

APC

**CONTRACT
FOR THE SUPPLY OF POSTAGE AND METERED STAMPS**

This Contract is made and entered on this _____ day 05 JUL 2017 2017 at San Fernando City, L.U.
by and between:

The **GOVERNMENT SERVICE INSURANCE SYSTEM**, a social insurance institution, created under Commonwealth Act No. 186, as amended, and operating under its present Charter, Republic Act No. 8291, otherwise known as the **GSIS Act of 1997**, with principal office address at the **GSIS Headquarters Building, Financial Center Area, Pasay City**, represented herein by **EDUARDO V. FERNANDEZ**, Vice President, North Luzon, hereinafter referred to as the "**GSIS**",

and

The **PHILIPPINE POSTAL CORPORATION**, a government-owned corporation duly existing under the laws of the Philippines, with principal office address at Liwasang Bonifacio, Manila, represented herein by **JOEL L. OTARRA**,
Postmaster General and duly authorized for this purpose, hereinafter referred to as the "**PPC**".

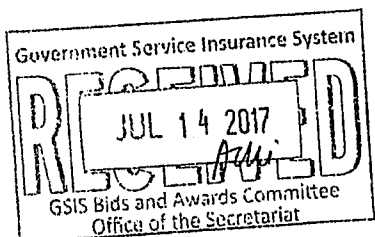
ANTECEDENTS

1. The **GSIS** needs the supply of postage and metered stamps, hereinafter referred to as the "**Goods**" for its various operating units at the **GSIS La Union Branch Office**.
2. The **GSIS** entered into a Contract with the **PPC** through Negotiated Procurement (Agency to Agency), as an alternative method of procurement inasmuch as the **PPC** is the only government agency tasked to supply the **Goods**.

ACCORDINGLY, for and in consideration of the foregoing premises, the parties have agreed as follows:

**ARTICLE I
CONTRACT DOCUMENTS**

- 1.1 **CONTRACT DOCUMENTS.** The **PPC** shall perform its contractual obligations in accordance with this Contract and the Terms of Reference.
- 1.2 **COMPLEMENTARY NATURE.** This Contract and the Terms of Reference shall be complementary with each other, and what one prescribes shall be prescribed by all. In case of discrepancy between this Contract and the Terms of Reference, the Terms of Reference shall prevail.
- 1.3 **INCIDENTAL ITEMS.** This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein.



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PHILIPPINE POSTAL CORPORATION
SAN FERNANDO CITY, LA UNION
AREA DIRECTOR'S OFFICE

RECEIVED

BY: 6 DATE: 07/05/2017

**ARTICLE II
SCOPE OF SERVICE**

- 2.1 **COVERAGE.** The PPC shall supply the postage and metered stamps to the GSIS La Union Branch Office based on the approved operating budget.
- 2.2 **CONTINUED SERVICE.** If the GSIS continues to use the service with the consent of the PPC after the termination of this Contract, said extension of service shall run from month to month only under the same terms and conditions herein stipulated.

**ARTICLE III
EFFECTIVITY AND TERMS OF PAYMENT**

- 3.1 **EFFECTIVITY OF THE CONTRACT.** This Contract shall be for a period of ten (10) months from 1 March 2017 to 31 December 2017.
- 3.2 **TERMS OF PAYMENT.** The GSIS shall pay the PPC the Contract Price for the Goods procured based on the approved monthly operating budget but not to exceed the approved budget in the amount of **TWO HUNDRED FORTY FIVE THOUSAND EIGHT HUNDRED THIRTY THREE PESOS AND THIRTY FOUR CENTS (Php245,833.34)**. It is understood that all applicable taxes including Documentary Stamp Tax (DST), if any, shall be borne by PPC.

For this purpose, the PPC acknowledges that the GSIS is not a withholding agent for DST and hereby undertakes and commits itself to make direct payments to the BIR of any DST that may be imposed on the execution and/or performance of this Contract.

- 3.3 **AUDITING RULES.** All payments shall be subject to the usual accounting and auditing rules and regulations applicable to the GSIS.

**ARTICLE IV
TERMINATION**

- 4.1 **TERMINATION FOR DEFAULT.** The GSIS shall have the right to pre-terminate this Contract in whole or in part for default of PPC or breach or violation of the terms and conditions of this Contract and the Terms of Reference without need of judicial action or for just cause to be determined by the GSIS, which determination shall be final and binding to PPC.
- 4.2 **TERMINATION FOR INSOLVENCY.** Either party shall have the right to terminate this Contract if **other party** is declared bankrupt or insolvent as determined by a court of competent jurisdiction.
- 4.3 **TERMINATION FOR UNLAWFUL ACTS.** The GSIS shall have the right to terminate this Contract, which termination shall take effect immediately upon receipt of the Notice of Termination, in case it is determined prima facie that PPC has engaged, before or during the implementation of this Contract, in unlawful deeds and behavior relative to the acquisition and implementation thereof.
- 4.4 **TERMINATION FOR CONVENIENCE.** In any event, the **either party** shall have the right to terminate this Contract, in whole or in part, by serving a thirty-day written notice to **the other party**. The termination under this Section shall be resorted to by the **either party** if it has determined the existence of conditions that make the performance of **the other party** economically, financially or technically impractical and /or unnecessary, such as, but not limited to, fortuitous events or changes in law and national government policies.

- 4.5 **COMPLETED SERVICES.** In the event of pre-termination or termination of this Contract by the **GSIS**, the **GSIS** shall pay **PPC** for services rendered up to the date of pre-termination or termination, unless such pre-termination or termination was due to the acts or omissions of **PPC** or a breach of this Contract by **PPC**.
- 4.6 **REMEDIAL RIGHTS.** Any rescission or termination of this Contract pursuant to this Article shall be without prejudice to any other rights or remedies the **non-defaulting party** may be entitled to hereunder or under any law. Neither shall it affect any accrual of rights of the **latter** nor the coming into or continuance in force of any provision hereof which is expressly or by implication intended to come into or continue to be in force on or after such termination.
- 4.7 Any rescission or termination of this Contract Pursuant to the Article shall be without prejudice to any other rights or remedies the **GSIS** may be entitled to hereunder or under any law. Neither shall it affect any accrual of rights of the **GSIS** nor the coming into or continuance in force of any provision hereof is expressly or by implication intended to come into or continue to be in force on or after such termination.

ARTICLE V CONFLICT RESOLUTION

- 5.1 **DISPUTE RESOLUTION.** Any dispute or controversy arising out of or relating to this Contract shall be submitted to the Office of the Government Corporate Counsel for arbitration pursuant to Presidential Decree (P.D.) No. 242.
- 5.2 **OBLIGATIONS NOT SUSPENDED.** Notwithstanding any reference to arbitration, the parties shall continue to perform their respective obligations under this Contract unless they otherwise agree in writing.

ARTICLE VI INDEMNIFICATION

- 6.1 **INDEMNITY.** The **PPC** agrees to defend, indemnify and hold harmless the **GSIS**, the members of its Board of Trustees, its officials, agents and employees, against all claims, losses, liabilities, and damages, and to pay all claims, judgments, awards, costs and expenses arising out of or in connection with **PPC's** acts or omissions, unless such claims are due solely to the fault or negligence of the **GSIS**. Costs, inclusive of expert witness fees and other legal expenses shall be charged against the account of the **PPC**.

ARTICLE VII MISCELLANEOUS PROVISIONS

- 7.1 **NON-DISCLOSURE.** The **PPC** shall not use or disclose to any person, firm or corporation any information concerning the affairs of the **GSIS** which its personnel may have acquired in the course of or as an incident to this Contract.
- 7.2 **PUBLICITY.** The **PPC** shall consult and obtain the prior written consent of the **GSIS** before issuing or disclosing any news release, public announcement, advertisement or other form of publicity in respect to any of the terms of this Contract, or using it as a reference or part of any presentation.
- 7.3 **NON-ADVERSE WITNESS.** In no case shall the **PPC** and its personnel assist any party in any action, suit or proceeding against the **GSIS**, or any of its officials and employees sued or prosecuted in connection with the performance of its undertakings under this Contract.

- 7.4 **NON-TRANSFERABILITY.** The PPC shall not assign or transfer the contracted services covered by this Contract without the prior written consent of the GSIS. Any act in violation of this provision shall be sufficient ground for the termination of this Contract.
- 7.5 **FORCE MAJEURE.** No party will be liable to the other party for any delay or non-performance of its obligations under this Contract arising from any cause or causes beyond its reasonable control including, but not limited to, any act of God, governmental acts under its police power, war, terrorist attack, fire, flood, explosion or civil commotion.
- 7.6 **NON-WAIVER.** It is understood that the failure of the GSIS to demand strict compliance with any and all the terms of this Contract shall not be construed as a waiver and/or estoppel on the part of the GSIS for the enforcement of any of its rights or to subsequently demand compliance therewith during the subsistence of this Contract.
- 7.7 **FURTHER ASSURANCES.** The PPC shall execute and deliver such supplies and materials as the terms of this Contract may prescribe and other further assurances as the GSIS may require as necessary or appropriate to effect the purpose of this Contract, or confirm the rights created or arising hereunder.
- 7.8 **WRITTEN NOTICES.** All notices, statements and requests hereunder shall be in writing and shall be personally delivered, or transmitted by registered mail, electronic mail or fax, to the other party at the address stated above, unless a party has informed the other in writing of its change of address, in which case said notices shall be sent to the new address.
- 7.9 **LIQUIDATED DAMAGES.** In the event of failure to perform its obligations or violations of any of the undertakings of the Contract, the PPC shall pay the GSIS liquidated damages in the amount equivalent to ten percent (10%) of the total Contract Price. The damages herein provided are fixed and the GSIS shall not be required to adduce proof thereof. The liquidated damages may be deducted from any money due or which may become due the PPC.
- 7.10 **OTHER COSTS.** Should the **either party** be constrained to file a case to obtain relief against the **other party**, the latter shall be liable to pay an amount equivalent to twenty percent (20%) of the amount claimed in the complaint as attorney's fees, aside from the costs of litigation and other expenses which the **former** is entitled to recover from the **latter**; provided however, that in an action brought by the **either party** for whatever cause arising under this Contract/MOA, should it be adjudged not to be entitled to the relief sought, the prevailing party shall be entitled to such reasonable attorney's fees, costs of litigation and other costs it may have incurred by reason of such action.
- 7.11 **FULL AGREEMENT.** This Contract and the Terms of Reference contain all the agreements of the parties, and replace and supersede any previous understanding, communications and representations whether verbal or written between the parties.
- 7.12 **AMENDMENTS.** No modifications of or amendments to the terms and conditions of this Contract shall be valid unless set out in writing and signed by the authorized representatives of each party, and which shall be annexed to this Contract and considered an integral part hereof.
- 7.13 **ANTI-GRAFT AND CORRUPTION CLAUSE.** Each party hereby undertakes that, at the date of the entering into force of this Contract itself, its directors, officers or employees have not offered, promised, given authorized, solicited or accepted any undue pecuniary or other advantage of any kind (or implied that they will not or might do any such thing at any time in the future) in any way connected with the Contract and that it has taken reasonable measures

to prevent subcontractors, agents or any other third parties, subject to its control or determining influence, from doing so.

- 7.14 **SEPARABILITY.** If any term, clause or provision of this Contract is at any time determined to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall be severed from the remaining provisions, which shall continue to be valid and enforceable to the fullest extent permitted by law.
- 7.15 **AMICABLE SETTLEMENT.** In the event of any dispute or controversy arising out of or relating to this Contract, the Parties shall exercise their best efforts to resolve the dispute as soon as possible. In the event that the Parties cannot, by exercise of their best efforts resolve the dispute, they shall submit their differences for Administrative Settlement or Adjudication pursuant to E.O. 292, code of 1987.
- 7.16 **SURVIVAL OF COVENANTS.** The covenants, agreements and obligations of the PPC and the GSIS which by their nature should continue beyond the expiration and termination of this Contract shall survive the expiration or termination hereof.
- 7.17 **VENUE OF ACTION.** Any action arising from arbitration or other modes of dispute settlement as agreed upon by the parties pursuant to Section 7.15 of this Contract shall be brought by the aggrieved party exclusively before the proper Court in the City of Pasay.
- 7.18 **GOVERNING LAWS.** This Contract and the Terms of Reference shall be subject to the pertinent provisions of R.A. No. 9184, otherwise known as the Government Procurement Reform Act, its Revised Implementing Rules and Regulations, and other related laws, rules and regulations.

IN WITNESS WHEREOF, the parties have hereunto set their hands in the City of Pasay, Philippines.

**GOVERNMENT SERVICE
INSURANCE SYSTEM**

**PHILIPPINE POSTAL
CORPORATION**

By:

By:

EDUARDO V. FERNANDEZ
Vice President
North Luzon

JOEL I. OTARRA
Postmaster General

SIGNED IN THE PRESENCE OF:-

~~BERNARDITO V. GONZALEZ, CESO V~~
AREA DIRECTOR

CERTIFIED FUNDS AVAILABLE:
GL Accounts: 5102080500
CY Php245,833.34

Certified included in 2017 APP:
Agency to Agency

NIÑOROMÁINE C. VITUG
Controller Officer I
BASSAD

ROMEO G. DE LUNA, JR.
Head, GBAC Secretariat

CY I March / 2017 – 31 December 2018 – Php245,833.34
CY I January 2018 – 31 December 2019 – Php 295,000.00
CY I January 2019 – 31 December 2019 – Php 295,000.00

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF San Fernando City, L.U.) S.S.

San Fernando City, L.U.
BEFORE ME, a Notary Public, for and in the City of this ___ day of
05 JUL 2017 personally appeared:

Name	Valid ID	Place of Issue
Eduardo V. Fernandez (IN REPRESENTATION OF GSIS)	GSIS ID NO. <u>010569</u>	- Pasay City
Joel L. Otarra (IN REPRESENTATION OF PPC)	PPC ID NO. 10-7003	Manila

known to me to me known to be the same persons, **EDUARDO V. FERNANDEZ**, in representation of the **GSIS** as a juridical person, and **JOEL L. OTARRA**, in representation of the **PPC** as a juridical person, who executed the foregoing instrument and acknowledged that the same is their free and voluntary act and deed. This instrument refers to a **Contract for the Supply of Metered and Postage Stamps**, consisting of six (6) pages including the page on which this Acknowledgment is contained, signed by the parties and their instrumental witnesses on each and every page thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above-mention.

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Book No. LXXVI
Series of 2017

Notary Public **ABEL O. OCHOCO, CPA, MBA, REA, REP**
Lawyer/Notary Public/Real Estate Appraiser/Broker
UNTIL DECEMBER 31, 2017
PTR# 0781613 01-03-2017
IBP 1043119 TIN 185-083-061
SAN FERNANDO CITY, LA UNION
ROLL# 52583