

**CONTRACT**

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

This **CONTRACT** is made and entered on this \_\_\_ day of \_\_\_\_ 2017 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, Philippines, represented herein by the Vice President, North Luzon, **EDUARDO V. FERNANDEZ**, 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 CEO, duly authorized for this purpose, hereinafter referred to as the "**PHLPost**."

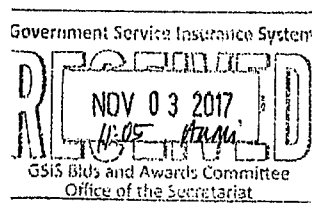
**ANTECEDENTS**

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 Laoag Branch Office.
2. The **GSIS** entered into a Contract with the **PHLPost** through Negotiated Procurement (Agency to Agency), as an alternative method of procurement inasmuch as the **PHLPost** is the 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 **PHLPost** 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 all shall prescribe what one prescribes. 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.



**ARTICLE II  
SCOPE OF SERVICE**

- 2.1. **COVERAGE.** The **PHLPost** shall supply postage and metered stamps to the **GSIS Laoag Branch Office** based on the approved operating budget.

**ARTICLE III  
EFFECTIVITY AND TERMS OF PAYMENT**

- 3.1 **EFFECTIVITY OF THE CONTRACT.** This Contract shall be for a period of ten months from March 1, 2017 to December 31, 2017.
- 3.2 **TERMS OF PAYMENT.** The **GSIS** shall pay the **PHLPost** the Contract Price for the **Goods** procured based on the monthly operating budget but not to exceed the approved budget in the amount of **THREE HUNDRED THOUSAND PESOS ONLY (Php 300,000.00)**. It is understood that all applicable taxes, including Documentary Stamp Tax (DST), if any, shall be borne by **PHLPost**.

Upon exhaustion of the budget amount of **THREE HUNDRED THOUSAND PESOS ONLY (Php 300,000.00) any mailing of GSIS (Laoag Branch Office)** shall be on a billing statement basis. Provided that **GSIS** shall guarantee the regular payment upon exhaustion of the budgeted amount.

For this purpose, the **PHLPost** 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.

**PHLPost** shall make payment of the postage and metered stamps for all registered mails including parcels, cargos and third class mails prior to delivery.

- 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.** **Either party** shall have the right to pre-terminate this Contract in whole or in part for default of the **other party** 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 **non-defaulting party**, which determination shall be final and binding to the **both parties**.
- 4.2. **TERMINATION FOR INSOLVENCY.** **Either party** shall have the right to terminate this Contract if the **other party** is declared bankrupt or insolvent as determined by a court of competent jurisdiction.
- 4.3. **TERMINATION FOR UNLAWFUL ACTS.** **Either party** shall have the right to terminate this Contract, which termination shall take effect immediately upon receipt of Notice of Termination, in case it is determined prima facie that the **other party** 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, as a whole or in part, by serving a thirty-day written notice to the **other party**. The termination under this Section shall be a resort of 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 **PHLPost** 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 **PHLPost** or a breach of this Contract by **PHLPost**.
- 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 **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 which 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 **PHLPost** 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 **PHLPost'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 **PHLPost**.

#### ARTICLE VII MISCELLANEOUS PROVISIONS

- 7.1. **NON-DISCLOSURE.** The **PHLPost** 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 **PHLPost** 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 **PHLPost** 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 **PHLPost** 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 shall 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 **PHLPost** shall execute and deliver such supplies, materials as the terms of this Contract may prescribe, and other further assurances as the **GSIS** may require as necessary or appropriate to affect 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 **PHLPost** 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 to **PHLPost**, subject to Commission on Audit (COA) rules and regulations.
- 7.10. **OTHER COSTS.** Should 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 thirty percent (30%) 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, 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.

PHILIPPINE POSTAL CORPORATION  
 DIVISION PASSENGER ALLY  
 LEGAL DEPARTMENT  
 REVIEWED  
 ATTY. JOSE LUIS GONZALEZ  
 NOTED  
 DATE: OCT 05 2017

- 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 as permitted by law, its full extent.
- 7.15. **SURVIVAL OF COVENANTS.** The covenants, agreements and obligations of the PHLPost and the GSIS which by their nature should continue beyond the expiration and termination of this Contract shall survive the expiration and termination hereof.
- 7.16. **VENUE OF ACTIONS.** Any action arising from arbitration or other modes of dispute settlement as agreed upon by the parties pursuant to Section 5.1 of this Contract shall be brought by the aggrieved party exclusively before the proper Court in the \_\_\_\_\_.
- 7.17. **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 \_\_\_\_\_, Philippines.

**GOVERNMENT SERVICE  
 INSURANCE SYSTEM**

**PHILIPPINE POSTAL  
 CORPORATION**

By:

By:

**EDUARDO V. FERNANDEZ**  
 Vice President,  
 North Luzon

**JOEL L. OTARRA**  
 Chief Executive Officer  
 Postmaster General

SIGNED IN THE PRESENCE OF:

**Certified Funds Available:**  
**March-December 2017**  
**Php 300,000.00**

**Certified Included in the GSIS**  
**2017 Annual Procurement Plan**

**NIÑOROMAINE C. VITUG**  
 Officer I, BASSAD

**ROMEO G. DE LUNA, JR.**  
 Head, GBAC Secretariat, GSIS  
 2017-GSIS - AMP-071

CY March 2017 to December 2017	Php 300,000.00
CY January 2018 to December 2018	396,000.00
CY January 2019 to December 2019	435,600.00

PHILIPPINE POSTAL CORPORATION  
 PASSED  
 LEGAL DEPARTMENT  
 REVIEWED  
 ATTY. JOCELITO B. GONZALES  
 DATE: OCT 05 2017

**ACKNOWLEDGMENT**

**REPUBLIC OF THE PHILIPPINES)**  
**1S.S. LAOAG CITY**

**BEFORE ME**, a Notary Public, for and in the, this 18<sup>th</sup> day of OCTOBER 2017 personally appeared:

Name	Valid IDs	Place of Issue
<b>EDUARDO V. FERNANDEZ</b> (In representation of GSIS)	GSIS ID No. 010569	Pasay City
<b>JOEL L. OTARRA</b> (In representation of PPC)	PPC ID No. 10-7003	Manila

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 **PHLPost** 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 Provision 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-mentioned.

*Notary Public*

Doc. No. 359  
 Page No. 73  
 Book No. III  
 Series of 2017.

**ATTY. AILEEN C. TOLENTINO GARVIDA**  
 Notarial Commission No. 2016-11 19/12/2016, Laoag City  
 Notary Public for Ilocos Norte & Laoag City until 31/12/2018  
 Government Service Insurance System - Laoag City  
 Roll No. 47740 IRP Lifetime Member # 06990  
 PTR No. 1352248 03/01/2017, Laoag City  
 TIN 191-992-496