

**CONTRACT FOR THE PROCUREMENT OF ONE (1) LOT PRIMARY ISP
SUBSCRIPTION FOR TWO (2) YEARS**

(ITB No. PISPS 2017-003-IT)

APR 13 2018

THIS AGREEMENT made and entered into this _____ day of _____ 2018, in the City of _____, Metro Manila, by and between:

PHILIPPINE HEALTH INSURANCE CORPORATION, a government owned and controlled corporation duly created by virtue of R.A. 7875, as amended by R.A 9241 and R.A. No. 10606 or the "National Health Insurance Act of 2013", with principal office address at 17th Floor, City State Center Building, 709 Shaw Blvd corner Oranbo Drive, Pasig City, represented herein by its **Interim/OIC President and Chief Executive Officer, DR. CELESTINA MA. JUDE P. DE LA SERNA**, (hereinafter called "**PHILHEALTH**").

-and-

INNOVE COMMUNICATIONS, INC., a stock corporation, organized and registered with the Securities and Exchange Commission under Company Reg. No. 178235, issued on October 26, 2015 and existing under the laws of the Republic of the Philippines, with principal address at The Globe Tower Cebu, Samar Loop corner Panay Road, Cebu Business Park, Cebu City represented herein by its **Senior Vice President - Enterprise Group, PETER D. MAQUERA**, (hereinafter called "**INNOVE**").

WHEREAS, **PHILHEALTH** invited Bids on the *Bidding for the Procurement of One (1) Lot Primary ISP Subscription for Two (2) Years* and has accepted a Bid by **INNOVE COMMUNICATIONS, INC.** for the supply of those services in the sum of, **THREE MILLION THREE HUNDRED FIFTY TWO THOUSAND ONE HUNDRED FIFTY TWO PESOS (PhP3,352,152.00)** (hereinafter called "**the Contract Price**").

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.
2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:
 - (a) INNOVE's Schedule of Requirements (**Annex "A"**);
 - (b) INNOVE's Bid Form (**Annex "B"**);
 - (c) INNOVE's Technical Proposal and its Appendices (**Annex "C"**);
 - (d) Notice of Award (**Annex "D"**);
 - (e) BAC-ITR Resolution No. 26, s. 2017 (**Annex "E"**);
 - (f) General Conditions of the Contract (GCC) (**Annex "F"**);
 - (g) Special Conditions of the Contract (SCC) (**Annex "G"**);
 - (h) Bid Bulletins (**Annex "H"**);
 - (i) Performance Security (**Annex "I"**); and
 - (j) Service Level Agreement (**ANNEX "J"**).
3. In consideration of the payments to be made by **PHILHEALTH** to **INNOVE** as hereinafter mentioned, **INNOVE** hereby covenants with **PHILHEALTH** to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of the Contract;
4. **PHILHEALTH** hereby covenants to pay **INNOVE** in consideration of the provision of the goods and services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the contract;

innOve
COMMUNICATIONS
Reviewed by Legal

DR. CELESTINA MA. JUDE. P. DE LA SERNA
Interim/OIC President and CEO
PhilHealth

PETER D. MAQUERA
Senior Vice President - Enterprise Group
Innove Communications, Inc.

RUBEN JOHN A. BASA
EVP and COO

ATTY. GERMAIN G. LIM
SVP-Legal Sector

JOVITA V. ARAGONA
SVP-Chief Information Officer
Information Management Sector

JUVY D. BALOLONG
Division Chief IV, AICD
Comptrollership Department

5. The contract price covers the costs of all Deliverable Items and Services and includes all applicable taxes, including the 12% Value Added Tax (VAT), customs duties, license fees, freight, insurance, cost of importation and delivery at the time and locations specified and other charges which may be imposed on the Product by foreign and local authorities;

6. **INNOVE** hereby covenants to deliver in favor of **PHILHEALTH** the One (1) Lot Primary Subscription for Two (2) years and the services related thereto, in accordance with the technical specifications as stated in attached Annexes of this Contract;

7. **INNOVE** shall complete the delivery and installation of One (1) Lot Primary ISP Subscription for Two (2) Years **within Thirty (30) Calendar Days** from receipt of the Notice to Proceed. After complete delivery to and acceptance by **PHILHEALTH**, **INNOVE** shall submit on a **monthly basis** the **STATEMENT OF BILLING ACCOUNT** and other documentary requirements as may be required by the former as a condition for payment; **PROVIDED, that any costs equivalent to a rebate for any service downtime shall be deducted there from;**

In addition, thereto, as obligation for the warranty, **PHILHEALTH** shall withhold a **Retention Money** equivalent to **one percent (1%) of the total contract price to be deducted every progress payment** in an amount equivalent to **Thirty Three Thousand Five Hundred Twenty One Pesos and Fifty Two Centavos (Php33,521.52) only. Said amount shall only be released after the lapse of the Two (2) year warranty period** for non-expendable supplies as required under Section 62 (Warranty) of the Revised IRR of R.A. 9184. Provided, however, that the goods supplied are free from patent and latent defects and all the conditions imposed under this Contract have been fully met;

Provided further, that **INNOVE** may opt to **post a special bank guarantee** equivalent to the above-mentioned amount which is one percent (1%) of the total contract price. The said special bank guarantee must have a **validity period of one (1) year** covering the first year of the warranty period to be renewed on the second year. Succeeding monthly payments will not be processed until such time that the special bank guarantee is renewed;

8. It is agreed by both parties that the Effective Billing Date (EBD) shall commence a day after the date of issuance of the final project acceptance;

9. **PHILHEALTH** may change some provisions of this contract due to outdated technical specifications, relevance to the current situation, or other circumstances provided that the proposed changes shall be agreed upon by both parties and **PHILHEALTH** shall not incur any additional cost;

10. This contract maybe renewed provided that, upon evaluation of PhilHealth, all of the following provisions are satisfied:

- The provider shall offer the same services at the price or lower than the present consideration for the existing contract.
- All specifications in the proposed contract is more advantageous than the current contract price.
- The current provider has satisfactorily provided the services as agreed in the Service Level Agreement.

11. **PHILHEALTH** may request bandwidth on demand when such is deemed necessary and the conditions have been duly evaluated and agreed upon by both parties. The incurred cost due to additional bandwidth shall be determined based on fair market price and on the agreed cost. However, the additional cost should not exceed more that 10% of the original contract cost;

12. **INNOVE** must submit to **PHILHEALTH** downtime and utilization reports of the ISP every month. For scheduled downtime, PhilHealth must be informed ahead of time;


13. **PHILHEALTH** will deduct a corresponding amount for every link downtime per site incurred monthly based on the Service Level Agreement provided for under the Terms of Reference (Annex "J" of this contract). Any deduction for such downtime must be reflected on the billing of each succeeding month;
14. The contracting parties undertake to comply with **Office Order No. 0018-2015 entitled "Reiteration of PhilHealth No Gift Policy Revision (1)"** which is deemed incorporated into this contract. No PhilHealth personnel shall solicit, demand, or accept, directly or indirectly, any gift from any person, group, association, or juridical entity, whether from the public or private sector, at anytime, on or off the work premises where such gift is given in the course of official duties or in connection with any transaction which may affect the functions of their office or influence the actions of directors or employees, or create the appearance of a conflict of interest;
15. **PHILHEALTH** may change some of the provisions of this contract due to outdated technical specifications, relevance to the current situation, or other circumstances provided that the proposed changes shall be agreed upon by both parties and **PHILHEALTH** shall not incur any additional cost;
16. All other terms, conditions and stipulations accompanying this Contract together with all proposals and all mandatory provisions of the Revised Implementing Rules and Regulations of R.A. 9184, shall form an integral part of the contract between the PARTIES hereto;

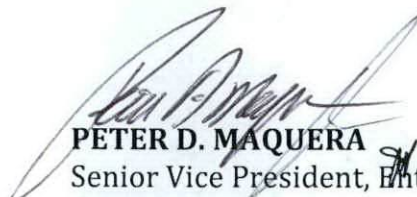
The PARTIES hereby certify that they have read or caused to be read to them each and every provision of the foregoing Contract and that they had fully understood the same.

IN WITNESS whereof the parties hereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first above written.

PHILIPPINE HEALTH INSURANCE CORPORATION

INNOVE COMMUNICATIONS, INC.


DR. CELESTINA MA. JUDE P. DE LA SERNA
Interim/ OIC President and CEO



PETER D. MAQUERA
Senior Vice President, Enterprise Group

Signed in the presence of:

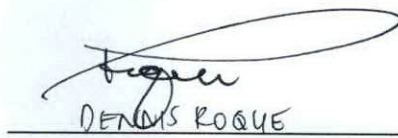

RUBEN JOHN A. BASA
EVP and COO


ATTY. GERMAIN G. LIM
SVP, Legal Sector


JOVITA V. ARAGONA
SVP-Chief Information Officer
Information Management Sector


JUVY D. BALOLONG
Division Chief IV
AIC Division, Comptrollership Dept.


PATRICIA DE LEON
Witness for **INNOVE**


DENNIS ROQUE
Witness for **INNOVE**

innOve
COMMUNICATIONS
Reviewed by Legal

ACKNOWLEDGEMENT

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

APR 13 2018

BEFORE ME, this ____ day of _____ 2018, personally appeared the following persons exhibiting to me their respective Government issued ID's, to wit:

DR. CELESTINA MA. JUDE P. DE LA SERNA
Philippine Health Insurance Corp.

PhilHealth ID No: 10346217

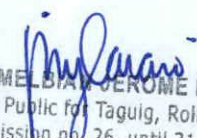
PETER D. MAQUERA
Innove Communications, Inc.

Passport No: P2434845A

Known to me to be the same persons who executed the foregoing Contract Agreement consisting of **Fifty-Eight (58) pages** including the annexes and 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. 334
Page No. 68
Book No. Lxxvii
Series of 2018


ATTY. MELBANI JEROME E. LARANO
Notary Public for Taguig, Roll No. 59294
Commission no. 26, until 31 Dec. 2019
PTR No. A-3693788/ 01.03.18 / Taguig City
IBP No. 1063530 / 11.23.17 / Cavite
MCLE Compliance No. V-0015571 / 03.14.16
3/F Bonifacio Technology Center 31st Street
corner 2nd Avenue Crescent Park West
Global City Taguig City, Philippines

innOve
COMMUNICATIONS
Reviewed by Legal