

CONTRACT OF SERVICE
GRAPHIC DESIGN, EDITORIAL ENHANCEMENT AND
PRINTING OF THE 2010 ANNUAL REPORT

KNOW ALL MEN BY THESE PRESENTS:

This Contract made and entered into this _____ day of _____, 2011 at CityState Centre, 709 Shaw Blvd., Brgy. Oranbo, Pasig City by and between:

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation created and existing by virtue of R.A. 7875, otherwise known as the "National Health Insurance Act of 1995", with office address at 17th Floor, City State Center Building, 709 Shaw Blvd corner Oranbo Drive, Pasig City, represented herein by its President and CEO, **DR. EDUARDO P. BANZON** hereinafter referred to as the "**PHILHEALTH**".

- AND -

MODE MATRIX MANILA, INC., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at Unit 1022 Cityland Tower, Shaw Blvd corner Saint Francis St., Mandaluyong City, represented in this act by its, President and Managing Director, **MA. SOCORRO M. LIMBO**, hereinafter referred to as the "**MODE MATRIX MANILA, INC.**",

- WITNESSETH -

WHEREAS, PHILHEALTH yearly comes out with an Annual Report in keeping with the principle of transparency and public service;

WHEREAS, PHILHEALTH needs the services of an advertising agency for the Graphic Design, Editorial Enhancement and Printing of the 2010 Annual Report;

WHEREAS, PHILHEALTH has an Approved Budget for the Contract (ABC) in the amount of Four Hundred Thirty Two Thousand Pesos (PhP 432,000.00). Hence, Negotiated Procurement via Small Value Procurement pursuant to Section 53.9 of the Revised Implementing Rules and Regulations of Republic Act No. 9184 was conducted;

WHEREAS, the Bids and Awards Committee for Consulting Services and Civil Works (BAC-CSCW) conducted the said procurement and as per BAC-CSCW Resolution No. 16, s. 2011, **MODE MATRIX MANILA, INC.** was declared as the bidder with the highest rated responsive bid (HRRB) for a total contract amount of Four Hundred Five Thousand Two Hundred Pesos (PhP 405,200.00);

WHEREAS, the BAC-CSCW issued the Notice of Award and was accepted by **MODE MATRIX MANILA, INC.** on October 07, 2011;

NOW, THEREFORE, for and in consideration of the foregoing premises the parties hereto agree to be bound under the following terms and conditions, to wit:

ARTICLE I


DUTIES AND OBLIGATIONS OF MODE MATRIX MANILA, INC.

- 1.1 Scope of Work:
Artistic/Editorial Requirements
- 1.1.1. Conceptualize and develop the Annual Report theme based on PhilHealth's 15th Anniversary and its 2010 corporate thrust and accomplishments;
- 1.1.2. Conceptualize at least three (3) Graphic designs for the cover and inside pages based on the approved theme;
- 1.1.3. Prepare Graphic Concepts and Artwork; presentation of comprehensive studies; typesetting; and cropping of photos; color separation;
- 1.1.4. Provide and submit color proof and prototype for approval on or before agreed deadline as stipulated in the provision 1.4 of this contract.
- 1.1.5. Assist in writing and editing articles and feature stories included in the Annual Report;
- 1.1.6. Proofread submitted soft/hard copy of approved final content;
- 1.1.7. Lay-out submitted final content after proofreading and crop photos on corresponding articles;
- 1.1.8. Style editing; and
- 1.1.9. Printing, packaging and delivery of one thousand five hundred (1,500) copies of the 2010 PhilHealth Annual Report on or before the approved deadline as stipulated in the provision 1.4 of this contract.

1.2 Printing Specifications


- a. Size : 8.5" x 11" (folded)
17" x 11" (spread)
- b. Color : Front and Back cover
Full color with spot lamination
-matte laminated
-texture lamination

Inside Pages
Full color with spot lamination
- c. No. of pages : 52 pages (including front and back cover)
- d. Material : Front and Back cover (Matte# 220)
Inside Pages (Matte# 100 and C2S#100 with spot lamination)
- e. Binding : Smythe Perfect
- f. Process : Offset Printing


Dr. Eduardo P. Ebanzon
President and CEO
PhilHealth

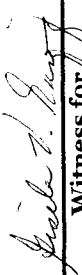

May Socorro M. Limbo
President and Managing Director
Mode Matrix Manila, Inc.


Edgar S. Asuncion
SVP-Legal Sector
PhilHealth


SM Arsenia B. Torres
Corporate Planning Dept.
PhilHealth


Willie M. Buntacod
Fiscal Controller IV
DRAS, PhilHealth


Witness for
Mode Matrix Manila, Inc.


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1.3 Qualification of Consultant

Mode Matrix Manila Inc. shall employ and maintain for the duration of this project ten (10) in-house Graphic Artist, two (2) or more Graphic Design/Art Consultant, two (2) or more in-house Writers.

1.3.2.1. Graphic Artist/s -- shall be responsible for all the creative requirements such as conceptualizing of theme and cover design. Shall also be responsible for the lay-out of the content, cropping and editing of photos.

1.3.2.2. Writer/s (In-house) -- shall be responsible for all editorial requirements needed for the project. Shall assist in the development, writing and proofreading articles and feature stories that will be included in the Annual Report.

1.3.2.3. Graphic Design/Art Consultant/s -- shall work hand in hand with the Graphic Artist in the conceptualization and development of theme, design and lay-out. Shall make sure of homogeneous and harmonized visual language and style based on the corporate image.

1.4. **MODE MATRIX MANILA, INC.** shall comply with the following schedule of activities:

| ACTIVITY | DATE |
|-----------------------------|---|
| Production Proper | 4 th Week of September to 2 nd Week of October 2011 |
| Initial Delivery | 2 nd Week of October 2011 |
| Complete and Final Delivery | 3 rd Week of October 2011 |

ARTICLE II
OBLIGATIONS OF PHILHEALTH

- 2.1. **PHILHEALTH** shall provide **MODE MATRIX MANILA, INC.** full information on all requirements for the Annual Report.
- 2.2. **PHILHEALTH** shall give written notice to **MODE MATRIX MANILA, INC.** if it observes or becomes aware of any defect/s in the Annual Report.
- 2.3. **PHILHEALTH** shall designate, when necessary, representatives authorized to act on its behalf. It shall examine documents submitted by **MODE MATRIX MANILA, INC.** and render decisions pertaining thereto promptly, to avoid unreasonable delay in the progress of **MODE MATRIX MANILA, INC.'s** work and shall observe the procedure of issuing necessary orders to **MODE MATRIX MANILA, INC.**

ARTICLE III
PAYMENT

3.1. **PHILHEALTH** shall pay **MODE MATRIX MANILA, INC.** the total amount of **Four Hundred Five Thousand Two Hundred Pesos (PhP 405,200.00)** for all the activities/services and shall be inclusive of taxes and other required government fees and shall be the agreed Total Contract Price (TCP). **PHILHEALTH** shall release its payment within fifteen (15) working days after scheduled full delivery and only upon the presentation of the following documents:

- 3.1.1. Contract;
- 3.1.2. Statement of Account;
- 3.1.3. Inspection Report; and
- 3.1.4. Certificate of Acceptance.

3.2. Cost of Consulting Services

3.2.1. The parties agree that this is a fixed price contracts.

ARTICLE IV
PERFORMANCE SECURITY

MODE MATRIX MANILA, INC. hereby undertakes to furnish **PHILHEALTH** and post a Performance Security upon the signing of the contract.

The required amount of the above forms of security shall be in accordance with the following schedule:

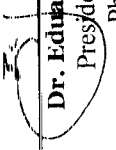
| Form of Performance Security | Amount of Performance Security (Equal to Percentage of the Total Contract Price) |
|--|--|
| a) Cash or cashier's/ manager's check issued by a Universal or Commercial Bank | Goods and Consulting Services- Five Percent (5%) |
| b) Bank draft / guarantee or irrevocable 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. | |
| c) Surety bond callable upon 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. |


ARTICLE V
OTHER CONDITIONS

- 5.1. **MODE MATRIX MANILA, INC.** is enjoined to observe strictly all conditions of this contract. Any violations shall be sufficient grounds for the cancellation of the contract and/or suspension and debarment.
- 5.2. Failure to comply with any of the requirements set forth by PhilHealth as stated in the request for quotation for this procurement will be a ground for disqualification and blacklisting of **MODE MATRIX MANILA, INC.** from participating in future public biddings including the confiscation of the bidder's performance bond.
- 5.3. It is expressly agreed and understood that the personnel, technical or otherwise, of **MODE MATRIX MANILA, INC.** assigned to the PROJECT are not employees of **PHILHEALTH**, hence the latter is not liable for any and all money claim by the employees of the former in the performance of its obligations under this Agreement. Nothing herein shall be construed as establishing the relationship of employer and employee between **PHILHEALTH** and **MODE MATRIX MANILA, INC.** or any of its staff. **MODE MATRIX MANILA, INC.** shall, at all times, be directly responsible for the personnel it employ and shall relieve **PHILHEALTH** from any and all responsibilities whatsoever in this regard.
- 5.4. **MODE MATRIX MANILA, INC.** shall hold **PHILHEALTH** free from any and all claims, liabilities, losses and suits arising from the Firm's services, or the acts, omissions or conduct of all persons employed or allowed by **MODE MATRIX MANILA, INC.** to participate or assists in the performance of its obligations under this Agreement.
- 5.5. **MODE MATRIX MANILA, INC.** shall pay **PHILHEALTH** one-tenth (1/10) of one percent (1%) of the TCP by way of liquidated damages for each day of delay in case the Annual Report is not delivered in accordance with the scheduled date of delivery unless said delay is caused by fortuitous events.


For violation of the terms and condition of this Contract, other than delay in the delivery of Annual Report, such as, but not limited to, neglect in the performance by **MODE MATRIX MANILA, INC.** of its work, duties, functions, responsibilities or obligations as stipulated herein, or for any other causes which shall make it impossible for it to carry the task enunciated in this Contract in as acceptable manner, and by reason thereof **PHILHEALTH** suffers damages or losses, **MODE MATRIX MANILA, INC.** shall be assessed liquidated damages in the amount of one-tenth (1/10) of one (1%) percent of the cost of the unperformed portion of everyday of delay, and the contract shall be rescinded once total liquidated damages reaches ten percent (10%).

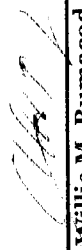
- 5.6. However, **PHILHEALTH** shall have the right to declare this Agreement rescinded and terminated after giving thirty (30) calendar days advance written notice upon due verification of facts showing failure of **MODE MATRIX MANILA, INC.** to comply with any of the terms or conditions of this Agreement without prejudice to such other rights of **PHILHEALTH** to proceed against **MODE MATRIX MANILA, INC.** as may be warranted by the circumstances, including forfeiture of performance bond and/or the filing of appropriate administrative, civil and/or criminal charges against the responsible persons.


Dr. Eduardo P. Banzon
President and CEO
PhilHealth

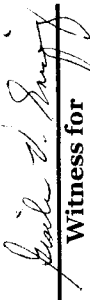

Ma. Socorro M. Limbo
President and Managing Director
Mode Matrix Manila, Inc.



Edgar S. Asuncion
SVP-Legal Sector
PhilHealth



SM Arsenia B. Torres
Corporate Planning Dept.
PhilHealth

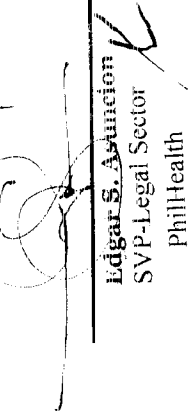

Willie M. Bumacod
Fiscal Controller IV
DRAS, PhilHealth



Witness for
Mode Matrix Manila, Inc.



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Mode Matrix Manila, Inc.


Mr. Eduardo P. Banzon
President and CEO
PhilHealth


Ma. Socorro M. Limbo
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Fiscal Controller IV
DRAS, PhilHealth

- 5.7. **MODE MATRIX MANILA, INC.** shall not sub-contract the performance of the SERVICES subject of this Agreement or any part thereof without the written consent of **PHILHEALTH**.
- 5.8. Any extension of the contract duration shall not involve any additional cost to **PHILHEALTH**.
- 5.9. **MODE MATRIX MANILA, INC.** shall comply with all existing laws, decrees, ordinances, acts and regulations of the Philippines which may affect the contract in any way, including the express and implied warranties and liabilities which may be found therein.
- 5.10. **MODE MATRIX MANILA, INC.** shall comply with all existing laws and pertinent social legislations, executive and administrative orders, together with all implementing rules and regulations issued by the Department of Labor and Employment and other relevant governmental authorities.
- 5.11. Failure of **MODE MATRIX MANILA, INC.** to perform the quality of work according to the criteria set by **PHILHEALTH** shall constitute a breach of contract. In such a case, **PHILHEALTH** has the right to terminate or rescind the contract without prejudice to entitlement damages.

ARTICLE VI
JUDICIAL AND ADMINISTRATIVE REMEDIES

- 6.1. **PHILHEALTH** and **MODE MATRIX MANILA, INC.** shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or the interpretation thereof.
- Any dispute between the above parties as to matters arising pursuant to this Contract which cannot be settled amicably within thirty (30) days after receipt by one party of the other party's request for such amicable settlement may be submitted by either party for settlement.
- Any and all disputes arising from the implementation of a contract covered by R.A. No. 9184 and its IRR-A shall be submitted to arbitration in the Philippines according to the provisions of R.A. No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004".
- The arbitral award and any decision rendered in accordance with the foregoing shall be appealable by way of a petition for review to the Court of Appeals.
- 6.2.. Should **MODE MATRIX MANILA, INC.** be adjudged liable in whole or in part in a final and executory arbitral award or court decision, it shall pay **PHILHEALTH** damages as well as reasonable attorney's fees in the amount equivalent to at least Twenty Percent (20%) of the total amount claimed, but not less than One Million Pesos (Php1,000,000.00), in addition to all expenses of litigation, and costs of the suit.


Witness for
Mode Matrix Manila, Inc.


Witness for
Mode Matrix Manila, Inc.

**ARTICLE VII
DURATION OF THE CONTRACT**


This Contract shall take effect on _____ until _____, unless sooner terminated in accordance with the provisions thereof. Full delivery of all goods and services required in accordance with the agreed delivery schedule.

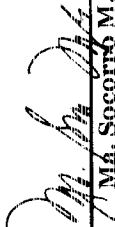
**ARTICLE VIII
MISCELLANEOUS PROVISIONS**

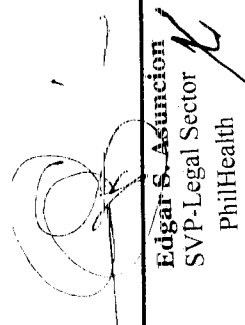
- 8.1. In case any provision or stipulations hereof is declared invalid, null and void or contrary to law, rules and regulations, the unaffected portion shall remain valid and effective.
- 8.2. All mandatory provisions of RA 9184, its rules and other pertinent laws, rules and regulations and all the terms and conditions as set forth in the Request for Quotation on Graphic Design, Editorial Enhancement and Printing of the 2010 Annual Report through Negotiated Procurement- RFQ # 2011-001-CSCW, the Technical Proposal and Price Quotation of **MODE MATRIX MANILA, INC.** shall form an integral part of this contract.
- 8.3. Amendment or revision of any provision shall be upon mutual agreement and approval of both parties.


**ARTICLE IX
SEPARABILITY CLAUSE**


If any paragraph, sub-paragraph or part of this contract is declared contrary to law, public policy or otherwise declared invalid, such shall not affect the other paragraph, sub-paragraphs or parts of this contract.



Dr. Ednardo P. Banzon
President and CEO
PhilHealth


Ma. Socorro M. Limbo
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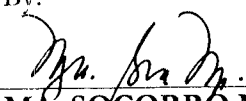
IN WITNESS WHEREOF, the parties have hereunto set their hands this _____ of _____, 2011 at _____, Philippines.

**PHILIPPINE HEALTH
INSURANCE CORPORATION**

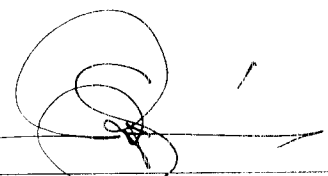
By:

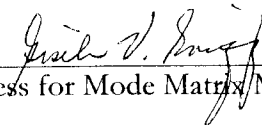

DR. EDUARDO P. BANZON
President and CEO
PhilHealth


By:


MA. SOCORRO M. LIMBO
President and Managing Director
Mode Matrix Manila, Inc.

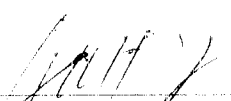
Signed in the presence of:


EDGAR S. ASUNCION
SVP- Legal Sector
PhilHealth


Witness for Mode Matrix Manila,
Inc.


ARSENIA B. TORRES
Senior Manager
Corporate Planning Department
PhilHealth


Witness for Mode Matrix Manila,
Inc.


WILLIE M. BUMACOD
Fiscal Controller IV
Disbursement, Remittance and
Administration Section
PhilHealth

Ref # 11-2011-189
CAF # 2011-12-01

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES) S.S.
PASIG CITY **MANILA**) S.S.

BEFORE ME, this DEC 27 2011 day of 2011. Personally appeared the following persons exhibiting to me their respective Government issued ID's to wit:

DR. EDUARDO P. BANZON
Philippine Health Insurance Corporation

100 - 887 - 00

MA. SOCORRO M. LIMBO
Mode Matrix Manila, Inc.

TIN 123-130-629

Known to me to be the same persons who executed the foregoing Service Contract Agreement consists of nine (9) pages including this page on which the acknowledgement is written and they acknowledged that the same is their free act and deed and that of the corporations being represented.

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

Doc. No.: 83
Page No.: 9
Book No.: 18
Series of 2011.

[Signature]
ATTY. DELFIN N. AGCAOILI, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2011
PTR NO. 9237325 / 01-04-11 / MLA.
IBP NO. 757299 / 01-10-11 / MLA.
ROLL NO. 24625 / TIN - 144519036
MCLE COMPLIANCE II- 0015473

[Signature]
Dr. Eduardo P. Banzon
President and CEO
PhilHealth

[Signature]
Ma. Socorro M. Limbo
President and Managing Director
Mode Matrix Manila, Inc.

[Signature]
Edgar S. Asuncion
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