CONTRACT AGREEMENT

SUPPLY, TESTING, AND COMMISSIONING OF OCCUPATIONAL PERMIT SYSTEM ENHANCEMENT (OPSE) FOR THE QUEZON CITY BUSINESS PERMITS AND LICENSING DEPARTMENT - PHASE 4
CAO(BPLD)-25-IT-0272

KNOW ALL MEN BY THESE PRESENTS:

This Agreement entered into by and between:

QUEZON CITY GOVERNMENT, a local government unit under the laws of the Philippines, with office at Quezon City Hall Compound, Elliptical Road, Diliman, Quezon City, Metro Manila, represented herein by **HON. MA. JOSEFINA G. BELMONTE**, in her capacity as City Mayor, hereinafter referred to as the "**CITY**".

-and –

SANDMAN SOFTWARE SYSTEMS, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines with office address at 2ND Floor, One Joroma Place Building, Congressional Avenue, Quezon City, represented herein by its Authorized Representative, **MS. MERLY L. QUIAL**, hereinafter referred to as the "**SERVICE PROVIDER**"

(**CITY** and **SERVICE PROVIDER** may be referred to individually as a "Party" and collectively, as "Parties.")

- RECITAL –

WHEREAS, on **March 4, 2025**, the Bids and Awards Committee conducted a competitive bidding for the **SUPPLY, TESTING, AND COMMISSIONING OF OCCUPATIONAL PERMIT SYSTEM ENHANCEMENT (OPSE) FOR THE QUEZON CITY BUSINESS PERMITS AND LICENSING DEPARTMENT - PHASE 4** under Project No. **CAO(BPLD)-25-IT-0272** (the "**Project**").

WHEREAS, the **SERVICE PROVIDER** participated in the competitive bidding and was declared to be the Single Calculated and Responsive Bid;

WHEREAS, the **SERVICE PROVIDER** passed both the detailed evaluation and post qualification stages, and was declared as the Single Calculated and Responsive Offer;

WHEREAS, on MAR 27 2025 a Notice of Award was issued to the **SERVICE PROVIDER**;

NOW THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants and undertakings hereinafter provided, the parties hereto agree, as they have hereby agreed, as follows:

Section 1. ***Scope of Work.*** Pursuant to and in accordance with the Contract Documents provided herein, the **SERVICE PROVIDER** undertakes to deliver to the **CITY** the scope of work required by the Project, the specifications of which are specifically defined under Section VI. Schedule of Requirements, Section VII. Technical Specifications of the Bidding Documents and the Terms of Reference (TOR).

Section 2. ***Contract Documents.*** The following documents shall be read and deemed incorporated in this Agreement, *viz.*:

(a) Invitation to Bid;
(b) Instruction to Bidders;
(c) Bid Data Sheet;
(d) General Conditions of Contract;
(e) Special Conditions of Contract;
(f) Schedule of Requirements;
(g) Technical Specifications;
(h) Terms of Reference;
(i) Supplemental Bid Bulletins, if any;
(j) Bid Form;
(k) Schedule of Prices;
(l) Cost Derivation
(m) Notice of Award;
(n) Notice to Proceed;
(o) Obligation Request;
(p) Certificate of Availability of Fund (CAF);
(q) Performance Security; and
(r) Any and all other documents submitted to the City during the course of the procurement process.

The documents mentioned above shall be collectively referred to as "Contract Documents".

Section 3. ***Delivery Schedule.*** The entire work of software development and testing should be completed within **Thirty (30) Calendar Days** from the date of the issuance of Notice to Proceed (NTP), commencing on APR 04 2025 and ending on MAY 04 2025. The duration of the warranty and technical support shall be one (1) year from the date of acceptance/handover date.

Section 4. ***Contract Price.*** In consideration of the complete and faithful delivery of any and all Services and performance of any and all obligations of the **SERVICE PROVIDER** under this Agreement, the **SERVICE PROVIDER** shall be paid for the entire duration of the Agreement the total amount of **EIGHT MILLION SEVEN HUNDRED THOUSAND PESOS ONLY (Php8,700,000.00)** inclusive of the 12% Value Added Tax (VAT) (the **"Contract Price"**) in accordance with the conditions set forth in Section 5 hereof.

Section 5. ***Terms of Payment.*** Payment to the **SERVICE PROVIDER** shall be made based on completed milestones and actual services rendered, as provided below, subject to strict monitoring of the **CITY**:

MILESTONES	ACCEPTANCE CRITERIA	PERCENTAGE BILLING
Project Preparation and Mobilization Process Mapping & Technical Specifications Sign-Off	Process Mapped and approved. Documentation signed off by the End-User.	15%
Application Programming & Development to Minimum Viable Product	Minimum Viable Product signed off by QA and client's authorized personnel.	35%
User Acceptance Testing (UAT) of the the Updated Web Portal	Beta Testing of the Web Portal in End-User Office at Quezon City Compound. Full documentation signed off by QA and client's authorized personnel.	35%
Training and Hand Over	Signed off by client's authorized personnel.	15%
	TOTAL	100%

Section 6. ***Price Adjustment.*** The Contract Price shall be fixed and there shall be no price adjustment and escalation for the duration of the Agreement until and unless there exists an extraordinary circumstance as may be determined by the National Economic Development Authority that may warrant an increase of the Contract Price in accordance with Section 61 of the Implementing Rules and Regulations of RA 9184, otherwise known as the Government Procurement Reform Act.

Section 7. ***Standard of Performance.*** The **SERVICE PROVIDER** shall perform the required services and carry out its obligations with all due diligence, efficiency and economy. It shall observe the highest degree of standards based on industry practice.

Section 8. ***Penalties.*** The **SERVICE PROVIDER** shall be liable for penalty for any breach of contract under all applicable laws, issuances and regulations.

Section 9. ***Liquidated Damages.*** It is understood and agreed that time is of the essence of this Agreement. In the event the **SERVICE PROVIDER** refuses or fails to completely supply and deliver to the **CITY** the **Services** defined herein within the delivery schedule provided under Section 3 hereof at no fault of the **CITY**, the **SERVICE PROVIDER** shall be liable for liquidated damages in the amount equivalent to one tenth of one percent (1/10 of 1%) of the Contract Price for every day of delay until the Project is completely delivered: *Provided,* that, the total cumulative amount of liquidated damages shall not exceed ten percent (10%) of the Contract Price: *Provided,* further, that, once the cumulative amount of liquidated damages exceeds ten percent (10%) as provided herein, the **CITY**, in accordance with Section 68 of the IRR of R.A. 9184, may rescind or terminate this Agreement without prejudice to other remedies and other courses of action available to the CITY under this Agreement and pursuant to any and all applicable laws.

*Section 10. **Authority to Deduct Liquidated Damages.*** For purposes of assessment and enforcement of the liquidated damages provided under Section 8 hereof, the **CITY**, upon written notice to the **SERVICE PROVIDER**, is hereby authorized to deduct any amount due as liquidated damages from any amount due or may become due and owing to the **SERVICE PROVIDER** or from any and all bonds or securities posted by the **SERVICE PROVIDER** in favor of the **CITY**, at the option of the latter. It is hereby agreed and understood that the assessment of liquidated damages are cumulative and not alternative remedies of the **CITY** under this Agreement.

*Section 11. **Representations and Warranties of the Service Provider.*** The **SERVICE PROVIDER** hereby represents and warrants to the **CITY** as follows:

a. The **SERVICE PROVIDER** is a corporation duly organized, validly existing and in good standing under the laws of the Republic of the Philippines.

b. The **SERVICE PROVIDER** has full legal right, power and authority to carry on its present business, to own its properties and assets, and to execute and deliver this Agreement and all other documents executed, or required or necessary to be executed pursuant thereto, and to perform and observe the terms and conditions thereof.

c. All appropriate and necessary corporate and legal actions have been taken by it to authorize the execution and delivery of this Agreement, and all other documents executed, or required or necessary to be executed pursuant thereto and the performance of all provisions, conditions, covenants, and other terms hereof and thereof, as well as all the transactions contemplated herein.

d. This Agreement and all other documents executed, or required or necessary to be executed pursuant thereto, constitute, or when executed and delivered pursuant thereto, will constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms.

e. The execution and delivery of this Agreement and all other documents executed, or required or necessary to be executed pursuant thereto and the performance of its obligations hereunder will not:

i. conflict with its Articles of Incorporation, By-Laws or other constitutive documents;

ii. conflict with, result in the breach of, or constitute an event which would either immediately or with the lapse of time or giving of notice or both, result in a default under, or accelerate the performance required by, the terms of any agreement, document, contract, instrument or commitment to which it is a party or by which it or any of its assets is bound;

iii. conflict with or require any written consent or approval under any judgment, order, writ, decree, permit or license to which it is a party or by which any of its assets is bound; or

iv. require the written consent or approval of any other party to any agreement, document, contract, instrument or commitment to which it is a party or by which any of its assets is bound.

f. There are no actions, suits or proceedings existing, pending or, threatened against or directly affecting the **SERVICE PROVIDER** and/or any of its assets before any court, arbitrator or governmental or administrative body or agency that affect the validity or enforceability of this Agreement or that would affect the ability of the **SERVICE PROVIDER** to perform its obligations hereunder.

g. No event has occurred and is continuing which might materially and adversely affect the carrying out of its obligations under this Agreement.

h. It is in compliance with all applicable laws and regulations in connection with the delivery of the Project.

i. Each of the representations and warranties herein shall survive the execution of this Agreement and shall be deemed repeated during the effectivity of this Agreement.

*Section 12. **Indemnification.*** The **SERVICE PROVIDER** shall indemnify and save the **CITY** and all its officers, employees, personnel and persons acting as agents or representatives and render them free and harmless from any and all claims, actions, liabilities, losses and suits which may be brought or instituted against them arising out of or resulting from the **SERVICE PROVIDER's** supply, deliver and performance of its Services under this Agreement.

*Section 13. **Events of Default of the Service Provider.*** Any of the following shall constitute an Event of Default under this Agreement:

a. When the **SERVICE PROVIDER** becomes insolvent, or commits or suffers any act of bankruptcy, which term shall include: (i) the filing of a petition, by or against the **SERVICE PROVIDER**, in any bankruptcy, insolvency, administration, suspension of payment, reorganization, winding-up or liquidation proceeding, or any other proceeding analogous in purpose and effect; (ii) the making of an assignment by the **SERVICE PROVIDER** for the benefit of its creditors; (iii) the admission in writing by the **SERVICE PROVIDER** of its inability to pay its debts; (iv) the entry of any order of judgment of any competent court, tribunal or administrative agency or body confirming the bankruptcy or insolvency of the **SERVICE PROVIDER** or approving its reorganization, winding-up or liquidation, or (v) the lawful appointment of a receiver or trustee to take possession of the properties of the **SERVICE PROVIDER;**

b. When the **SERVICE PROVIDER** suspends or discontinues all or a substantial portion of its business operations, whether voluntarily or involuntarily, for a period of at least sixty (60) days;

c. Any material breach by the **SERVICE PROVIDER** of any of its warranty, representation or covenant made under this Agreement.

*Section 14. **Consequences of Default.*** Upon occurrence of any Events of Default under this Agreement, the **CITY** may declare the **SERVICE PROVIDER** in default and shall have the right to:

a. Terminate this Agreement;

b. Call on the Performance Security to answer for any and all damages of whatever nature suffered by the **CITY** resulting or arising from the **SERVICE PROVIDER's** default; and

c. Take such other steps or actions against the **SERVICE PROVIDER** for the full protection and enforcement of the **CITY**'s rights and interests.

Section 15. ***Compliance with Laws, Ordinances and Regulations.*** The **SERVICE PROVIDER** shall comply with any and all laws, ordinances and regulations of the national and local government applicable to or binding upon the parties hereto. For this purpose, any and all pertinent provisions of RA 9184 and its IRR, and other applicable laws and regulations are deemed written and incorporated in this Agreement. In case of conflict between any of the provisions of this Agreement and those of the applicable laws and regulations, the latter shall prevail.

Section 16. ***Indemnities and Attorney's Fees.*** Should any of the parties resort to court action in order to enforce their respective rights under this Agreement, the prevailing party or its successors-in-interest shall be entitled to be indemnified by the other party by way of attorney's fees, a reasonable sum equivalent to the actual amount of fees paid or to be paid by the prevailing party.

Section 17. ***Notification.*** All notices and communications shall be done in writing and shall be directed as follows:

CITY	:	**OFFICE OF THE CITY MAYOR** c/o Bids and Awards Committee Secretariat 2nd Floor Finance Bldg., Quezon City Hall Complex, Elliptical Road, Diliman, Quezon City
SERVICE PROVIDER	:	**SANDMAN SOFTWARE SYSTEMS, INC.** 2ND Floor, One Joroma Place Building, Congressional Avenue, Quezon City

Section 18. ***Effectivity.*** This Agreement shall be effective upon execution by the parties hereto.

Section 19. ***Miscellaneous Provisions.***

a. This Agreement, including the documents and/or agreements specifically incorporated herein by reference, constitutes the entire agreement between the parties. This Agreement may be amended and supplemented in writing at any time as decided and agreed upon by mutual consent of the parties.

b. This Agreement and all documents related thereto shall be binding upon and inure to the benefit of the parties herein and/or their respective heirs, agents,

representatives, successors-in-interest, and assigns. The **SERVICE PROVIDER** shall not assign its rights and obligations under this Agreement without the written consent of the **CITY**.

c. This Agreement embodies the entire arrangement or agreement of the parties and no undertaking, verbal or otherwise, in relation thereto, shall exist between the parties except as herein expressly set forth.

d. The parties hereby certify that they have read or caused to be read to them all the provisions of the foregoing Agreement, receipt of a signed copy of which is hereby expressly acknowledged by the parties and that they have fully understood the same.

e. The parties hereby represent and warrant that they have the necessary power and corporate authority to execute and deliver this Agreement and perform their obligations as incorporated herein and that such execution, delivery and performance do not and will not contravene any provision of their respective Articles of Incorporation, by-laws, any agreements or instruments to which they are a party or any laws or regulations of any governmental authority.

f. If any provision of this Agreement be declared by any court or other authorized agency of the government to be null and void, the nullity thereof shall not affect the validity of this transaction or any other provisions herein which shall then be considered as valid and binding between the parties.

g. Any and all disputes arising from the implementation of this Agreement shall be submitted to arbitration in the Philippines according to the provisions of RA 876, otherwise known as the "Arbitration Law" and RA 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004": Provided, that, by mutual agreement, the parties may agree in writing to resort to other alternative modes of dispute resolution.

IN WITNESS WHEREOF the parties have hereunto set their hands to this Agreement on APR 04 2025, at Quezon City.

QUEZON CITY GOVERNMENT

By:

MA. JOSEFINA G. BELMONTE
City Mayor

SANDMAN SOFTWARE SYSTEMS, INC.

By:

MS. MERLY L. QUIAL
Authorized Representative

SIGNED IN THE PRESENCE OF:

RUBY G. MANANGU

City Accountant

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES }
QUEZON CITY } s.s.

BEFORE ME, a Notary Public for and in QUEZON CITY, this 04 APR 2025, personally appeared:

Name	Competent Proof of Identity
HON. MA. JOSEFINA G. BELMONTE, in her capacity as Mayor of the Local Government of Quezon City	OCM-008-1744
MS. MERLY L. QUIAL in her capacity as the Authorized Representative of **SANDMAN SOFTWARE SYSTEMS, INC.**	N25-11-021638

all known to me and to me known to be the same persons who executed this Agreement, and they acknowledged to me that the same is their free and voluntary act and deed, and the free and voluntary act and deed of the parties which they respectively represent.

I certify that the foregoing Agreement, signed by the parties and their instrumental witnesses, consists of eight (8) pages, including this page on which the acknowledgement is written.

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

Doc. No. 412;
Page No. 84;
Book No. XVIII;
Series of 2025

02986764

ATTY. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2026
ADM MATTER NO. 003
PTR NO. 7016197 / 01-02-2025/ Q.C
IBP NO. 472850 / 10-23-2024 / Q.C
ROLL NO. 28435
MCLE NO. VIII-0008500 / 05-07-2024
Add. #473 Boni Serrano Road, Barangay
San Roque, Murphy Quezon City