

ELEVATOR MAINTENANCE SERVICE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Service Agreement, made and entered into, by and between:

PHILIPPINE DEPOSIT INSURANCE CORPORATION, a government instrumentality created and existing under and by virtue of R.A. No. 3591, as amended, with principal office at SSS Building, No. 6782 Ayala Avenue corner V.A. Rufino St., 1226 Makati City, Metro Manila, represented herein by its Vice President, Administrative Services Group (ASG), Ms. **NINA NOREEN A. JACINTO** and hereinafter referred to as "**PDIC**"

- and -

INTERNATIONAL ELEVATOR & EQUIPMENT, INC., a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at Km. 23 West Service Road, South Superhighway, Cupang, Muntinlupa City, represented herein by its Service Manager – Elevator/Escalator Division, Mr. **ORLANDO A. SENALES**, hereinafter referred to as "**IEEI**"

WITNESSETH: That,

WHEREAS, **IEEI** is the sole distributor of Mitsubishi brand elevators, escalators, dumbwaiters and its spare parts in the Philippines, with the exclusive authority and technical capability to render services and maintenance on the said equipment;

WHEREAS, on August 3, 2000, **PDIC** and **IEEI** entered into an Elevator Maintenance Agreement (the "Maintenance Agreement") for the maintenance and repair of the Mitsubishi elevators installed at the PDIC Building located at 2228 Chino Roces Avenue, Makati City (hereinafter referred to as the "PDIC Building");

WHEREAS, the Maintenance Agreement expired on June 15, 2001 and was renewed for the succeeding years thereafter, the last having been effected by means of a contract denominated as *Elevator Maintenance Service Agreement* for the period of June 16, 2012 to June 15, 2013;

WHEREAS, the general findings of the General Services Department of **PDIC**, which has the over-all supervision and control regarding the maintenance of the facilities and equipment of **PDIC**, reveal that **IEEI's** work

on **PDIC's** elevator system has been satisfactory for all the years within which **PDIC** has contracted the services of **IEEI**;

WHEREAS, Section 50-c of the Implementing Rules and Regulations-A of Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act", (hereinafter referred to as the "IRR-A"), authorizes Direct Contracting as a mode of procurement for services "sold by an exclusive dealer or manufacturer which does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the Government."

WHEREAS, in accordance with the approved Annual Procurement Plan, **PDIC** procures the services of **IEEI** for elevator maintenance through Direct Contracting pursuant to Section 50-c of the IRR-A as **IEEI** has the exclusive authority and technical capability to render such service on the elevators in the PDIC Building;

NOW, THEREFORE, for and in consideration of the foregoing premises and mutual covenants herein contained, the parties agree to be bound by the following terms and conditions:

I. SCOPE OF SERVICES

IEEI shall provide twice a month the services of an elevator serviceman for the purpose of maintenance and inspection of the two (2) elevators installed at the PDIC Building located at No. 2228 Chino Roces St., Makati City, Metro Manila; cleaning and adjustment of all motors, controls and safety devices, greasing and oiling of all bearings of equipment and accessories of the said elevators, described below:

Two (2) Units Mitsubishi Passenger Elevator

| | | |
|----------------------|---|---|
| Control System | : | VFDL |
| Operation System | : | 2C-AI-21 |
| Capacity | : | Elevator No. 1 – 1000 kgs (15 persons) |
| | : | Elevator No. 2 – 750 kgs (11 persons) |
| Speed | : | 105 mpm |
| No. of Stops/Opening | : | Eight (8) stops/openings |

II. CONSIDERATION OF THE CONTRACT

For and in consideration of the services rendered, **PDIC** agrees to pay **IEEI** a monthly maintenance fee of **FOURTEEN THOUSAND EIGHT HUNDRED FIFTY SIX PESOS (P14,856.00)**, Philippine currency, or a total annual service fee of **ONE HUNDRED SEVENTY EIGHT THOUSAND TWO HUNDRED SEVENTY TWO PESOS**

only (**P 178,272.00**), Philippine currency, inclusive of all applicable taxes, payable within the week immediately following the receipt of the bill for the services required of this Service Agreement. All applicable taxes shall be for the account of **IEEI**.

III. TERM OF THE CONTRACT

The term of this Service Agreement shall be for a period of one (1) year, commencing on August 1, 2013 and ending on July 31, 2014, unless sooner terminated by mutual agreement of the parties.

IV. CHANGE OF OWNERSHIP

PDIC agrees to give **IEEI** thirty (30) days advance notice in case of transfer, sale or conveyance of the ownership, possession or administration of the building and premises where the elevators, subject matter of this Contract, are installed.

V. SERVICE CALL

PDIC shall immediately report to **IEEI** any abnormal operation, breakdown and/or stoppage of any of the elevators, subject matter of this Contract; and **IEEI** agrees to immediately provide, within twenty four (24) hours from **PDIC**'s report, the necessary servicemen to correct/remedy the abnormal operation, breakdown and/or have the equipment in good operating condition.

VI. CLEANING MATERIALS AND REPLACEMENT PARTS

1. **IEEI** shall provide at its own expense all necessary gear oils, grease and cleaning materials and replacement parts listed as follows for each elevator:

- | | |
|------------------------|--------------------------------|
| 1. Stationery Contact | 8. Neon Lamps |
| 2. Heart Contact | 9. Connectors |
| 3. Contact Support | 10. Supervisory Panel Bulbs |
| 4. Fuse Link | 11. Terminal Lugs |
| 5. Fluorescent Starter | 12. Screws and Bolts |
| 6. Door Guide Shoe | 13. Service Lights/Bulbs |
| 7. Door Cable | |

2. **PDIC** agrees that the cost of replacement parts not mentioned in the above-listed parts, found defective due to normal wear and tear or damaged due to abnormal operating conditions, which abnormality is reasonably obvious to an ordinary man, and the cost of the necessary labor for such replacement and repairs, caused by the said two conditions, requiring changes and/or alterations, deviations or additions to the original design of the equipment and accessories subject matter of this Contract, will be for **PDIC**'s account. However, **IEEI** must acquire **PDIC**'s approval of its

quotations for the necessary labor and replacement parts in writing before the actual initiation of work.

VII. PERFORMANCE SECURITY

1. To guarantee the faithful performance of the obligations and services required under this Service Agreement, **IEEI** shall, upon execution of this Service Agreement, post in favor of **PDIC** a performance security in any of the following forms:

| Form of Security | Minimum Amount in % of Total Contract Price |
|--|--|
| a) Cash or cashier's/manager's check issued by a Universal or Commercial Bank. b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank. | Five percent (5%) |
| c) Surety bond callable on demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security. | Thirty percent (30%) |
| d) Any combination of the foregoing. | Proportionate to share of form with respect to total amount of security. |



2. In the event that the performance security posted by **IEEI** would be deemed inadequate or otherwise unacceptable by **PDIC**, **PDIC** shall have the right to require **IEEI** to post a performance security in the form and amount as determined by **PDIC** and allowed under existing laws and regulations.

3. The performance security shall be released to **IEEI**, without interest, within thirty (30) days from the end of the term of this Service Agreement and upon the certification of **PDIC** that **IEEI** has faithfully and completely performed its obligations under this Service Agreement. The performance security shall answer for any damage **PDIC** may suffer by reason of **IEEI**'s default of any of its obligations and/or breach of the terms and conditions of this Service Agreement and shall likewise guarantee payment for any loss, damage or injury that may be caused by **IEEI** to **PDIC**, its officers, employees, clients and guests.



4. The performance security shall be forfeited in favor of **PDIC** in the event it is established that **IEEI** is in default, commits a breach of its obligation under this Service Agreement and/or fails to comply with any of the terms and conditions of this Service Agreement. Any changes made in this Service Agreement shall in no way annul, release or affect the liability of **IEEI** and the surety (if any).

5. Upon demand by **PDIC**, **IEEI** shall post an additional performance security to cover the additional maintenance services not covered by the first performance security heretofore mentioned.

VIII. LABOR RELATIONS

It is hereby expressly agreed and understood that the employees of **IEEI** are not employees of **PDIC**, and hence, **PDIC** shall not in any way be liable and/or responsible for any personal injury including death or damage to property sustained by or caused by, any of the employees of **IEEI** or his agents, or any person working under him, whether or not occurring during the performance of their duties. **IEEI** shall indemnify **PDIC** for any and all losses, injuries or damages that may be suffered or incurred due to the fault, negligence or conduct of or non-observance or violation of this Contract by **IEEI** and/or its employees, agents or those working under it. **IEEI** shall at all times stand solely liable and/or responsible for the enforcement of and compliance with all existing laws and regulations and binds itself to save and hold **PDIC** free and harmless from any and all liability in respect thereof and/or arising therefrom and/or by reason of this Contract and its implementation.

IX. DAMAGES

1. For delays after the twenty-four hour period for **IEEI**'s response under Article V hereof, except those falling under the exception therein, **IEEI** shall be liable in the amount of ONE HUNDRED SEVENTY FIVE PESOS (P175.00), Philippine Currency, for every hour of delay as liquidated damages for every affected elevator.

2. Delays and failure to render the services required by the situation shall not make **IEEI** liable for damages if due to force majeure/fortuitous event. Average intensity of rainfall and flooding during rainy season/days shall not fall under the exceptions. However, those events arising directly from governmental acts and causes beyond the control of **IEEI** fall under the exception.

3. **IEEI** shall be responsible for any injury or damage sustained by any person using the elevators at any day of the week as well as damage caused to property while in transit on board any of the elevators if it is established that such damage occurred due to the poor service maintenance of the elevators, defective parts and supplies used by **IEEI** in the service of the elevators, and negligence or fault of the employees or servicemen of **IEEI**.

4. Violation or breach by **IEEI** of any provisions of this Contract, except those caused by delays under this Article, shall entitle **PDIC** to recover liquidated damages in an amount not less than twenty five percent (25%) of the annual service fee, as well as such other damages sustained which may be proved in a proper court action.

X. WARRANTY

IEEI does not warrant that the service rendered will totally eliminate breakdown of the equipment or its operation but it does warrant that the people assigned to render the service are qualified, competent and skilled to remedy the breakdown/stoppage of normal operations and it further warrants that the necessary tools/device shall be made available during the rendition of the service. From time to time, **IEEI** shall make inquiries as to the manner and schedule of operation of the elevators as well as on matters relevant to the use and operation of the same, and shall advise **PDIC** on pertinent matters therefor.

XI. LEGAL ACTION

Any litigation arising from this Contract shall be filed before the competent courts of the City of Makati only.

IN WITNESS WHEREOF, the parties have hereunto signed and executed this Service Agreement on the date and place appearing below their respective names.

**PHILIPPINE DEPOSIT
INSURANCE CORPORATION**

By:


NINA NOREEN A. JACINTO
Vice President, ASG

Date: _____
Place: _____

**INTERNATIONAL ELEVATOR
& EQUIPMENT, INC**

By:


ORLANDO A. SENALES
Service Manager
Ele/Esca Division

Date: _____
Place: _____

SIGNED IN THE PRESENCE OF:





CERTIFICATION:

This is to certify that pursuant to PDIC Board Resolution No. 2012-03-063 dated March 28, 2012, the amount of P321,593.00 has been set aside and made available by way of budget allocation for CY 2013 to cover for the implementation of the approved Elevator Maintenance Service Agreement.


IRENE D.L. ARROYO
Vice President
Treasury Group

ACKNOWLEDGMENT



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

BEFORE ME, a Notary Public, for and in the City of Makati, Philippines personally appeared:

| Name | Identification |
|------------------------|------------------|
| Nina Noreen A. Jacinto | PDIC ID No. 1224 |

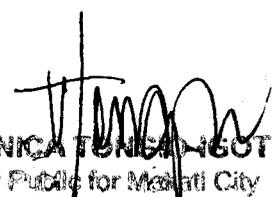
known to me to be the same person who executed the foregoing Service Agreement and he/she acknowledged to me that the same is his/her free and voluntary act, as well as that of the corporation he/she represents, and that he/she is duly authorized for the said purpose.

This document refers to the *ELEVATOR MAINTENANCE SERVICE AGREEMENT*, with Annex "A", consisting of eight (8) pages, including this page on which the Acknowledgment is written, signed by the parties and their witnesses on each and every page thereof and thereafter sealed with my notarial seal.

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

Doc. No. 87 :
Page No. 16 :
Book No. TH :
Series of 2013.




VERONICA TUNGIN NGOT
Notary Public for Makati City
Commission No. M-202 until December 31, 2013
Roll No. 81151/IBP No. 811533
6782 SSS Bldg., Ayala Ave., Makati City





ACKNOWLEDGMENT

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

BEFORE ME, a Notary Public, for and in the CITY OF MAKATI personally appeared:

Name

Identification

Orlando A. Sendales

IEEI ID NO. 19790602

known to me to be the same person who executed the foregoing Service Agreement and he acknowledged to me that the same is his free and voluntary act, as well as that of the corporation he represents, and that he is duly authorized for the said purpose.

(Handwritten mark)

This document refers to the *ELEVATOR MAINTENANCE SERVICE AGREEMENT*, with Annex "A", consisting of eight (8) pages, including this page on which the Acknowledgment is written, signed by the parties and their witnesses on each and every page thereof and thereafter sealed with my notarial seal.

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

Doc. No. 111 ;
Page No. 30 ;
Book No. XXXIII ;
Series of 2013.

(Handwritten signature)
ATTY. GERVAZIO B. ORTIZ JR.
Notary Public, City of Makati
Until December 31, 2014
IBP NO. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 3064330 Jan. 2, 2013
Makati City Roll No. 40091
101 Urban Ave. Brgy. Pk. del Pilar
Makati City

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