

P: bac

SERVICE CONTRACT

KNOW ALL MEN BY THESE PRESENTS:

This Service Contract (the "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 No. 1869, as amended, with office address at **PAGCOR** Corporate Office, Hyatt Hotel and Casino Manila, M.H. Del Pilar corner Pedro Gil Streets, Malate, Manila, represented in this act by its President and Chief Operating Officer, **JORGE V. SARMIENTO**, hereinafter referred to as "**PAGCOR**";

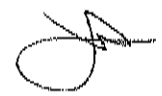
- and -

10INCH LIGHTS & SOUNDS, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines, with office address at 2925 Bagac St., Manuguit, Tondo, Manila represented in this act by its Finance Officer, **MA. LUISA O. CASTRO**, hereinafter referred to as the "**CONTRACTOR**".

Collectively referred to as the "**PARTIES**"

WITNESSETH: THAT

WHEREAS, PAGCOR intends to reinforce its Production and Technical Requirements for the "Kristmas Karol Kantahan Kontest" (the "Services") under ITB No.: 10-47-2012.



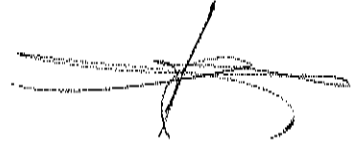
WHEREAS, considering that all the requisites were met, **PAGCOR** directly contracted with the **CONTRACTOR** in order to secure its Services pursuant to Section 50 of the Revised Implementing Rules and Regulations (IRR) of Republic Act (R.A.) No. 9184;

WHEREAS, the **CONTRACTOR** has submitted a responsive proposal to undertake the said Services;



WHEREAS, 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 a contract under the following terms, conditions and stipulations:



ARTICLE I
SCOPE OF UNDERTAKING

The **CONTRACTOR** undertakes to provide the Services, in accordance with the following technical specifications:

Project:	One (1) Lot Procurement of Services for Reinforcement on the Production and Technical Requirements for the "Kristmas Karol Kantahan Kontest 2012"
Location:	PAGCOR Grand Theater, Airport Casino Filipino Parañaque
Ingress Date & Time:	December 6, 2012 from 8:00a.m.
Event Date:	December 7, 2012
Egress Date & Time:	December 8, 2012 from 8:00a.m. to 8:00p.m.
AUDIO EQUIPMENT	
FRONT OF HOUSE:	
• 12 units	12" Line Array Speakers
• 8 units	Single 18" Subwoofer
• 4 units	Power Amplifier
• 2 units	Flying Frame
• 2 units	Chain Block
FRONT FILL SPEAKERS:	
• 4 units	12" Line Array Speakers
• 4 units	Single 18" Self-powered Subwoofer
STAGE FILL SPEAKER:	
• 4 units	15" Speakers
MAIN SYSTEM CONTROL / COMMUNICATION SET	
• 1 unit	48 Channel Digital Mixer
• 1 lot	Digital Processor
• 1 unit	Dual CD Player
• 8 units	Backpack w/ Headset
• 1 unit	Base

LIGHTING EQUIPMENT	
• 24 units	LED Par Light 7W Back Lighting
• 4 units	Molifay (4 x 1 bulb)
• 4 units	Light Stand
• 1 lot	Power Pack w/ Breaker
• 2 units	1500 Follow Spot w/ Power Supply Stand
• 16 units	"Sharpey type" Beam Moving Head
• 8 units	Wash Moving Head
• 1 unit	Lighting Controller
• 2 units	Vertical Smoke
• 2 units	Haze Machine
LED VIDEO DISPLAY WALL	
• 2 units	LED Video Wall (at least 8.5ft. x 11.9ft.)
• 2 units	LED Complete System
• 4 units	DVD Player
• 2 units	Video Switcher
• 2 units	Scan Converter
• 1 unit	Video Splitter Amplifier
• 1 lot	Video Cables and Connectors
TRUSSES / RIGGING EQUIPMENT	
• 2 sets	40ft. Aluminum Truss
• 4 units	Chain Block
DESIGN	
• 1 lot	Complete Stage Design & Execution
• 1 lot	Complete Audio Design & Execution
• 1 lot	Complete Lighting Design & Execution
TECHNICAL STAFF & CREW (including crew meals)	
•	Technical Director

- Lighting Director
 - Sound Engineer
 - Technical Staff

The **CONTRACTOR** shall submit a Certificate of Performance ("Certificate") upon the completion of the Service.

ARTICLE II CONTRACT AMOUNT

The contract price for the Services, shall be in the total amount of **THREE HUNDRED FIFTY THOUSAND PESOS (PHP 350,000.00)**, VAT-Exclusive, Zero-Rated transaction.

Both parties agree that the total price stated herein already includes all applicable taxes, fees and charges required by the Government. The **CONTRACTOR** holds **PAGCOR** free from liability for any or all taxes arising out of this transaction.

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.

ARTICLE III SCHEDULE OF PAYMENT

The cost of the total contract amount shall be payable within thirty (30) calendar days upon receipt the final Certificate of Acceptance, **PAGCOR's** acceptance in writing of the Certificate described in Article I herein, and provided all the conditions imposed under the Contract have been fully met.

ARTICLE IV CONTRACT TERM

This Contract shall commence on the effectivity date provided in the Notice to Proceed. Within this period, **PAGCOR** may terminate this Contract with or without cause, without need for judicial intervention, upon seven (7) days written notice to the **CONTRACTOR**.

ARTICLE V WARRANTY AND RESPONSIBILITIES

The **CONTRACTOR** hereby warrants that:

1. It is an entity duly organized, validly existing and in good standing under the laws of the Republic of the Philippines, and it has the requisite power and authority to enter into and perform its obligations under this Contract
2. There are no actions, suits or proceedings pending or, to the best of its knowledge, 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.
3. That the Services to be rendered herein shall be as described under Article I of this Contract. The **CONTRACTOR** warrants that it has secured all the necessary government licenses and permits to allow it to render the Services agreed upon

and that it is free from any liability or adverse claims, of every nature and description that would prevent or hinder it from rendering the said Service.

4. The **CONTRACTOR** hereby represents and warrants that it has sufficiently experienced and competent personnel able to perform the Services under this Contract. It is understood that the **CONTRACTOR** shall exercise complete and unequivocal control and supervision over its staff in the performance of their respective functions and duties;
5. The **CONTRACTOR** will defend, protect, indemnify, and hold **PAGCOR** harmless from any and all adverse claims that may be made by any party in connection with the rendition of the Services in Article I herein.

ARTICLE VI **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 and in cases arising after or by reason of the declaration of nullity of this Contract in its entirety or in part

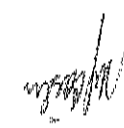
In the event that a dispute arises with respect to this Contract, the party prevailing in such dispute shall be entitled to recover all expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred in ascertaining such party's rights or in preparing to enforce, or in enforcing, such party's rights under this Contract, whether or not it was necessary for such party to institute suit.

ARTICLE VII **DAMAGES FOR DELAY**

The **CONTRACTOR** shall complete the implementation of the Services within the time prescribed in Article III hereof. Should **CONTRACTOR** incur delay in its performance, **CONTRACTOR** shall pay a penalty of one-tenth of one percent (1/10 of 1%) of the total cost of the undelivered item for each day 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 Contract, **PAGCOR** shall have the option to rescind the Contract, without prejudice to other courses of action and remedies open to it.

ARTICLE VIII **FORCE MAJEURE**

The **CONTRACTOR** is responsible for the implementation of the Services provided in Article I hereof. In the event that such project cannot be completed within the prescribed period because of fortuitous events and/or force majeure, as defined by prevailing laws and such other causes not attributable to the **CONTRACTOR**, **PAGCOR** shall have no cause for action against the **CONTRACTOR** and shall only pay the value of the Services already delivered and accepted.



Without limiting the applicability of prevailing laws, an event shall not be considered fortuitous event unless it presents all of the following characteristics:

- a. The event must be independent of the **CONTRACTOR**'s or its employee's will;
- b. The event could not be foreseen, or if it could be foreseen, it must have been impossible to avoid;
- c. The event must be of such character as to render it impossible for the **CONTRACTOR** to comply with its obligation in a normal manner. Mere difficulty in the performance shall not excuse the **CONTRACTOR**; and
- d. The **CONTRACTOR** or its employees must be free from any participation in the aggravation of the injury to **PAGCOR**.

ARTICLE IX **DEFAULTS**

In the event that any of the **PARTIES** fail to comply in good faith with their undertakings, as set forth in this Contract, within the periods provided herein, the non-defaulting party shall be released from its obligations under this Contract, without prejudice to the rights of restitution, recovery and damages.

In the event of breach by either party, the **PARTIES** agree to amicably settle the same under the provisions of Article VI hereof prior to judicial action.

In the event settlement cannot be made, the **PARTIES** shall abide by the provisions of law with respect to default.

ARTICLE X **INDEMNIFICATION**

The **CONTRACTOR** shall indemnify and shall hold **PAGCOR**, its guests, 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.

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**.

ARTICLE XI **CONFIDENTIALITY**

All information disclosed to the **CONTRACTOR** arising out of or as a result of this Contract shall be confidential in nature. The **CONTRACTOR** shall be solidarily liable to **PAGCOR** for any unauthorized disclosure made by its officers, employees, agents, and other persons acting on the **CONTRACTOR**'s behalf.

The obligations stated in this Confidentiality Clause shall also apply to confidential information negligently, unintentionally or inadvertently disclosed by **PAGCOR** (its officers, employees, agents, and any other persons acting on its behalf) and to disclosures made by a **PAGCOR** officer, employee, agent, and other persons ordinarily acting on its behalf, in breach of his/her obligation or duty to **PAGCOR**.

ARTICLE XII
TAXES AND LICENSES

All amounts, claims, and expenses pertaining to licenses, permits, registrations or renewals thereof, required by the appropriate government entities for the services performed under Contract shall be for the exclusive account of **CONTRACTOR**.

The **CONTRACTOR** shall regularly present, within the duration of the Contract, a tax clearance from the Bureau of Internal Revenue (BIR) as well as a copy of its income and business tax returns duly stamped and received by the BIR and duly validated with the tax payments made thereon.

The **CONTRACTOR** shall pay taxes in full and on time, failure to do so will entitle **PAGCOR** to suspend payment for services rendered by the **CONTRACTOR**.

ARTICLE XIII
NO EMPLOYER-EMPLOYEE RELATIONSHIP

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 performance of the Services herein agreed upon. Any damage, accident, injury, or sickness of any kind, or death that may occur to any employee of the **CONTRACTOR** during the time and consequent to the performance of the work under this Contract shall likewise be the **CONTRACTOR's** responsibility.

The **CONTRACTOR** further binds itself to hold **PAGCOR** free and harmless from any claim on account of the aforementioned injury or damage.

ARTICLE XIV
PERFORMANCE SECURITY

To guarantee the faithful performance of the **CONTRACTOR** of its obligations, it shall post a Performance Security prior to the signing of the contract, in accordance with any of the following schedule:

Form of Security	Amount in Percentage of Total Contract Price
Cash, cashier's/manager's check, bank draft/guarantee issued by a Universal or Commercial Bank.	Five Percent (5%) (Php 17,500.00)
Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, Provided that if issued by a foreign Bank it shall be	

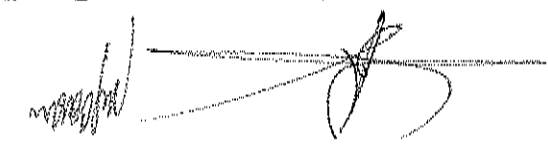
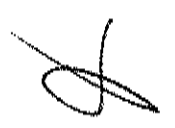
confirmed by a Universal or Commercial Bank	Surety Bond (which is acceptable to PAGCOR) callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Thirty Percent (30%) (Php 105,000.00)
	Any combination of the foregoing.	Proportionate to share of form with respect to total amount of security

The Performance Security shall guarantee the full and complete supply, delivery, installation, testing and commissioning of the Services under Article I and the full compliance with its warranties and responsibilities under Article V.

The Performance Security shall remain valid until issuance of the final Certificate of Acceptance. The same may be released only after the issuance of the Certificate of Acceptance of the services, provided that there are no claims filed against the surety company of the **CONTRACTOR**.

ARTICLE XV
MISCELLANEOUS PROVISIONS

1. In the event that the facts and circumstances arise or are discovered which render this agreement disadvantageous to the Government, the parties hereto agree immediately to re-negotiate its terms and conditions, or at the option of **PAGCOR**, terminate the same.
2. This Contract, and all the rights and interests herein, may not be assigned or subcontracted to another without the consent of the other party.
3. All notices and other communications provided for or permitted hereunder shall be in writing and sent to the parties at their respective addresses as indicated in this Contract.
4. If any provision hereof is prohibited or made unenforceable under any applicable law or by a competent court or authority, the same shall not affect any other provision of this Contract, which are otherwise valid and enforceable.
5. The parties agree to abide by these terms and conditions in good faith.
6. The relationship between the parties shall be limited to the performance of the terms and conditions of the Contract. Nothing in this Contract 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 Contract, or to borrow money on behalf of another party, or to use the credit of any party for any purpose other than what has been set forth herein.
7. Any right or remedy conferred by this Contract upon the parties shall not be exclusive of any other right or remedy, whether under this Contract or provided or

permitted to the parties at law or in equity, but each right or remedy shall be cumulative of every other right or remedy available to them.

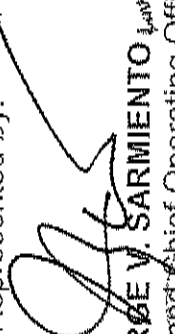
8. This Contract constitutes the entire agreement between the parties pertaining to the subject matter contained in it, and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the parties. No supplement, variation or amendment of this Contract shall be binding unless executed in writing by all the parties thereto.
9. No waiver of any of the provisions of this Contract shall be deemed, or shall constitute a waiver of any other provision, whether similar or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless in writing and signed by the party making the waiver.

IN WITNESS WHEREOF, the **PARTIES** hereto have signed these presents on this ____ day of _____, 2012 at the City of Manila, Philippines.

**PHILIPPINE AMUSEMENT AND
GAMING CORPORATION**

TIN: 033-000-887-972

Represented by:


JORGE V. SARMIENTO ^{JUR}
President and Chief Operating Officer
TIN: 122-841-833 *pc*

10INCH LIGHTS & SOUNDS, INC.

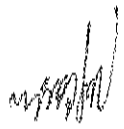
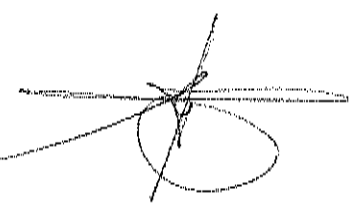
TIN: 008-368-262-000

Represented by:


MA. LUISA O. CASTRO
Financial Officer
TIN: 219-215-093-000

Signed in the presence of:


NORBERTO L. OBIAS

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the City of CITY OF MANILA, on this ____ day of _____, 2012, personally appeared:

NAME **JORGE V. SARMIENTO** GOVERNMENT ID NO. **PASSPORT NO. EB1763201**
ISSUE DATE: JANUARY 20, 2011
PLACE OF ISSUE: DFA-MANILA
VALIDITY PERIOD: JANUARY 19, 2016

known to me to be the same person who executed the foregoing Service Contract consisting of eleven (11) pages, and who acknowledged to me that the same is his own free and voluntary act and deed as well as the free and voluntary act and deed of the entity he represents, he being duly authorized for this purpose.

WITNESS MY HAND AND NOTARIAL SEAL, on the date and place first above written.

J
Doc. No.: 20
Page No.: 5
Book No.: 1
Series of 2012

Marianito V. Gacsagat
MARIANITO V. GACSAGAT
NOTARY PUBLIC
IN AND FOR THE CITY OF MANILA
6TH FLR. WYATT HOTEL & CASINO
M.H. DEL PILAR ST., MALATE MANILA
APPT. NO. 2014-042 UNTIL DEC. 31, 2015
ROLL NO. 13379, IBP LIFETIME NO. 06163
CALMANA CHAPTER
PTR NO. 2532019/12-23-13/ MANILA

[Signature]

[Signature]

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the City of MANILA, on this JAN 16 2014, 2012, personally appeared:

<u>NAME</u>	<u>GOVERNMENT ID NO.</u>
MA. LUISA O. CASTRO	DRIVER'S LICENSE NO. N04-04-005568
	ISSUED ON LAND TRANSPORTATION OFFICE
	EAST AVENUE, QUEZON CITY
	EXPIRATION DATE: 2015-09-20

known to me to be the same person who executed the foregoing Service Contract consisting of eleven (11) pages, and who acknowledged to me that the same is her own free and voluntary act and deed as well as the free and voluntary act and deed of the entity she represents, she being duly authorized for such purpose.

WITNESS MY HAND AND NOTARIAL SEAL, on the date and place first above written.



Doc. No. 106
Page No. 05
Book No. 178
Series of 2012

ATTY. BUENAVENTURA S. MEDINA JR.
NOTARY PUBLIC
VALID UNTIL DECEMBER 31, 2014
ISS. RECEIPT / LINETIME NO. N-1-23796
PTR NO. 2217153 / 01-07-14
TIN NO. 129370012 APPT. NO. M. 21
IICLE NO. 9765437-03 / 12-05-08 MLA.
ROLL NO. 37658

