

# SERVICE CONTRACT

This SERVICE CONTRACT ("Contract") is entered into 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 Executive Office, New World Manila Bay Hotel, M.H. Del Pilar cor. Pedro Gil Sts., Malate, Manila, represented by its President and Chief Operating Officer, **JORGE V. SARMIENTO**, hereinafter referred to as "**PAGCOR**";

- and -

**BACKROOM, INC.**, a corporation registered with the Securities and Exchange Commission (SEC) with SEC Certificate No. 169004 and principal office address at Unit 207 CRM Building 116 Kamias Road cor. Kasing Kasing St., Quezon City, represented by its President, **ROWENA S. SALIDO**, hereinafter referred to as the "**CONTRACTOR**".

Collectively referred to as the "Parties"

## WITNESSETH: THAT -

**WHEREAS**, **PAGCOR** requires the Procurement of Entertainment for the Monthly Thematic Launch (Nationwide for July to September 2015) under ITB No.05-04-2015 ("Services");

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

**WHEREAS**, the **CONTRACTOR** has submitted the Single Calculated Responsive Quotation to undertake the supply and delivery of 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**  
**DESCRIPTION OF WORK**

The **CONTRACTOR** undertakes to provide the Services according to the following technical specifications:

<p><b>Project: Procurement of Entertainment for the Monthly Thematic Launch (Nationwide for July to September 2015)</b></p>
<p><b>Performance Duration:</b> Minimum of sixty (60) minutes of very satisfactory performance based on the Exclusivity of the Program</p>
<p><b>Performers , Date and Venue of Performance:</b></p> <p><b>JULY 2015</b>            July 01, CF-Pavilion – Pretty Young Thing (PYT) Band            July 01, CF-Angeles - Chokoleit            July 02, CF-Hyatt – Julia Clarete with Guest            July 02, CF-Mactan – Sitti Navarro with pianist            July 03, Madison Satellite – Julia Clarete with Guest            July 06, CF-Bacolod – Michael Pangilinan with Pianist            July 08, CF-Iloilo – Michael Pangilinan with pianist            July 17, Mimosa Satellite – Kris Lawrence</p> <p><b>AUGUST 2015</b>            August 03, CF-Bacolod – Sitti Navarro with pianist            August 05, CF-Pavilion – Duncan Ramos            August 05, CF-Angeles – Jay R            August 05, CF-Iloilo – Mitch Valdez            August 06, CF-Hyatt – Pretty Young Thing (PYT) Band            August 06, Mactan Satellite – Michael Pangilinan with Guest            August 07, Malabon Satellite – Michael Pangilinan with Guest            August 14, Mimosa Satellite – Sitti Navarro with pianist</p> <p><b>SEPTEMBER 2015</b>            Sept. 02, CF-Pavilion – Michael Pangilinan with pianist            Sept. 02, CF-Angeles – Pretty Young Thing (PYT) Band            Sept. 02, CF-Iloilo – Sheryn Regis            Sept. 03, CF-Hyatt – Michael Pangilinan with pianist            Sept. 03, Mactan Satellite – Sheryn Regis            Sept. 04, Madison Satellite – Michael Pangilinan with pianist            Sept. 07, CF-Bacolod – Sheryn Regis            Sept. 11, Mimosa Satellite – Julia Clarete with Guest</p>
<p><b>Additional Conditions:</b></p> <p>1. The following shall be provided by the winning bidder during the show:</p> <ul style="list-style-type: none"> <li>• <b>Musical and Production Requirement:</b> <ul style="list-style-type: none"> <li>- Musical arrangement and CD materials</li> <li>- Show starts at 9:00 p.m.</li> <li>- Call time is three (3) hours before the show</li> </ul> </li> <li>• <b>Land Transportation and Food and Beverage requirements</b></li> </ul>

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- Hotel accommodation and airfare (if applicable)
2. The artists / entertainers, branch assignments and date of performances shall not be replaced by the CONTRACTOR without express written consent from PAGCOR. If, for any cause, any or all of artist(s)/ entertainer(s)/ performer(s) shall become indisposed on the day of the show, the CONTRACTOR shall promptly retain the services of back-up artist(s)/ entertainer(s)/ performer(s) of the same caliber, who shall perform in lieu of the original artist(s)/ entertainer(s)/ performer(s), subject to the approval of the Second Party. The Contractor shall inform PAGCOR beforehand of any cancellation or non-performance.
  3. PAGCOR shall provide the venue with basic technical equipment.

The CONTRACTOR undertakes to deliver the Services in strict conformity with the agreed specifications. In the event the CONTRACTOR fails to comply with any aspect of the approved final concept, storyboard, script and items as described in the Contract, PAGCOR may implement necessary changes or adjustments in order to achieve the desired results.

**ARTICLE II**  
**NO EMPLOYER-EMPLOYEE RELATIONSHIP**

There shall be no employer-employee relationship between PAGCOR and the artist(s)/entertainer(s)/performer(s) and 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 artist(s)/entertainer(s)/performer(s) or employee of the CONTRACTOR during the time and consequent to the performance of the Services 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 III**  
**CONTRACT TIME**

This Contract shall commence on the effectivity date provided in the Notice to Proceed.

The schedule for the performances shall be as follows:

- JULY 2015**

  - July 01, CF-Pavilion – Pretty Young Thing (PYT) Band
  - July 01, CF-Angeles - Chokoleit
  - July 02, CF-Hyatt – Julia Clarete with Guest
  - July 02, CF-Mactan – Sitti Navarro with pianist
  - July 03, Madison Satellite – Julia Clarete with Guest
  - July 06, CF-Bacolod – Michael Pangilinan with Pianist
  - July 08, CF-Iloilo – Michael Pangilinan with pianist
  - July 17, Mimosa Satellite – Kris Lawrence

**AUGUST 2015**

August 03, CF-Bacolod – Sitti Navarro with pianist  
August 05, CF-Pavilion – Duncan Ramos  
August 05, CF-Angeles – Jay R  
August 05, CF-Iloilo – Mitch Valdez  
August 06, CF-Hyatt – Pretty Young Thing (PYT) Band  
August 06, Mactan Satellite – Michael Pangilinan with Guest  
August 07, Malabon Satellite – Michael Pangilinan with Guest  
August 14, Mimosa Satellite – Sitti Navarro with pianist

**SEPTEMBER 2015**

Sept. 02, CF-Pavilion – Michael Pangilinan with pianist  
Sept. 02, CF-Angeles – Pretty Young Thing (PYT) Band  
Sept. 02, CF-Iloilo – Sheryn Regis  
Sept. 03, CF-Hyatt – Michael Pangilinan with pianist  
Sept. 03, Mactan Satellite – Sheryn Regis  
Sept. 04, Madison Satellite – Michael Pangilinan with pianist  
Sept. 07, CF-Bacolod – Sheryn Regis  
Sept. 11, Mimosa Satellite – Julia Clarete with Guest

**CF - Pavilion**

Manila Pavilion Hotel, U.N. Avenue, Ermita, Manila

**CF - Malate**

A.Mabini corner Pedro Gil Streets, Malate, Manila

**CF - Angeles**

McArthur Highway, Balibago, Angeles City, Pampanga

**CF-Bacolod**

L'Fisher Hotel, 14th Lacson Street, Bacolod City

**CF-Iloilo**

Amigo Terrace Hotel & Mall, Izmart corner Delgado Streets, Iloilo City

**Malabon Satellite**

110 McArthur Highway, Potrero

**Mimosa Satellite**

Mimosa Drive, Clark Field, Pampanga

**Mactan Satellite**

Waterfront Airport Hotel, #1 Airport Road, Lapu-lapu City

Within this period, **PAGCOR** may terminate this Contract with or without cause, without incurring any liability whatsoever, such as, but not limited to, the payment of any unpaid and unperformed Service(s), without need for judicial intervention, upon thirty (30) days written notice to the **CONTRACTOR**.

**ARTICLE IV**  
**DAMAGES FOR DELAY**

The **CONTRACTOR** shall complete/deliver the Services within the time prescribed in this Contract. Should the **CONTRACTOR** incur delay in its

performance, 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 the contract 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.

In case the **CONTRACTOR** still fails to deliver the item after the lapse of thirty (30) calendar days from the stipulated date of delivery, in addition to the penalties agreed upon, **PAGCOR** shall have the option to terminate the Contract

**ARTICLE V**  
**CONTRACT PRICE**

The Contract Price for the Services shall be in the total amount of **Six Million Pesos (PhP6,000,000.00)**, **VAT Exclusive, Zero-Rated Transaction**, with breakdown as follows:

Performers, Date and Venue of Performance	Talent Fee of Celebrity Hosts, Musical and/or Production Requirement, Land Transportation/Airfare, F & B, and Hotel Accommodation, per Date and Venue of Performance (VAT Exclusive, Zero Rated Transaction)
<b>JULY 2015</b>	
July 01, CF-Pavilion – Pretty Young Thing (PYT) Band	PhP300,000.00
July 01, CF-Angeles – Chokoleit	PhP270,000.00
July 02, CF-Hyatt – Julia Clarete with Guest	PhP230,000.00
July 02, CF-Mactan – Sitti Navarro with pianist	PhP250,000.00
July 03, Madison Satellite – Julia Clarete with Guest	PhP270,000.00
July 06, CF-Bacolod – Michael Pangilinan with Pianist	PhP200,000.00
July 08, CF-Iloilo – Michael Pangilinan with pianist	PhP260,000.00
July 17, Mimosa Satellite – Kris Lawrence	PhP220,000.00
<b>AUGUST 2015</b>	
August 03, CF-Bacolod – Sitti Navarro with pianist	PhP200,000.00
August 05, CF-Pavilion – Duncan Ramos	PhP300,000.00
August 05, CF-Angeles – Jay R	PhP270,000.00
August 05, CF-Iloilo – Mitch Valdez	PhP260,000.00
August 06, CF-Hyatt – Pretty Young Thing (PYT) Band	PhP230,000.00
August 06, Mactan Satellite – Michael Pangilinan with Guest	PhP250,000.00
August 07, Malabon Satellite – Michael Pangilinan with Guest	PhP270,000.00
August 14, Mimosa Satellite – Sitti Navarro with pianist	PhP220,000.00
<b>SEPTEMBER 2015</b>	
Sept. 02, CF-Pavilion – Michael Pangilinan with pianist	PhP300,000.00
Sept. 02, CF-Angeles – Pretty Young Thing (PYT) Band	PhP270,000.00
Sept. 02, CF-Iloilo – Sheryn Regis	PhP260,000.00
Sept. 03, CF-Hyatt – Michael Pangilinan with pianist	PhP230,000.00
Sept. 03, Mactan Satellite – Sheryn Regis	PhP250,000.00
Sept. 04, Madison Satellite – Michael Pangilinan with pianist	PhP270,000.00
Sept. 07, CF-Bacolod – Sheryn Regis	PhP200,000.00

*J*

*R*

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Sept. 11, Mimosa Satellite – Julia Clarete with Guest	PhP220,000.00
<b>GRAND TOTAL COST, VAT Exclusive, Zero Rated Transaction</b>  (Please state Amount in Words and in Figures)	<b>Six Million Pesos (PhP6,000,000.00)</b>

Both parties agree that the Contract Price stated herein includes all applicable taxes, fees licenses, permits and charges required by the Philippine Government. The **CONTRACTOR** holds **PAGCOR** free from liability for any or all taxes, fees, licenses, permits and charges arising out of this Contract.

The price herein agreed shall not be subjected to any increase or upward adjustment for any reason or cause whatsoever for the duration of the Contract.

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

**ARTICLE VI**  
**SCHEDULE OF PAYMENT**

Payment shall be made immediately after each show upon issuance of the Certificate of Acceptance coming from the end-user and the submission of a valid Tax Clearance Certificate but not to exceed the Two Million Pesos (PhP2,000,000.00) per month or the total contract price of Six Million Pesos (PhP6,000,000.00) for the entire period of July to September 2015.

**ARTICLE VII**  
**WARRANTIES AND RESPONSIBILITIES**

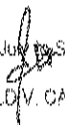

The **CONTRACTOR** hereby warrants that:

1. There are no actions, suits or proceedings pending or, to the best of its knowledge, threatened, which may have any adverse material effects on its ability to fulfill its obligations under this Contract or on its operations, business, properties, assets or business condition.
2. The **CONTRACTOR** further warrants that it is fully authorized to render the Services and 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 Services.
3. The **CONTRACTOR** shall fully defend, protect, indemnify, and shall hold **PAGCOR** harmless from any and all adverse claims that may be made by any party by reason of the Contract.

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 GERALD V. CAYETANO
 

**ARTICLE VIII**  
**PERFORMANCE SECURITY**

To guarantee the faithful performance of the **CONTRACTOR** of all of its obligations under this Contract, the winning supplier shall provide a Performance Security in any of the following forms:

Allowable Form of 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]	<b>Five Percent (5%)</b>
Cashier's/manager's check issued by a Universal or Commercial Bank;	<b>Three Hundred Thousand Pesos (PhP300,000.00)</b>
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 specific for the project.	<b>Thirty Percent (30%)</b>  <b>One Million Eight Hundred Thousand Pesos (PhP1,800,000.00)</b>

The Performance Security shall be retained by **PAGCOR**, without interest, during the pendency of this Contract and any extension thereof. The Performance Security shall only be released after the termination of this 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**.

The **CONTRACTOR** shall cause the extension of the validity of the Performance Security to cover approved contract time extensions.

The Performance Security shall guarantee the complete and satisfactory performance of the agreed upon Services, the delivery of the items enumerated in Article I, and the full compliance of its warranties under Article VII.

**ARTICLE IX**  
**INTELLECTUAL PROPERTY**

All new materials, compilations, data and information produced hereunder, from the inception of the Contract until its final completion, including all other reproductions made therefrom, together with the performances embodied therein

and all copyrights therein and thereto, and all renewals and extensions thereof shall entirely be the property of PAGCOR, free from any claims whatsoever by the CONTRACTOR, its employees or any other person.

The CONTRACTOR shall be responsible for securing the necessary licenses, permits or authorization from the owners of the copyright of the songs or pieces to be performed in accordance with the relevant and applicable statutes as well as provisions of other laws, ordinances and decrees and hereby holds PAGCOR free and harmless from whatever liability or damage suits that may be filed against the latter for violation of said laws and ordinances as well as suits or claims by third parties.

#### **ARTICLE X CLAIMS AND DISPUTES**

All claims and disputes relating to or arising out of this Contract shall 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 the 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.

#### **ARTICLE XI INDEMNIFICATION**

The CONTRACTOR shall indemnify and shall hold PAGCOR, its directors, employees, guests, agents corporate affiliates free and harmless against any and all liability to third parties arising from this Service Contract 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 CONTRACTOR shall be liable to PAGCOR, for any damage to property or injury or death of persons occasioned by the Services rendered by the CONTRACTOR under this Contract, or by reason of the gross neglect or willful misconduct of the CONTRACTOR, or any of its agents or employees.

The CONTRACTOR assumes all liability due to its fault or negligence, in connection with this Contract, including theft and disappearance, or any damage or injury to goods, wares or merchandise or property of any kind of PAGCOR.

#### **ARTICLE XII CONFIDENTIALITY/NON-DISCLOSURE**

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 unauthorized disclosures made by its artist(s)/ entertainer(s)/ performer(s), 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 XIII**  
**MISCELLANEOUS PROVISIONS**

In the event that facts and circumstances arise or are discovered which render this Contract 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.

No terms or conditions of this Contract shall be waived and no breach or default excused unless such waiver or excuse shall be in writing and signed by the party affected.

The **CONTRACTOR** shall pay its taxes in full and on time. The **CONTRACTOR** shall also present a tax clearance from the Bureau of Internal Revenue (BIR) and a copy of its income and business tax returns, duly stamped, received and validated by the BIR, indicating the tax payments made thereon. Its failure to do so shall entitle **PAGCOR** to suspend payment for services rendered by the **CONTRACTOR**.

This Contract and the interests therein, may not be assigned or sub-contracted to another without prior consent of the other party.

Any and all notices to be given pursuant to, or under this Contract, shall be sent to the party to whom the notice is addressed at the address of the party indicated in this Contract.

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.

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.

Any right or remedy conferred by this Contract upon the parties shall not be exclusive of any other right or remedy of each party, whether under this Contract or provided or permitted at law or in equity, but each right or remedy shall be cumulative of every other right or remedy available to it.

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 the parties.

This Contract may be executed in any number of counterparts, each of which when so executed and delivered shall be considered as an original and all together shall constitute one Contract.

IN WITNESS WHEREOF, the parties hereto have signed these presents on this \_\_\_\_ day of \_\_\_\_\_, 2015 at the City of Manila, Philippines.

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

**BACKROOM, INC.**  
TIN: 000-089-528-000


Represented by:

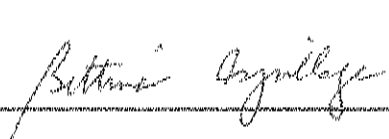
  
**JORGE V. SARMIENTO**  
President and Chief Operating Officer  
TIN No. 122-841-833

Represented by:

  
**ROWENA S. SALIDO**  
President  
TIN No. 138-822-403

Signed in the presence of:

  
\_\_\_\_\_

  
\_\_\_\_\_

ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public for and in the City of MANILA, on this JUN 29 2015 day of \_\_\_\_\_, 2015, personally appeared:

NAME

GOVERNMENT ID NO.

JORGE V. SARMIENTO

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 persons who executed the foregoing Service Contract consisting of twelve (12) pages including this page, 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.

Doc. No.: 301  
Page No.: 62  
Book No.: 111  
Series of 2015

*[Signature]*  
CRISTINA S. TONDARES-MASANGCAY  
NOTARY PUBLIC  
IN AND FOR THE CITY OF MANILA  
SUITE 101, HYATT HOTEL & CASINO  
M.H. DEL PILAR ST. MALAY, MANILA  
APPT. NO. 2074-705 UNTIL DEC. 31, 2015  
ROLL NO. 62845 15P/LIFETIME NO. 012234  
PELM CHAPTER  
PTR NO. 3824077/1-5-15/MANILA

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ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES )  
CITY OF Pasig City )S.S

BEFORE ME, a Notary Public for and in the City of Pasig City, on this JUN 25 2015 day of \_\_\_\_\_, 2015, personally appeared:

NAME

GOVERNMENT ID NO.

ROWENA S. SALIDO

PASSPORT NO. EB2657773  
Issue Date: September 4, 2012  
Place of Issue: DFA-Manila  
Validity Period: September 3, 2017

known to me to be the same persons who executed the foregoing Service Contract consisting of twelve (12) pages including this page, 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.

Doc. No.: 129  
Page No.: 27  
Book No.: I  
Series of 2015

**WENDELL V. DIMACULANGAN**  
Notary Public Pasig, Pateros, San Juan, Taguig  
Appt. No. 232 (2014-2015) Until Dec. 31, 2015  
1903 Medical Plaza Ortigas, Pasig City  
IBA Life Member No. 06754/ Roll No. 44578  
PTR No. 9829023/ 01-03-14/ Pasig City