

Review Copy

NOTICE TO PROCEED

June 28, 2016

MR. JUANITO R. LUA
President/General Manager
St. Moritz Security Agency, Inc.
12-E Villa Marie Executive Building
18th Avenue, Brgy. San Roque
Quezon City

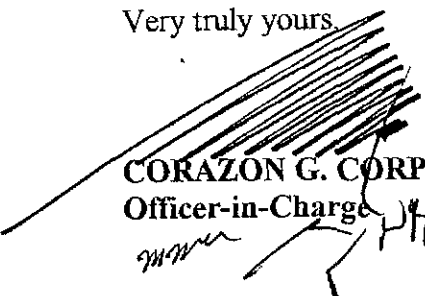
Dear Mr. Lua:

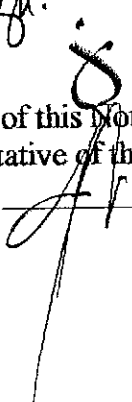
This notice is hereby given to **St. Moritz Security Agency, Inc.** that work may commence on July 16, 2016. Attached is the approved Contract for Security Services of Cluster 1 for your signature.

In this regard, please coordinate with Ms. Geraldine P. Nicdao and Ms. Nemia C. Mabulay of the Asset Management and Disposition Group at telephone numbers 8973234 and 8973149.

Kindly acknowledge your receipt and acceptance of this Notice by signing on the space provided below.

Very truly yours,


CORAZON G. CORPUZ
Officer-in-Charge

I acknowledge receipt of this Notice on 07-01-2016
Name of the Representative of the Bidder: JUANITO R. LUA
Authorized Signature: 

CONTRACT FOR SECURITY SERVICES

KNOW ALL MEN BY THESE PRESENTS:

This Contract for Security Services, entered into this _____ day of _____ 2016 by and between:

HOME GUARANTY CORPORATION, a Government-Owned and Controlled Corporation, existing under and by virtue of Republic Act No. 8763, with principal office at Jade Bldg. 335 Sen. Gil J. Puyat Ave., Makati City, represented herein by its Officer-in-Charge, **CORAZON G. CORPUZ**, hereinafter referred to as the "**CLIENT**";

- and -

ST. MORITZ SECURITY AGENCY, INC., a security agency duly licensed by the Philippine National Police to provide security and protective service, with principal office at 12-E Villa Marie Exec. Bldg., 18th Avenue Brgy. San Roque, Quezon City, represented herein by its President/General Manager, **MR. JUANITO R. LUA**, hereinafter referred to as the "**AGENCY**";

Witnesseth: that

WHEREAS, the CLIENT conducted the Second Negotiated Bidding for security services required for its various assets/projects under Clusters 1 and 5;

WHEREAS, the AGENCY submitted its eligibility documents and financial bids for Clusters 1 and 5, and upon evaluation, the bid of said AGENCY was declared as the lowest calculated and responsive bid for Cluster 1;

WHEREAS, on March 21, 2016, the Notice of Award was issued in favor of the AGENCY for Cluster 1;

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereby agree to the following terms and conditions:

I. SCOPE OF SERVICES

The AGENCY shall provide security services for the following assets:

Cluster No.	Project/Location	Number of Security Guards	No. of Hours per day	Contract Price per Year
1	Smokey Mountain Garbage Site	6	12	₱ 2,382,630.48
	C-5 MRB, Brgy. Ususan, Taguig City	2	12	₱ 794,210.16
	Total	8		₱ 3,176,840.64

II. CONSIDERATION FOR SERVICES

1. For and in consideration of the faithful and satisfactory services rendered, the CLIENT hereby agrees to pay the AGENCY the aforesaid amount for each year unless this Contract is terminated as provided hereunder. The details of the monthly compensation for each guard is attached as **Annex "A"** hereof. The monthly rate shall be inclusive of administrative costs such as Social Security System (SSS), Home Development Mutual Fund (HDMF), Philippine Health Insurance Corporation (PHIC), overtime pay and night shift differential when applicable, Value Added Tax (VAT), and the like payable in two (2) equal installments per month;
2. The stipulated compensation shall be reduced proportionately in the event the number of security guards is decreased upon written request of the CLIENT, or when the AGENCY fails to provide or detail the stipulated number of guards comprising the twenty four (24)-hour security service, or where any of such guards fail to work twelve (12) hours daily; provided, further, that additional proportionate compensation shall be paid to the AGENCY for any increase in the number of security guards or for any extra man-hour guard service requested in writing by the CLIENT;
3. The semi-monthly billing shall be sent by the AGENCY to the CLIENT every 15th and end of each month, and the semi-monthly payment shall be made by the CLIENT upon proper verification of the billing;

Every billing shall be supported by daily time records, when applicable, or other proof of rendition of service, as well as a verified accomplishment and monitoring report on the assigned project;

4. It shall be a special condition of this Contract that any increase in the contract rate herein set forth, occasioned by laws, decrees or allied laws related to employee benefits, shall be subject to the conformity of both parties hereof; and
5. Tardiness and absences incurred by the security guards assigned shall be deducted accordingly from the monthly billings.

III. RIGHTS AND OBLIGATIONS OF THE AGENCY

1. The AGENCY shall provide and make available to the CLIENT the above number of uniformed security guards to render twelve (12) hours security services daily, including Sundays and holidays. Depending upon the security requirements of the Projects, the AGENCY shall increase or decrease the number of security guards immediately upon written request of the CLIENT;
2. The AGENCY warrants that all security guards to be assigned to the CLIENT are holders of valid license to exercise their profession issued by the Philippine National Police – Supervisory Office of the Security and Investigation Agencies (PNP-SOSIA) and possess the following qualifications:

- A) Filipino citizen;
- B) High school graduate;
- C) Physically and mentally fit;
- D) Not less than 21 years, and not more than 50 years old;
- E) At least 5 feet and 4 inches in height; and
- F) Of good moral character.

3. The AGENCY shall provide the security guards, at its own expense, with the necessary uniforms, radio communications units, firearms and ammunition, night sticks, flashlights, raincoats and other paraphernalia. The list of equipment to be provided is attached as **Annex "B"**. The AGENCY hereby warrants that the said equipment are well maintained, serviceable and licensed;
4. The AGENCY shall provide on its own account, additional administrative services such as inspection of guards, investigation of irregularities and other special services, provided the same shall not interfere with the operation of the business of the CLIENT;
5. The AGENCY warrants the proper performance of duties of its security guards detailed with the CLIENT, and agrees to furnish efficient supervision over them and to serve the CLIENT in the best and soundest way, consistent with the recommendation, and subject to the approval of the CLIENT;
6. It is clearly understood that the AGENCY is an independent contractor, and that there is no employer-employee relationship between the AGENCY or its security guards and the CLIENT, such that the security guards of the AGENCY are not employees of the CLIENT. Accordingly, the CLIENT shall not in any way be liable or responsible for any personal injury or damage, including death, sustained or caused to any of the security guards in the performance of their duties;
7. Furthermore, the AGENCY shall, at all times, stand solely responsible or liable for the enforcement and compliance with all existing laws, decrees, rules and regulations, particularly with respect to the observance of and compliance with the New Labor Code of the Philippines, the regulations of the SSS, HDMF, PHIC, and all other labor and social legislation. In connection herewith, the AGENCY hereby agrees and binds itself to save and hold the CLIENT free and harmless from any and all liabilities and/or claims in respect thereto and/or arising therefrom and hereby binds itself to submit periodic reports and documents showing compliance with Labor Standard Benefits and other statutory requirements;
8. The AGENCY shall pay all taxes, licenses, permits and fees which may be due and collectible by concerned local government unit on account of this Contract;
9. The AGENCY shall be primarily liable and responsible for any loss, damage or injuries to the officials, employees, customers, visitors and properties of the CLIENT arising from, among others, theft, pilferage, robbery, destruction, unlawful entry or any other unlawful acts by strangers or third persons occasioned through acts or omission, negligence, fault, misdemeanor or collusion of the AGENCY or its security guards;
10. The AGENCY further agrees and binds itself to indemnify the CLIENT for any loss, injuries or damage arising from or occasioned by non-performance or non-compliance by the AGENCY or its security guards of their contractual obligations as herein stipulated;
11. The AGENCY shall be responsible for any loss or damage that may be suffered by the CLIENT or third persons due to the willful act, negligence and/or carelessness of the security guards assigned thereto in the performance of their duties;
12. The AGENCY shall not assign its rights and obligations under this Contract, in whole or in part, except with the CLIENT'S prior written consent;

13. It is the responsibility of the AGENCY to record and/or monitor the delivery or entry and removal or withdrawal of construction materials and effects being used for the Properties being guarded;
14. The AGENCY shall monitor and immediately report to the CLIENT in writing any illegal improvements within and outside the property especially those introducing fences, temporary sari-sari store, vegetable bamboo stalls and chicken or pig pens and the like;
15. In case there is a need by the AGENCY to substitute the security guards assigned, the AGENCY should first secure the written approval of the CLIENT;
16. Prior to the assumption of duties by the AGENCY, the CLIENT and the AGENCY shall jointly conduct an inventory of all the properties in the Project premises. Upon termination or expiration of this Contract, the AGENCY shall provide a detailed inventory of the properties being secured subject of the Contract. Any property not accounted for or determined to be missing shall be considered liability of the AGENCY to the CLIENT. The value of the unaccounted property shall be deducted from the amount payable to the AGENCY; and
17. If the CLIENT has determined through inspection that the property, which at the start of the Contract is vacant or is vacated during the subsistence of the Contract, has been occupied by informal dwellers, the AGENCY shall be responsible for the removal of these occupants.

IV. RIGHTS AND OBLIGATIONS OF THE CLIENT

1. The CLIENT agrees to pay the AGENCY the agreed contract price subject to the limitations/deductions provided for in this Contract;
2. The CLIENT obliges itself to report in writing to the AGENCY the existence of any loss or damage to CLIENT'S properties due to negligence or fault of the security guards, within ten (10) days from CLIENT's discovery. The occurrence of any loss or damage shall be presumed to have been due to negligence, carelessness, omission or fault of the security guards on detail, unless otherwise shown or proven by the AGENCY;
3. The CLIENT shall have the right to inspect and supervise the security guards detailed in its premises and to decide any and all questions that may arise relative to the quality and acceptability of the services performed by them. The CLIENT further reserves the right to demand relief or discharge any security guards for reasons of mistrust, undependability, inefficiency or other similar circumstances. The exercise of such rights by the CLIENT shall not be deemed nor interpreted as a relinquishment of the authority of the AGENCY as employer of the security guards; and
4. The CLIENT shall have the right to examine and screen all such security guards for the purpose of determining whether or not they possess all the qualifications here-in enumerated under III.2. The CLIENT may ask for a substitute security guard in case the guard posted does not meet the requirements of the CLIENT, or treat such non-compliance as a material breach of this Contract.

V. ANNUAL PERFORMANCE ASSESSMENT

Before the end of each year, the CLIENT shall conduct an assessment or evaluation of the performance of the security guards to determine if the AGENCY has maintained a very satisfactory level of performance throughout the year based on the following:

- A. quality of service delivered;
- B. time management and suitability of personnel;
- C. contract administration and management;
- D. provisions of regular progress report; and
- E. compliance with contract provisions.

VI. TERMINATION

1. The following shall be grounds for termination:

- A. The CLIENT shall terminate this Contract for default of the AGENCY to perform any of its obligations in this Contract;
- B. The CLIENT shall terminate this Contract should the AGENCY commit any breach of its warranties or representations under this Contract, or has violated Philippine law or any law to which it is subject to by virtue of its acts, whether or not performed in relation to this Contract;
- C. The CLIENT shall terminate this Contract if an order is issued by a court of competent jurisdiction declaring the AGENCY to be in a state of suspension of payment or insolvency;
- D. The CLIENT may terminate this Contract if it has determined the existence of conditions that make the Contract implementation economically, financially or technically impractical and/or unnecessary, such as but not limited to fortuitous event/s or changes in law and national government policies;

The CLIENT reserves the right to institute appropriate criminal and/or administrative complaints against the AGENCY and to prohibit the AGENCY from transacting again with the CLIENT;

- E. The CLIENT may terminate this Contract in case it is determined prima facie that the AGENCY has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to contract acquisition and implementation. Unlawful acts include, but are not limited to the following:
 - a. Corrupt, fraudulent, coercive practices;
 - b. Drawing up or using forged documents; and
 - c. Any other act analogous to the foregoing.

F. The CLIENT may pre-terminate the contract for failure of the AGENCY to pass the above set of criteria for the Annual Performance Assessment provided in Section V hereof.

2. The following provisions shall govern the procedures for termination of this Contract:

- A. Upon receipt of a written report of acts or causes which may constitute ground(s) for termination, or upon the CLIENT's own initiative, the CLIENT, shall within a period of seven (7) calendar days, validate the existence of such ground(s) and cause the execution of a Verified Report

with all the relevant pieces of evidence attached to be submitted to the President or authorized representative of the CLIENT;

- B. The President or authorized representative of the CLIENT shall issue a Notice of Infraction to the AGENCY containing the grounds for termination, instructing the AGENCY to show cause as to why the Contract should not be terminated with a copy of the Verified Report;
- C. Within a period of seven (7) calendar days from receipt of the Notice of Infraction, the AGENCY shall submit to the President or authorized representative of the CLIENT a Verified Position Paper stating why the contract should not be terminated. For failure of the AGENCY to show cause after the lapse of the said period, the CLIENT may immediately decide to terminate the Contract on the basis of the Verified Report; and
- D. Upon receipt of the Verified Position Paper of the AGENCY, the President or authorized representative of the CLIENT shall decide whether or not to terminate the Contract within a period of ten (10) calendar days from receipt of the Verified Position Paper. The Contract is deemed terminated upon the AGENCY'S receipt of the Notice of Termination issued by the CLIENT which is final in nature. The Notice of Termination shall be accompanied by a copy of the Verified Report.

3. Effects of Termination

In the event the CLIENT terminates this Contract based on valid grounds, the CLIENT may procure upon such terms and in such manner as it deems appropriate, the security services from other qualified agencies. The AGENCY shall remain liable to the CLIENT for the liquidated damages and excess cost that the CLIENT will incur in engaging a new agency to provide the security services.

VII. PERFORMANCE SECURITY

- 1. The AGENCY shall post a Performance Bond in the amount and form in accordance with the following schedule:

Form of Performance Security	Minimum Amount in Percentage of Total Contract Price
a. Cash or cashier's/manager's check	5%
b. Bank guarantee/draft or Irrevocable Letter of Credit	5%
c. Surety Bond	30%
d. Combination of the foregoing	Proportionate to share of form with respect to the total amount of security

- 2. The Performance Bond shall be posted in favor of the CLIENT, and shall be forfeited in its favor in the event it is established that the AGENCY is in violation of the terms and conditions under this Contract;
- 3. It is expressly agreed upon and understood that any change of whatever character or nature of this Contract, or any extension, alteration, or modification of whatever nature, shall in no way annul, release or affect the liability of the AGENCY and the surety on the bond to be furnished by the AGENCY;

4. It is also likewise agreed upon and understood that should the bond become insufficient to cover the liability of the AGENCY under this Contract, the latter shall make good the deficiency;
5. The AGENCY further warrants the effectivity of the bonds during the lifetime of this Contract;
6. In the execution of the Performance Bond, the following conditions shall be complied with:
 - a) It shall be executed in the form prescribed in Section VII.1 above;
 - b) It shall at least be co-terminous with the final completion of the Contract, and
 - c) The provision quoted below shall form part of the Performance Bond

"It shall be a Special Condition of the performance bonds that should the bondsmen fail or refuse to pay the amount thereof within fifteen (15) days from written demand, and a court action should become necessary, the bondsmen agree and bind themselves to pay an amount equivalent to twenty percent (20%) of the amount of said bonds as attorney's fees."
7. The AGENCY shall post an additional performance security following the schedule above to cover any cumulative increase of more than ten percent (10%) of the original value of the Contract as a result of adjustment or increase in the compensation of the security guards.

VIII. LIQUIDATED DAMAGES

1. When the AGENCY fails to satisfactorily comply with its obligations under this Contract, the AGENCY shall be liable for damages suffered by the CLIENT and shall pay the CLIENT liquidated damages, not by way of penalty, an amount equal to one-tenth (1/10) of one percent (1%) of the contract price. This is without prejudice to the right of the CLIENT to rescind or cancel this Contract;
2. The CLIENT need not prove that it has incurred actual damages to be entitled to liquidated damages. Such amount shall be deducted from any money due or which may become due to the AGENCY, or collected from any security or warranties posted by the AGENCY, whichever is convenient to the CLIENT. In case the total sum of liquidated damages exceed ten percent (10%) of the total contract price, the CLIENT shall automatically terminate the contract and impose appropriate sanctions over and above the liquidated damages to be paid;
3. Should there be breach of any of the terms, conditions or stipulations of this Contract, and should the CLIENT be constrained to file an action in court to obtain relief therefor, the AGENCY agrees and binds itself to pay as attorney's fees twenty percent (20%) of the amount claimed by CLIENT in addition to the costs of litigation and other expenses that the law may entitle to pay the CLIENT, and additional liquidated damages in the amount of one-tenth (1/10) of one percent (1%) of the total contract price; and
4. For breach by the AGENCY of any of the stipulations, conditions or obligations contained herein, the CLIENT may retain all sums of money due the AGENCY without any liability to the individual security guards nor to the AGENCY itself. Any consideration, concession, tolerance or relaxation of any

provision hereof shall not be interpreted as a renunciation on the part of the CLIENT of any of its rights granted in this Contract.

IX. NOTICES

1. Any notice, request or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request or consent shall be deemed to have been given or made when received by the concerned Party, either in person or through an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram or facsimile to such Party at the address specified hereunder:

Home Guaranty Corporation
Attention : CORAZON G. CORPUZ
Address : Jade Building, 335 Senator Gil J. Puyat Avenue, Makati City
Philippines
Facsimile : 890-5474

St. Moritz Security Agency, Inc.
Attention : Mr. Juanito R. Lua
Address : 12-E Villa Marie Exec. Bldg., 18th Avenue Brgy. San Roque,
Quezon City
Facsimile : (047) 237-4601

2. Notice shall be deemed to be effective, in case of personal delivery or registered mail, on date of delivery; in case of facsimile, within eight (8) hours following confirmed transmission; and in case of telegrams, within twenty four (24) hours from confirmed transmission; and
3. A Party may change its address for notice by giving the other Party written notice of such change.

X. AUTHORITY OF SIGNATORY

The AGENCY hereby authorizes its signatory/representative to act on its behalf in exercising all the AGENCY's rights and obligations in this Contract, including without limitation, the receipt of instructions and payments from the CLIENT.

XI. ENTIRE AGREEMENT

This Contract contains all covenants, stipulations and provisions agreed by the Parties. No agent or representative of either Party has authority to make any statement, representation, promise, or agreement not set forth herein of which the Parties shall not be bound by or be liable for.

XII. MODIFICATION

Unless otherwise agreed upon in writing by the Parties, no modification of the terms and conditions of this Contract, including any modification of the scope of the Services shall be allowed. Should there be any other provisions or agreements that will be subsequently agreed upon by both Parties, or any other provisions or agreements inadvertently missed in this Contract, these shall be put in writing and mutually signed by both Parties and shall be included as amendments to this main Contract.

XIII TERM OF CONTRACT

This Contract shall be effective for a period of two (2) years to commence on July 16, 2016 until July 15, 2018 subject to the Annual Performance Assessment provided in Section V hereof. However, the Parties may mutually agree to terminate the Contract before the expiration date, even without cause, provided that a fifteen-day (15) prior written notice to the other Party is given subject to pertinent sections of this Contract.

XIV. MISCELLANEOUS

1. The AGENCY and the CLIENT represent and warrant that at the time of the execution of this Contract, the performance and observation of the terms and conditions hereof are duly authorized and approved by their respective Boards and will not conflict with or constitute breach of their respective Articles of Incorporation and By-Laws;
2. Each person signing this Contract represents and warrants that he or she is duly authorized and has legal capacity to execute this Contract;
3. In the event of decrease or increase in the minimum wage rate as provided by subsequent orders, the AGENCY shall inform the CLIENT and accordingly an amendment to this Contract shall be executed upon mutual agreement of the Parties; and
4. The CLIENT and the AGENCY agree that any and all actions arising from this Contract shall be filed before the proper courts of competent jurisdiction in the City of Makati to the exclusion of other courts.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures this _____ day of _____ 2016 at Makati City.

HOME GUARANTY CORPORATION

By:

CORAZON G. CORPUZ
Officer-In-Charge

ST. MORITZ SECURITY AGENCY INC.

By:

JUANITO R. LUA
President/General Manager

SIGNED IN THE PRESENCE OF:

Paula Janice Garcia

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.
X-----X

BEFORE ME, this _____ day of JUL 08 2016 2016 at Makati City personally came and appeared:

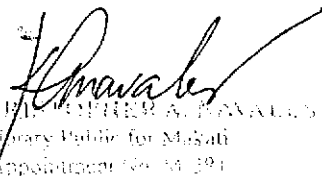
<u>NAME</u>	<u>GOV'T ISSUED ID</u>	<u>DATE/PLACE ISSUED</u>
CORAZON G. CORPUZ	0069	
JUANITO R. LUA	SSS ID# 02-1423655-0	Balanga City, Bataan

all known to me to be the same persons who executed the foregoing contract consisting of Ten (10) pages including this page of Acknowledgment duly signed by the parties and their witnesses and they acknowledged to me that the same is their free and voluntary act and deed as well as the free and voluntary act and deed of the corporations herein respectively represented.

WITNESS MY HAND AND OFFICIAL SEAL on the date and at the place first above written.

Doc. No. 53 ;
Page No. 11 ;
Book No. 111 ;
Series of 2016.

NOTARY PUBLIC


ATTY. RICHARD A. PAVARES
Notary Public for Makati
Appointment No. 14-11-191
For the term beginning on 24 June 2016
and ending on 31 December 2017
Roll Number 0960
CPD License No. 01281161119 Cam. Sur
MULE Compliance No. VI-S975416
PTR No. 5120197-15.16 / Makati

