods and services to be offered must be of highest quality and in accordance with PAGCOR's standards, taking into consideration further the standards and preferences of PAGCOR's customers and clientele and guests.
- c) The menu should consist of varied selections from vegetables, fruits, pork, beef, chicken, fish and seafood.
- d) The menu should also include various desserts like fresh fruits, fruit salads and sweets like leche flan.
- e) The menu should include various hot and cold beverages whether in glass, bottle or in cans, such as, sodas, juice drinks, wines and mineral water.
- f) The menu should offer meals prepared in different flavors and methods of cooking, e.g. broiled, steamed, baked, grilled, sautéed and fried.

25. ACTUAL FOOD DELIVERY:

- a) Hot food should be served hot at 140°F; cold food should be served cold at least 40°F.
- b) Avoid food contamination and/or food poisoning.
- c) Food arrangement should be attractive and garnished.
- d) Texture and consistency should be observed accordingly.

26. MENU PRICES:

- a) The prices on the menu list are subject to twenty percent (20%) discount;
- b) All prices on the menu list are VAT inclusive. Accordingly, the VAT shall be deducted from the billings;
- c) ABC is VAT exclusive, zero-rated transaction; and
- d) Cigarettes should be excluded from the menu list or should be on cash basis.

27. In the event that the CONTRACTOR fails to comply with any of its undertakings, as set forth in this Service Contract, PAGCOR shall be released from its obligations under this Service Contract, without prejudice to its rights of restitution, recovery and damages.

28. This Service Contract, and all the rights and interests herein, may not be assigned or sub-contracted to another without the consent of the other party.

29. In the event that facts and circumstances arise or are discovered which render this Contract disadvantageous to the Government, as determined by PAGCOR, the Parties hereto agree to immediately renegotiate its terms and conditions, or at the option of PAGCOR, terminate the same.

30. This Service Contract constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersedes all prior and contemporaneous contracts, representations, warranties and understandings of the parties. No supplement, variation or amendment to this Service Contract shall be binding unless executed in writing by all the parties thereto.

II. F&B BUDGET and SCHEDULE OF PAYMENT

1. The total budget for this Service Contract shall be **Two Million Four Hundred Sixty-Six Thousand Two Hundred Thirty-One Pesos and 25/100 (PhP2,466,231.25)**, VAT Exclusive, Zero-Rated Transaction for a period of **one (1) year** or **Seven Million Three Hundred Ninety-Eight Thousand Six Hundred Ninety-Three Pesos and 75/100 (PhP7,398,693.75)**, VAT Exclusive, Zero-Rated Transaction for a **period of three (3) years** (the "Budget").

2. Payment shall be based on actual consumption and billing and shall be subject to the appropriate withholding taxes.

3. PAGCOR shall not be under any obligation to pay the CONTRACTOR the entire amount of the Budget. Moreover, the aggregate billings under this Contract shall not exceed the total budget.

4. The CONTRACTOR shall submit a VAT Exclusive and Zero Rated billing statement to PAGCOR on a weekly basis together with all checks signed by the approving authority/authorized signatories of the Branch. However, F&B items/billings found unsatisfactory and/or not conformed to by PAGCOR shall not be paid. PAGCOR shall pay the billing statement within thirty (30) calendar days from its receipt of the billing statement provided that any additional, necessary and/or required supporting documents are submitted by the CONTRACTOR and are verified by PAGCOR.

5. PAGCOR shall not be liable for any other costs except those provided for under this Contract.

III. CONTRACT TERM

1. This Contract shall be effective from the effectivity date provided in the Notice to Proceed for a period of three (3) years. However, this Contract shall be automatically terminated if the Budget is exhausted before the termination date.

2. PAGCOR may terminate this Contract with or without cause, without need for judicial intervention, and without incurring any obligation whatsoever, upon thirty (30) days written notice to the CONTRACTOR.

3. Should the CONTRACTOR incur delay in the performance of its obligations, the CONTRACTOR shall pay a penalty of one-tenth of one percent (1/10 of 1%) of the total cost of the unperformed portion of everyday of delay, including Sundays and Holidays, beyond the specific period. The maximum deduction shall be ten percent (10%) of the amount of the Contract. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the Agreement, PAGCOR shall have the option to rescind the Contract, without prejudice to other courses of action and remedies open to it.

4. In case the CONTRACTOR still fails to deliver the Services after the lapse of thirty (30) days from the supposed date of implementation as provided for in this Contract, PAGCOR shall have the option to terminate the CONTRACT, without prejudice to other courses of action and remedies open to it.

IV. NO EMPLOYER-EMPLOYEE OR AGENCY/PARTNERSHIP RELATIONSHIP

1. There shall be no employer-employee relationship between PAGCOR and the employees of the CONTRACTOR. The CONTRACTOR shall have the entire charge, control and supervision of the Services herein agreed upon. The CONTRACTOR shall be responsible for all acts and omissions of its agents, personnel and all persons allowed by it to access to PAGCOR's premises, for any injury which may be caused to any person or property while remaining either casually or in business in any part of PAGCOR's premises. Any accident, injury or sickness of any kind, or death that may occur to any agent, personnel of the CONTRACTOR consequent to the performance of the Services under this Service Contract shall be the CONTRACTOR's sole responsibility. The CONTRACTOR further binds itself to indemnify and hold PAGCOR free and harmless from any claim on account of the aforementioned injuries or damages.

2. Any offense committed by any of the CONTRACTOR's personnel shall constitute a breach of this Service Contract. PAGCOR shall communicate to the CONTRACTOR all instances of such breach for immediate and appropriate action by the CONTRACTOR.

3. The CONTRACTOR shall comply with all of its obligations as an employer under the *Labor Code*, its implementing rules and regulations and all other applicable laws and regulations. Non-compliance therewith shall be for its exclusive risk and responsibility and shall constitute a violation of and a ground for the termination of this Service Contract.

4. The relationship between the parties shall be limited to the performance of the Service as stipulated under this Service Contract. Nothing herein shall be construed to create a general partnership between the parties, or to authorize any party to bind the other, except as set forth in this Service Contract, or to borrow money on behalf of another party, or to use the credit of any party for any purpose.

V. WARRANTIES, CLEARANCES, PERMITS, LICENSES and TAXES

1. The CONTRACTOR warrants that there are no actions, suits or proceedings pending or threatened, which may have a material adverse effect on its ability to fulfill its obligations under this Contract or on its operations, business, properties, assets or business condition.

2. All taxes, amounts, claims and expenses pertaining to clearances, licenses, permits, registrations or renewal thereof, required by PAGCOR or the appropriate government entities for the Services to be performed under this Service Contract shall be for the exclusive account of the CONTRACTOR.

3. The CONTRACTOR shall pay its taxes in full and on time. The CONTRACTOR shall also present tax clearance from the Bureau of Internal Revenue (BIR) and a copy of its tax payments made thereon. Its failure to do so shall entitle PAGCOR to suspend payment for services rendered by the CONTRACTOR.

VI. INDEMNIFICATION

1. The CONTRACTOR shall defend, protect, indemnify, and hold PAGCOR harmless from any and all adverse claims that may be made by any party in connection with

this Service Contract. The indemnification is limited to the services delivered to PAGCOR by the CONTRACTOR and does not cover third party claims not authorized by the CONTRACTOR.

2. The CONTRACTOR hereby holds PAGCOR its guests, corporate affiliates, directors, officers, employees and agents free and harmless from any and all actions or liabilities arising out of this Service Contract, including, without being limited to, claims for unpaid and back wages, regularization, and other terms and conditions of employment, as well as civil and criminal liabilities that the CONTRACTOR and/or PAGCOR may incur as a result of, or arising out of, the conduct and/or pursuit of Services and to indemnify the PAGCOR from and against the costs of defending any action, suit or proceedings, including legal fees or other expenses incurred in relation to any such claims mentioned above.

3. The CONTRACTOR shall indemnify and shall hold PAGCOR, its directors, officers, employees, agents, customers and guests and corporate affiliates and any employee or agent thereof (each of the foregoing, being hereinafter referred to individually as the "Indemnified Party") free and harmless against any and all liability to third parties (other than liability solely the fault of the indemnified party) arising from the negligence of the CONTRACTOR or its agents including (but not limited to) the violation of any third party's trade secret, proprietary information, trademark, copyright or patent rights in connection with the use of PAGCOR of the CONTRACTOR's services.

4. The CONTRACTOR agrees to protect and to exercise due care and proper handling of the properties of PAGCOR during the performance of the Services. The CONTRACTOR shall be jointly and severally liable with its personnel and shall indemnify and hold PAGCOR free and harmless for any death, injury or damage to PAGCOR and to third person or loss, breakage, or destruction of properties, as a consequence of the CONTRACTOR's acts or omissions, willful intent or negligence, during the performance of the Services or its obligations under this Service Contract.

5. The CONTRACTOR shall be liable in case of theft, robbery or any loss to PAGCOR's premises serviced by the CONTRACTOR's personnel. The CONTRACTOR hereby agrees to replace, repair or restitute any loss involving its personnel.

VII. PERFORMANCE SECURITY

The CONTRACTOR shall post a Performance Security (the "Security") for the benefit of PAGCOR as guarantee for former's compliance with its obligations under this contract. The Security shall be posted prior to the signing of the Contract, in accordance with any of the following schedule:

Allowable Form of Performance Security	Amount of the Performance Security (Percentage Amount of the Contract Price)
Retention Money or Cash [PAGCOR shall deduct five percent (5%) retention money for every progress payment provided that it should not exceed five percent (5%) of the contract price]	Five Percent (5%) Three Hundred Sixty-Nine Thousand Nine Hundred Thirty- Four Pesos and 69/100 (Php369,934.69)
Cashier's/manager's check issued by a Universal or Commercial Bank;	
Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, Provided however that if issued by a	

foreign bank, it shall be duly confirmed by a Universal or Commercial Bank; or	
Surety Bond (which is acceptable to PAGCOR) issued by a surety or insurance company duly certified by the Insurance Commission to issue said security.	Thirty Percent (30%) Two Million Two Hundred Nineteen Thousand Six Hundred Eight Pesos and 13/100 (PhP2,219,608.13)

The Performance Security shall be retained by PAGCOR, without interest, during the pendency of this Service Contract and any extension thereof. The Performance Security shall not only be released after the termination of this Service Contract and/or the issuance by PAGCOR of the final Certificate of Acceptance and after deducting any and all claims that PAGCOR may have against the CONTRACTOR.

VIII. CLAIMS AND DISPUTES

All claims and disputes relating to or arising out of this Contract, shall as much as possible, be settled amicably by the parties before resorting to any judicial action.

If the parties fail to settle their differences or disputes, the parties waiving for the purpose any other venue, hereby agree that the courts of the City of Manila shall be the exclusive venue of any or all actions or suits between the parties to the exclusion of all other courts and venues. This exclusive venue provision shall apply even in cases for declaration of nullity of this Contract in its entirety or in part.


IN WITNESS WHEREOF, the Parties hereto have signed these presents on this _____ day of _____, 20____ at _____.

PHILIPPINE AMUSEMENT AND GAMING CORPORATION
TIN: 033-000-887-972


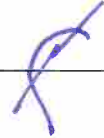
BUENA SUERTE JIMENEZ (BSJ) HOLDINGS, INC.
TIN: 110-858-165

Represented by:

JORGE W. SARMIENTO
President and Chief Operating Officer
TIN: 122-841-833

Represented by:

MR. WILLIAM P. PASCARAN
Vice-President
TIN: 238-667-399

Signed in the presence of:

 _____  _____



ACKNOWLEDGMENT

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

BEFORE ME, this DEC 11 2015 in CITY OF MANILA,
 personally appeared the following persons, each of whom exhibited his/her competent
 evidence of identity, to wit:


NAME	Identification Document Presented	Issue and Expiry Date
JORGE V. SARMIENTO	PASSPORT NO. EB1763201	January 20, 2011 to January 19, 2016

and presented to me an integrally complete document/instrument for acknowledgement. They all represented and declared to me that they voluntarily affixed the signatures appearing on the instrument/document for the purposes stated therein and that they executed the instrument/document as their free and voluntary act and deed (and if they acted in representative capacity, they have the authority to sign in that capacity).

The instrument/document referred to is a Service Contract consisting of ten (10) pages including the page on which this Acknowledgement is written duly signed by the parties and their instrumental witnesses.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the date and place first above written.

Doc. No. 184
 Page No. 38
 Book No. I
 Series of 2015


CANDY U. EZPELETA
 NOTARY PUBLIC
 IN AND FOR THE CITY OF MANILA
 5th FLD, NEW WORLD MANILA BAY HOTEL & CASINO
 11th BELMORIST, AMALATE, MANILA
 COM. NO. 8855 (ISS. APRIL 2016)
 ROLL NO. 8855 (METRIC NO. 012355)
 CABIZ CHAPTER
 PTR. NO. 3821874/I-5-15/ MANILA

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ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
KAWIT, CAVITE) S.S.

BEFORE ME, this 02 DEC 2015 in KAWIT, CAVITE,
personally appeared the following persons, each of whom exhibited his/her competent
evidence of identity, to wit:

NAME	Identification Document Presented	Issue and Expiry Date
William P. Pascaran	EB6988766	December 27, 2012 December 26, 2017

and presented to me an integrally complete document/instrument for acknowledgement. They all represented and declared to me that they voluntarily affixed the signatures appearing on the instrument/document for the purposes stated therein and that they executed the instrument/document as their free and voluntary act and deed (and if they acted in representative capacity, they have the authority to sign in that capacity).

The instrument/document referred to is a Service Contract consisting of ten (10) pages including the page on which this Acknowledgement is written duly signed by the parties and their instrumental witnesses.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the date and place first above written.

Doc. No. 176
Page No. 36
Book No. LVIII
Series of 2014

[Signature]
ATTY. FRANCISCO G. SUPNET
 NOTARY PUBLIC
 COMMISSION EXPIRES DECEMBER 31, 2016
 IBP NO. 951308/CAVITE CHAPTER/10120.2014
 PTE NO. 4352951/KAWIT/CAVITE/01.06.2015
 ATTORNEY'S ROLL NO. 25654/PAGE 631/BOOK XI
 MCLE COMPLIANCE NO. V-0000203, JUNE 24, 2013

[Handwritten initials]