

SECURITY SERVICES CONTRACT

This Contract is made and entered into this FEB 01 2018 day of 2018 in the Freeport Area of Bataan, Mariveles, Bataan, by and between:

The **AUTHORITY OF THE FREEPORT AREA OF BATAAN**, a body corporate created and existing under and by virtue of Republic Act No. 9728, with office address at the Second Floor, Administration Building, Freeport Area of Bataan, Mariveles, Bataan, represented herein by its Chairman and Administrator, **EMMANUEL D. PINEDA**, hereinafter referred to as the "AFAB";

-and-

- **KARPA II SECURITY SERVICES**, a company duly created and existing under and by virtue of a DTI registration and PNP License to Operate with office address at Roman Highway, Bo. Campo, Tenejero, Balanga City, Bataan, represented by its Owner and General Manager, **KRISTIAN JAMES B. PAGUIO**, hereinafter referred to as the "Contractor";

WITNESSETH

WHEREAS, upon the effectivity of Republic Act No. 9728 (RA 9728), or "The Freeport Area of Bataan (FAB) Act of 2009", the Bataan Economic Zone (BEZ) was converted into a freeport and special economic zone now known as the FAB, operated and administered by the Authority of the Freeport Area of Bataan (AFAB);

WHEREAS, the AFAB desires to engage the services of a security agency to provide security services for the additional areas of responsibility (AOR VIII-XII) under the AFAB and such other places, as may be specified;

WHEREAS, the Contractor warrants that it is duly licensed under Republic Act No. 5487, the Private Security Agency Law, as amended, and holds all license, permits, approvals and legal authority required by applicable laws and regulations and is willing to offer such security services to the AFAB;

WHEREAS, the Contractor further fully warrants that it has all the resources, qualified personnel, equipment and logistics to perform the services provided under this Contract;

WHEREAS, the AFAB invited Bids for Security Services for Additional Areas of Responsibility (AOR VIII-XII) under the Authority of the Freeport Area of Bataan, and relying on the representations of the Contractor, has accepted the Contractor's Bid for the execution of security services in the sum of FIVE MILLION EIGHT HUNDRED THIRTY FOUR THOUSAND NINE HUNDRED SIXTY ONE PESOS AND FIFTY SEVEN CENTAVOS per annum (Php 5,834,961.57/a), hereinafter referred to as the "Contract Price".

NOW, THEREFORE, for and in consideration of the foregoing premises, the AFAB and the Contractor (hereinafter referred to as the "Parties") hereby agree as follows:

Article 1. CONTRACT DOCUMENTS

Section 1. In this Agreement words and expressions shall have the same meaning as are respectively assigned to them in the Conditions of Contract referred to. The following documents shall be deemed to form part of and be read and construed as part of this Agreement:

- 1.1 Annex "A" : Terms of Reference and all its attachments such as the respective Guards and Equipment Requirements for each Area of Responsibility and the Table of Offenses and Penalties
- 1.2 Annex "B" : Invitation to Bid
- 1.3 Annex "C" : Instructions to Bidders
- 1.4 Annex "D" : Bid Data Sheet
- 1.5 Annex "E" : General Conditions of the Contract
- 1.6 Annex "F" : Special Conditions of the Contract
- 1.7 Annex "G" : Eligibility and Technical Documents, Technical Specifications, Other Contract Documents such as Agency's Security Plan, Karpa II Security Services' Organizational Chart, Agency's Manpower Requirement and Contractor's List of Manpower
- 1.8 Annex "H" : Contractor's Information Sheet
- 1.9 Annex "I" : Financial Documents including but not limited to the Duly Accomplished Bid Form and Bill of Quantities
- 1.10 Annex "J" : Performance Security Bond under O.R. No. 283396 dated 29 December 2017
- 1.11 Annex "K" : Notice of Award dated 21 December 2017.

Section 2. If anything in the above-enumerated Contract Documents is inconsistent with the provisions of this Contract, the provisions of the latter shall govern.

Section 3. All amendments, modifications or supplements to the above-enumerated Contract Documents after the execution of this Contract shall take effect only upon written agreement between the AFAB and the Contractor and shall be considered as part of this Contract.

Article 2. CONTRACT PERIOD

This Contract, unless terminated earlier pursuant to Article 17, shall remain valid for a period of two (2) years effective from **01 March 2018 to 29 February 2020**. Notwithstanding the foregoing, this Contract and the performance of the Contract shall be subject to review and AFAB retains the right to terminate the Contract at its sole discretion in accordance with Article 17. Upon its expiration, this Contract may be renewed at the sole option of the AFAB for another one (1) year period subject to the same terms and conditions by giving the Contractor written notice of the AFAB's intention to renew at least thirty (30) calendar days before the expiration of this Contract. Except for the Contract period, all terms and conditions, unless otherwise negotiated and revised with the written agreement between the AFAB and Contractor, shall apply with full force and effect to the renewed Contract period.

Article 3. SERVICES

The Contractor shall provide security services at the FAB and elsewhere as requested and specified by the AFAB, for the protection of properties, assets, facilities and offices against unauthorized entry, illegal intrusion, unlawful interference, theft, robbery, arson, terrorist acts, sabotage, criminal threats, intimidation, as well as to enforce its policies, rules and regulations relative to the preservation of peace, order, safety, health environment, and security threat. Details of the minimum services required in this Contract are specified in the Terms of Reference and other documents in the Contract.

Article 4. AUTHORIZED OFFICES

Section 1. All orders, directives and instruction of the AFAB shall be coursed through the Chairman and Administrator or any duly authorized and designated officer, duly notified in writing to the Contractor.

Section 2. The AFAB, through its Chairman and Administrator or any duly authorized and designated officer may from time to time, give direct instructions/orders within the duties and responsibilities of the security personnel.

Section 3. The designated Detachment Commanders of the Contractor shall immediately report to the Chairman and Administrator or the duly authorized and designated officer any matter or concern relative to the services contemplated in this Contract.

ARTICLE 5. CONTRACTOR'S UNDERTAKINGS

Section 1. The Contractor agrees that all representation, requirements and undertaking shall be fully complied with within sixty (60) days after the signing

of this Contract. Non-compliance shall be a ground for the immediate cancellation of the Contract.

Section 2. The Contractor shall ensure that all personnel assigned to perform the services contemplated herein are persons of integrity, sound mind, discipline and honesty.

Section 3. The Contractor shall at all times maintain the training of its personnel at the highest level and shall periodically provide retraining programs, at its own expense, to maintain and/or improve the quality of its services. The Contractor is given thirty (30) days from signing of the Contract to comply with the training requirements for each personnel. For subsequent deployment the personnel shall have undergone the training prior to deployment.

Section 4. Without in any way limiting the above provisions, the Contractor shall provide the requisite supervision and control at all times to ensure adequate performance by security personnel of their functions and also provide relief or substitution of personnel as necessary or as required by the AFAB. The Contractor shall take necessary steps to discipline, reprimand, suspend, terminated or reassign outside the AFAB or the Freeport Area of Bataan any personnel to ensure good and efficient performance of the services.

Section 5. The Contractor shall, at its own expense, provide all its personnel performing the services with uniforms, weapons and equipment as described in detail in accordance with the pertinent provisions of Annex A and Annex "G" (Agency's Security Plan). Such uniforms shall afford adequate protection from the usual working hazards encountered by the Contractor's nature of business, shall be neat and worn properly at all times by the Contractor's personnel during the performance of their duties and responsibilities. The weapons and equipment must be fully functional and well maintained.

Section 6. The Contractor shall receive, secure and account for any equipment and facility provided by the AFAB and shall ensure that they are properly utilized and maintained, and shall be liable for any damage or loss arising from the improper or unauthorized use thereof and/or negligence of Contractor's personnel.

Section 7. The Contractor shall receive, secure and account for all keys issued by the AFAB for its use in the performance of this Contract. In case the Contractor or its personnel has lost any such keys, the Contractor shall immediately notify the AFAB and necessary replacements shall be obtained at the Contractor's expense.

Section 8. The Contractor shall be fully responsible for appropriate use, storage, repair and maintenance of the weapons and all equipment it supplied in accordance with the pertinent provisions of Annex "A" and Annex "G" (Agency's Security Plan). The Contractor shall designate personnel, at no cost to the AFAB, who shall be responsible and accountable for all equipment, supplies,

and facilities assigned, issued or placed under the custody of the Contractor by AFAB under this Contract.

Section 9. The Contractor shall submit the individual 201 files to include current and valid national agency clearances, local agency clearances, LGU and court clearances and duly accomplished Personnel Information Sheets of all detailed security personnel indicating personal information, education and training and such other documents that the AFAB may require ten (10) days prior to actual posting.

Section 10. Neither the Contractor nor any of its personnel shall pay any commissions, fees, grants any rebates, give any gifts, perform favors, or enter into any outside business arrangements with any of the employees of the AFAB (other than as representatives of and for official business involving the AFAB or their dependents, except, with the prior written approval of the AFAB.

Section 11. As an independent security service provider, the Contractor shall assume full responsibility for any loss due to theft, damage, pilferage, looting, robbery, terrorist acts, sabotage and trespass, which the AFAB may suffer during watch hours of the security guards assigned by the Contractor, or for any injury sustained by or death of any persons, or damage to any property, however, caused, whether arising from the fault, negligence, breach of duty or breach of statute by the Contractor, its officers, employees, agents or other parties.

As soon as the loss and/or damage has been established, the AFAB has the option, without need of demand, to deduct the value of any loss and/or damage from the Contractor's billing, without prejudice to the right of the AFAB to go after the performance bond of the Contractor. The Contractor shall likewise indemnify the AFAB for the damages or expensed sustained by the AFAB in the case of injuries and/or death sustained by any person in relation to the above paragraph.

Section 12. The Contractor and its personnel shall comply with any and all rules and regulations promulgated by the AFAB relative to the health, safety, security and environment and with all the rules, regulations, and ordinances, that may now or hereafter be implemented by the AFAB or any national or local government agency/unit. For this purpose, the Contractor shall hold the AFAB free and harmless from any claim that may be filed against it by any third party or government agency for any violation of such rules and regulations, particularly but not limited to those which pertain to health, safety, security and environment.

Section 13. The Contractor, in performing its obligations hereunder shall obtain all certificates and permits required by any laws, rules regulations and decrees, including the payment by the Contractor or pertinent taxes, as may be required by the proper government agencies in connection with the performance of the services herein.

Section 14. The Contractor undertakes that any salary deduction shall be in accordance with the provisions of the Labor Code, and shall in no case exceed ten percent (10%) of the net monthly pay of the security personnel from whom such deduction would be made.

Section 15. Amount of penalties from the offenses done by neither the Contractor nor any of its personnel shall be deducted from the Contractor's billing without need of demand. Infraction Acknowledgement Receipt shall be given to the Contractor or to its personnel for every offense for proper documentation and basis for the said deduction as stipulated particularly in Attachment "D" of Annex "A".

Article 6. CONTRACTOR'S PERSONNEL

Section 1. The Contractor shall ensure that each of its personnel, whatever the degree of their participation under this Contract, has been examined by the qualified physician acceptable to the AFAB and confirmed to be medically and psychologically fit to provide the services herein. The AFAB may request at any time adequate certificates evidencing the health condition of the Contractor's personnel. This, however, shall not preclude the AFAB from including the Contractor's personnel in its random drug and alcohol tests.

Section 2. The Contractor shall, at all times, ensure that duty stations and other areas covered by this Contract are provided with an adequate number of suitably equipped, qualified and experienced supervisory, line and support staff to perform the services in accordance with the minimum service requirements as specified therein, particularly Annex "A" and its attachments and Annex "G" (Agency's Security Plan). The AFAB reserves the right to change the guard manning detail and guard posts anytime.

Section 3. The Contractor shall designate one of its personnel acceptable to the AFAB as the Detachment Commander. The Detachment Commander shall be directly responsible for the following: a) Supervision of the Contractor's Personnel; b) Day-to-day performance of the services; and c) Safekeeping and judicious use of both Contractor and AFAB supplied equipment and materials. The Detachment Commander shall ensure that the services are performed in accordance with this Contract and related documents.

Section 4. Replacement

- a) If the Contractor is requested by the AFAB or has to replace the Detachment Commander or any officer, the Contractor shall immediately provide a replacement within a period not exceeding ten (10) days with equivalent or better qualifications and experience. Replacement of the Detachment Commander and all key personnel should be done in consultation with the AFAB. The replaced Detachment Commander or security personnel shall not be stationed or given new assignments within a fifty (50)-kilometer radius of the Freeport Area of Bataan.
- b) The Contractor shall immediately replace such personnel or equipment who/which, in the opinion of the AFAB, does not meet the minimum specifications based on Annex "A" and other pertinent contract documents.

- c) The Contractor shall provide immediate replacement in case any security personnel is absent. For any other reason, which would necessitate replacement, the Contractor shall provide replacement within one (1) hour from the time the Contractor shall have been notified by the Chairman/Administrator or the duly designated representative of the AFAB of such need.
- d) The AFAB reserves the right to refuse admittance to or require the Contractor to remove from the premises any of the Contractor's personnel who, in the judgment of the Chairman/Administrator or the duly designated representative is under the influence of alcohol or substance of abuse, or who is, for any other reason, deemed incapable of reliably and safely performing his assigned work or whose behavior does not conform to the generally accepted standards.
- e) The Contractor shall immediately replace such security personnel found to be drinking alcoholic beverages or under the influence of narcotics or other controlled substance without a prescription from a licensed physician while on duty or twelve (12) prior to posting.

Section 5. The Contractor shall ensure that its security personnel shall not accept employment with any other firm or institution while assigned to the AFAB and that while performing the services hereunder, their behavior shall conform to generally accepted standards and the Contractor's Code of Conduct including any amendment or revision thereof. All the Contractor's personnel shall be subject to all relevant rules and regulations regarding conduct/behavior.

Section 6. The Contractor shall ensure that, at all times, all Contractors' personnel are properly provided with identification cards.

Article 7. COMPLAINTS

The Contractor shall respond to all complaints in writing within twenty-four (24) hours from receipt of the same explaining the cause thereof, including the actions taken or will be taken to remedy the same. If delays are anticipated due to any injuries, investigation or other reasons, such complaints must be acknowledged within forty-eight (48) hours with an explanation for the delay. For complaints lodged by third persons, all responses shall first be discussed with the Chairman/Administrator or the duly designated representative.

Article 8. REPORTS FROM THE CONTRACTOR

The Contractor shall (a) maintain accurate, systematic accounts and records in relation to the services covered by this Contract and make them available at anytime for inspection by the AFAB; (b) furnish the AFAB with all the reports specified in Annex "A", Annex "G" (Agency's Security Plan) and such other as may hereinafter be required by the AFAB; and (c) permit any duly authorized

representative or auditor of the AFAB to inspect and make any necessary copies of such accounts and records.

Article 9. COORDINATION

Section 1. The AFAB and the Contractor shall meet on a regular basis to review the Contractor's performance against the performance standards and criteria set forth in this Contract and related documents.

Section 2. The Contractor shall, at all times, cooperate and coordinate with the AFAB in order to achieve the objectives of this Contract and to overcome any problems which may arise in the performance of the services.

Article 10. CONTRACT PRICE AND MANNER OF PAYMENT

Section 1. For and in consideration of the full, satisfactory and faithful performance by the Contractor of its undertakings and obligations under this contract, the AFAB shall pay the Contractor a fee computed on the agreed hourly rate per guard (inclusive of VAT), multiplied by the number of actual man-hours.

The hourly rates shall be those indicated as per Annex "I".

Section 2. The AFAB shall not be liable to pay for any services rendered by the security personnel beyond the normal eight (8) hours and six (6) days a week unless the same is covered under Annex A or with the prior written approval of the AFAB, and in accordance with the rates directly payable to the security personnel and the allowed administrative overhead and margin as prescribed by PADPAO.

Section 3. Payment shall be made within thirty (30) days from receipt of the billing by the AFAB. The billing shall be supported by appropriate certifications and daily attendance/man-hours records countersigned by the authorized representatives of the AFAB.

Section 4. The AFAB may request documents from the Contractor to verify payment of salaries to its personnel/employees in accordance with the provisions of the Labor Code, as amended, and remittances to third parties as a performance requirement.

Article 11. INDEPENDENCE OF CONTRACTOR

Section 1. It is agreed that the Contractor is an independent Contractor and that no relationship of employer and employee is created between the AFAB and the Contractor or its employees.

Section 2. The Contractor also agrees to hold the AFAB absolutely free and harmless from any and all liability, cause or causes of action and acclaim, which

may be filed by the Contractor's personnel by reason of the rendition of the services under this Contract or under the provisions of the Labor Code, as amended, Minimum Wage Law, Workmen's Compensation Act, SSS and Medicare Law, and any other labor and social legislation which are now in effect or which may hereafter be enacted.

Section 3. The Contractor shall exercise operational, supervisory and administrative control in the hiring, selection, rotation, reassignment, suspension, termination or imposition of other disciplinary measures to its security personnel. The Contractor shall be directly responsible in taking strict measures against security personnel who may be found involved in any anomalous activities within the AFAB premises, including but not limited to accepting facilitation money, and shall cause their reassignment to posts outside the AFAB premises. The above, however, shall be subject to the option of the AFAB for any cause to request reassignment of any guard to posts outside the AFAB.

Section 4. The administration, discipline and supervision of the security personnel assigned to the AFAB shall conform to Republic Act No. 5487 and its implementing rules and regulations and the internal rules and regulations of the Contractor.

Article 12. ASSIGNMENT OF CONTRACT

This Contract, as a whole or in part, shall not be assigned or subcontracted in any way by the Contractor.

Article 13. PERFORMANCE BOND

Section 1. The Contractor shall post a performance bond with a reputable firm acceptable to the AFAB in the amount of **One Million Seven Hundred Fifty Thousand and Four Hundred Eighty Eight Pesos and 47/100 (1,750,488.47)** which is equivalent to 30% of the contract price In the amount of Five Million Eight Hundred Thirty Four Thousand Nine Hundred Sixty One Pesos and 57/100 (5,834,961.57) issued by the reputable insurance company accredited by the Insurance Commission and acceptable to the AFAB, the bond shall also provide that, if in the reasonable opinion of the AFAB, the Contractor is in breach of any provision of this Contract and fails to satisfactorily remedy the breach within seven (7) working days after notice from the AFAB to do so, such bond shall be called by the AFAB to answer to the damage/s it shall sustain as a result of said breach, to the extent of the amount of such damage/s. The performance bond shall be demandable and payable on sight and may not be cancelled and/or otherwise be amended without the written approval of the AFAB.

Section 2. The Contractor shall submit to the AFAB the original performance bond and the official receipt of premium payment within seven (7) calendar days after signing of this contract.

Article 14. RIGHTS IN DATA AND CONFIDENTIALITY

Section 1. All memoranda, reports, logbooks, journals, and working papers, schedules, computer records and databases and any other such material data (collectively defined as "Data") produced by the Contractor in relation to the services contemplated herein shall at all times be the property of the AFAB. Upon termination or expiration of this Contract or at such other time as the AFAB may request, the Contractor shall return to the AFAB all such Data.

Section 2. The Contractor shall treat all Data as confidential and shall not release it to any third party without the written permission from the AFAB.

Section 3. The Contractor shall not publish materials relating to the Contract without prior written consent of the AFAB. Neither the Contract nor the services provided by the Contractor may be used by the Contractor for advertisement or, public relations without prior written permission of the AFAB.

Article 15. TERMINATION

Section 1. This Contract shall terminate, without necessity of notice, on 01 March 2020. The foregoing notwithstanding, the AFAB may, at any time, terminate this Contract at its sole discretion for any cause, by giving the Contractor thirty (30) calendar days written notice prior to the intended date of termination. On case the Contractor is in breach of any of the provisions of the Contract or fails to meet the minimum service standards expected by the AFAB, the AFAB has the option to require the Contractor to remedy the breach.

Section 2. In the event of termination of this Contract under Section 1 of this Article, the Contractor shall immediately deliver to the AFAB the materials made available to the Contractor by the AFAB under this Contract and immediately vacate any office space occupied by the Contractor within the AFAB premises.

Section 3. The Contractor recognizes that the services under this Contract are vital to the AFAB and must be continued without interruption and that, upon Contract expiration, a successor, which may be either the AFAB or another Contractor, may continue the same.. If the requirement of promoting continuity of the services arises and the AFAB deems it necessary under the circumstances, the Contractor is obliged to ensure the efficient turnover of responsibilities during the transition period to a new Contractor.

Article 16. FORCE MAJEURE

Neither Party hereto shall be under liability to the other due to the other Party being prevented, delayed or hindered in performing any of its obligations by reason of any caused beyond its control or which could have been prevented by the exercise of reasonable care on the part of the AFAB and extraordinary diligence on the part of the Contractor. The party so affected shall immediately notify the other party within a period not exceeding seven (7) calendar days of

the cause thereof and provide a statement of the steps and time estimated necessary to remedy the failure or delay in the performance of the services under this Contract. The AFAB shall exercise reasonable diligence, and the Contractor extraordinary diligence, in attempting to overcome the hindrance in question and resume performance within a reasonable time thereafter.

Article 17. MISCELLANEOUS PROVISIONS

Section 1. Should either Party be constrained to resort to court action in order to protect its rights and interest thereunder, an amount equivalent to twenty (20%) of the total sum claimed in the complaint, as and by way of attorney's fees, plus the expenses of litigation recoverable under pertinent laws shall be paid to complaint, provided, that the attorney's fees shall in no case be less than Fifty Thousand Pesos (Php50, 000.00).

Section 2. Failure of the AFAB at any time to enforce or demand performance of any or all of the terms and conditions of this Contract and other related instruments or contracts shall in no way be construed as a waiver of such term(s) and condition (s) nor shall it affect the right of the AFAB to demand strict compliance with such terms and conditions in the future.


Section 3. The Contractor shall maintain a performance bond as provided for under Article 13 hereof. The Contractor shall submit the original copy of the performance bond to the AFAB within seven (7) calendar days from any renewal hereof.

Section 4. If any provision of this Contract is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected.

Section 5. The venue of all court actions relative to this Contract shall be in the courts of Bataan Province only.


IN WITNESS WHEREOF, the Parties have affixed their signature on the day and year and at the place first written above.

**AUTHORITY OF THE FREEPORT
AREA OF BATAAN**



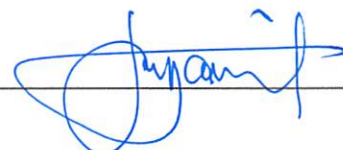
EMMANUEL D. PINEDA
Chairman and Administrator

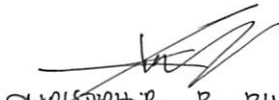
KARPA II SECURITY SERVICES



KRISTIAN JAMES B. PAGUIO
Owner and General Manager

SIGNED IN THE PRESENCE OF:





CHRISTOPHER P. PILIG



ACKNOWLEDGEMENT

Republic of the Philippines)
BALANGA CITY, BATAAN) S.S.

BEFORE ME, a Notary for and in **BALANGA CITY, BATAAN**
personally appeared the following:

Name	Competent Evidence of Identity	Date and Place Issued
EMMANUEL D. PINEDA	Passport No.EC4011784	22 Apr 2015/DFA Manila/ 21 Apr. 2020
KRISTIAN JAMES B. PAGUIO	Driver's License # C02-02- 002396	27, June 2016/ LTO Pilar, Bataan

known to me to be the same persons who executed the foregoing instrument,
and acknowledged to me that the same is their own free and voluntary act and
deed, and that of the entities herein represented.

This Security Services Contract, consisting of thirteen (13) pages including
the page on which this Acknowledgment I written, has been signed by the
Parties on each and every page, and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand on the date and at
the place written above.

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Series of 2018.

ATTY. VINCENT EMMANUEL T. CRUZ
NOTARY PUBLIC FOR BALANGA CITY
NC NO. 347-17 UNTIL 12/31/ 2019
CAPITOL COMPOUND BALANGA CITY
PTR NO. 612517 MAR BAT. 01/03/ 18
IBP NO. 10303 91 BATAAN 01/08/ 18
MCLE NO. V-0005522. 03/03/15
JLL NO. 4 SE 79