

AUG 05 1998

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PPA ADMINISTRATIVE ORDER

NO. 02 - 98

**T O: Local Government Units, Port District Managers
Port Managers, Port Users and Others Concerned**

**SUBJECT: Guidelines On The Transfer Of The Administration
Of Government Ports By Local Government Units
And Government Corporations**

1. AUTHORITY:

- a Presidential Decree No 857, as amended
- b OGCC Opinion No 010, series of 1996 and Opinion No 210, series of 1997
- c Resolution adopted by the PPA/LGU Workshop dated 20 June 1997
- d Board Excom Res No 98-529 dated 28 January 1998 and Board Res No 1705 dated 26 February 1998

2. SCOPE:

This Order covers government ports outside the PPA Port System which Local Government Units (LGUs) and Government Corporations may be authorized to manage, operate, maintain and develop in accordance herewith. The authority to manage, operate, maintain and develop these ports shall be covered by a corresponding Memorandum of Agreement (MOA), attached and incorporated herein by reference as Annex "A", between PPA and the LGU or the government corporation concerned.

3. PURPOSE:

- a To prescribe the administrative procedures in transferring the management, operation, maintenance and development of ports outside the PPA Port System to the LGUs

- b To give more meaning and substance to the concept of LGU empowerment, to include government corporations, as herein defined, without the PPA abandoning its statutory responsibility over ports
- c To harmonize LGU empowerment pursuant to Republic Act 7160 and government corporation vis-a-vis the statutory jurisdiction of the PPA over government ports, pursuant to Presidential Decree No 857, as amended and OGCC Opinion No 010, series of 1996

4. DEFINITION OF TERMS:

For purposes of this Order, the following terms shall mean or be understood to mean, as follows

- a **Cargo handling services** refer to handling services such as arrastre, stevedoring and portorage
- b **Cargo throughput** refers to total volume of cargo discharged or loaded at the port
- c **Dockage fee at berth** refers to the amount assessed against a vessel engaged in international or foreign trade, including those engaged in barter trade, for mooring or berthing at a pier, wharf bulkhead, river or channel marginal wharf at any national port in the Philippines, or for mooring or making fast to a vessel so berthed
- d **Dockage fee at anchorage** refers to the amount assessed against a vessel engaged in international or foreign trade including those engaged in barter trade that do not berth but drop anchor at either a government or privately owned port whether operated exclusively or commercially
- e **Government corporation** refers to government-owned or controlled corporation tasked by its charter to implement a program for the economic development of a specific territory and its operation of a port facility is directly or indirectly necessary, incidental or conducive to the attainment of its corporate goals and objectives
- f **Government Ports** refer to public ports constructed, owned and maintained by the national government and under the jurisdiction of the PPA
- g **LGU** refers to the Local Government Unit as defined in the Local Government Code of the Philippines

- h **Management Fee** refers to the amount paid by the PPA to the LGU or government corporation, which is equivalent to ninety (90%) percent of its collection from wharfage, port dues, dockage fee and usage fee
- i **MOA** refers to the Memorandum of Agreement entered into by and between PPA and the LGU or government corporation concerned
- j **Municipal Ports** refer to public ports constructed, owned and maintained by the municipal government
- k **PD 857**, as amended, refers to the revised charter of the Philippine Ports Authority
- l **Port Charges** refer to port dues, dockage fee at berth, dockage fee at anchorage, usage fee, lay-up fees, wharfage dues and storage fee assessed against the vessel and cargo engaged in domestic and foreign trade
- m **Port Dues** refer to the amount assessed against a vessel engaged in foreign trade based on its total GRT or part thereof, including those engaged in barter trade for each entrance into and departure from a port of entry in the Philippines
- n **Port related services** refer to those services other than cargo handling and pilotage services performed inside the port, including its harbors/fairways and extensions involving provision, application and use of equipment, facility, utility, manpower/expertise and goods
- o **PPA** refers to the Philippine Ports Authority
- p **PPA Port System** refers to a list of ports over which the Philippine Ports Authority exercises jurisdiction and authority and accept responsibility for all functional areas of development to include planning and design, financing/loan servicing, rehabilitation/new construction/ repair/ maintenance, dredging, port administration/management/ operations, regulation, revenue collection and all other activities relevant thereto
- q **PPA takeover** refers to the assumption by PPA of the management and operations of arrastre, stevedoring and portorage services from a contractor or operator for cause in order to protect and promote public interest
- r **Republic Act No. 7160** refers to the Local Government Code of 1991

- s **Usage fee** refers to the amount assessed against a vessel engaged in domestic trade for berthing, for making fast to a vessel so berthed or for mooring at an anchorage area
- t **Wharfage** refers to a charge on all cargoes whether containerized or not coming in/going out or transshipped through a port on the basis of the total metric or revenue tonnage whichever is applicable

5. GENERAL GUIDELINES:

- a The following ports may be managed, operated, maintained and developed by LGUs and government corporations
 - (1) Government ports which, under the provisions of P D 857, as amended, are under the jurisdiction of the PPA but which are outside the updated PPA Port System and with an average annual cargo throughput of not more than 50,000 metric tons over a 3-year period
 - (2) Only ports within the municipality and jurisdiction of the LGU may be managed, operated, maintained and developed by said LGU
- b The PPA shall act on any application from the LGU or government corporation for the transfer of the management, operations, maintenance and development of a port within ninety (90) days from receipt hereof, provided that the application is approved and supported by a Sangguniang Resolution for such purpose
- c Ports qualified to be operated and managed by LGUs or government corporations may be the subject of a MOA between the PPA and the LGU or government corporation concerned. The contents of the MOA shall be in accordance with these guidelines
- d When both the LGU and a government corporation signify to PPA the intention to operate and manage a port, preference shall be given to the LGU where the port is situated. A government corporation may be considered for the award of the management and operation of the port when endorsed by the LGU through appropriate resolution of the Sangguniang Bayan. Provided, however, that failure of the LGU concerned to act on any application from the government corporation within 90 calendar days shall be construed as an implied recommendation from the LGU

- e The authority of the LGUs or the government corporations to manage, operate, maintain and develop a government port, including the rendition of cargo handling and related services, shall be for a term of five (5) years
- f Cargo handling and related services contracted out to third parties by the LGUs or government corporations shall have a term not to exceed the stipulated period of the MOA between PPA and LGU or government corporation. Provided, that the LGU or government corporation shall secure the prior approval of PPA, in any and all cases that cargo handling or related services are contracted out to a third party. The contract between the LGU or government corporation and its subcontractor shall be in such form and terms acceptable to PPA.
- g The repair and maintenance of ports, including maintenance dredging, managed and operated by LGUs or government corporations pursuant to this Order shall be the sole and primary responsibility of said LGUs or government corporations
- h All development plans for the port by the LGU or government corporation shall have prior approval of PPA and shall conform with the overall master plan for all the ports nationwide
- i Unless already covered by law or presidential issuances, these ports shall be properly delineated giving the exact location of the port zone through an approved resolution of the Sangguniang Bayan or Sangguniang Panglunsod concerned
- j Powers, duties, functions, obligations and responsibilities of LGUs or government corporations so authorized to manage, operate, maintain and develop a port under these guidelines
 - (1) The LGU or government corporation may, on its own, by contract or otherwise, operate cargo handling and other related services within the port or undertake any port related economic activity therein
 - (2) The LGU or government corporation shall be allowed to collect port charges, fees and other dues prescribed by the PPA for the use of the port and for services rendered thereat, through the Municipal Treasurer who shall be deputized by the PPA. All revenues of the port shall accrue to the LGU or government corporation, with the exception of wharfage, port dues, dockage fee and usage fee, payment of which may be made to the LGU or government corporation who shall issue the provisional

receipt therefor and thereafter turn over the collected revenue for the quarter to the PPA on the tenth (10th) day of the first month of the following quarter, who shall issue the corresponding Official Receipt

For the management and operation of the port, the LGU or government corporation shall be paid by the PPA a management fee equivalent to ninety (90%) percent of its collection from wharfage, port dues, dockage fee and usage fee. From the quarterly remittance prescribed in the foregoing paragraph, the LGU may deduct the 90% from the collection as payment of management fee which may be retained by the LGU

- (3) The LGU or government corporation shall, at its own expense and without reimbursement from PPA, pay all taxes, fees and other impositions which may be levied by the government, its agencies or political subdivisions upon the premises and improvements of the port
- (4) All existing contracts/agreements entered into by PPA concerning the port and/or the services thereat shall be respected by the LGU or government corporation for the duration thereof
- (5) All existing port premises and structures shall continue to belong to the PPA. Likewise, improvements in the port introduced by the LGU or government corporation shall become the property of the Authority without any obligation on the part of the latter of reimbursing the former for the cost therefor
- (6) The LGU or government corporation shall make available at all times during office hours, for inspection, examination and audit by the PPA, the Commission on Audit and other government agencies exercising visitorial powers, all books or accounts and records pertaining to the management, operation, maintenance and development of the port. The authority to inspect, examine and audit shall be exercised by the officials concerned pursuant to and within the limits of the duties and functions vested upon their respective offices by express provision of law
- (7) The PPA may, without prejudice to other remedies against the LGU or government corporation, extrajudicially suspend, cancel or terminate the MOA on any of the following grounds
 - (a) Failure of the LGU or government corporation to account and/or remit to the PPA its collection of wharfage, port dues, dockage fee and usage fee in accordance with para 5-1(2) hereof

- (b) Failure of the LGU or government corporation to undertake the repairs and/or maintenance of the areas and structures subject to the MOA
 - (c) Change of control arising from the sale, assignment, transfer or other disposition of the LGU's or government corporation's interests in the MOA
 - (d) If the LGU or government corporation through any of its officials or employees, by taking advantage of their free access to the port premises and vessels calling at the port, engage in or knowingly fails to take action to prevent the commission of smuggling and other illegal activities
 - (e) Refusal of the LGU or government corporation to make available to the PPA, the Commission on Audit and other government agencies exercising visitorial powers, its books of accounts and records pertaining to the management and operations of the subject port
 - (f) Any violation that may be directly or indirectly imputable to or committed by third parties to whom the LGU or government corporation may have contracted out the MOA
 - (g) Violation or non-performance of other terms and conditions of the MOA
- (8) The PPA shall take over the management and operation of the port from the LGU if the former deems it necessary to protect public interest. The PPA takeover shall be warranted under the following instances:
- (a) In case of emergency such as strike, lockout, stoppage of work and other causes of similar nature which will continue without letup for over a week with the LGU or government corporation showing no capability to resolve it
 - (b) In case of violation of any of the terms and conditions of the MOA or the Authority's rules and regulations
 - (c) In case of cancellation, suspension or termination of the MOA
 - (d) When so directed by a court of law

- (e) In such other cases when the Authority deems that the takeover is warranted in order to protect and/or promote public interest as provided in Section 12 03, paragraph 4 of PPA Administrative Order No 10-81
- k The Department of Justice (DOJ) shall have jurisdiction over any action involving any clause or provision of this Order or the MOA whose decision shall be appealable to the Office of the President

6. PORT TARIFF

- a The authority to impose, fix, prescribe, increase or decrease port charges for the use of port facilities and provision of services rendered in ports transferred to the LGU shall continue to remain with the PPA
- b Any adjustment in existing cargo handling tariff, to include tariff setting for such ports without prescribed cargo handling tariff, shall be recommended by the LGU to PPA for approval
- c In ports transferred to LGUs with no cargo handling tariff, the existing restructured tariff in the nearest government port shall temporarily apply, provided that the LGU concerned shall, within three months after signing of an agreement, submit to PPA a proposed cargo handling tariff for such port for approval

7. PROCEDURES FOR THE TURNOVER OF PORTS

- a Interested LGU shall coordinate with the Port Management Office (PMO) concerned, review these regulations, gather all information and data about the port or terminal it is interested in, and submit its request or letter of intent. The full import of the policy and regulations must be adequately discussed
- b The Port Manager concerned shall submit its recommendation thru the District Manager concerned, justifying as needed
- c The District Manager concerned shall indorse the same to Head Office (Attn AGM for Operations), together with justifications and attaching the draft MOA
- d Upon approval in principle by the General Manager, a directive will be sent to the District Manager concerned to convene a Transition Committee which shall ensure compilation of data on the port, assist the LGU to organize and train the staff involved on the operation of the port in accordance with these guidelines,

and conduct assessment as to the readiness of the LGU to operate and administer the port within 3 to 6 months after its creation

- e Upon satisfactory assessment by the Transition Committee, the District Manager shall indorse the turnover, and forward the report to Head Office (Attn AGM for Operations)
- f An appropriate turnover ceremony shall be scheduled by the General Manager for this purpose, after the approval of such turnover of the port to the LGU by the PPA Board of Directors

8. USE OF LETTER STATIONERY AND STANDARD SIGN BOARD

Corollary with the authority to operate and manage the port covered by a corresponding MOA, the LGU or government corporation shall use a standard letter stationery as prescribed in Annex "B" for all transactions relating to the operations and management of the transferred port by the LGU or government corporation. Similarly, the LGU shall prepare and post a sign board at the gate of the port/terminal office of the transferred port, following the standard design, size of the sign board, size of letterings, and use of the LGU seal, as prescribed herein in Annex "C"

9. COMPLIANCE AND REGULATIONS:

During the term of the MOA, the LGU or government corporation shall strictly comply with all applicable laws, policies, guidelines and regulations which are now or may hereafter be promulgated by the government and the PPA

10. ORGANIZATION:

- a The LGU or government corporation concerned, through the Sangguniang Bayan or Sangguniang Panglunsod, shall be responsible for the organization of its manpower requirement
- b As a precondition to the actual take over of a port by the LGU or government corporation, all concerned personnel tasked to manage and operate the port shall undertake appropriate training with the PPA

The cost of such training shall be borne by the LGU or government corporation concerned

- c The organization for the port shall include those positions indicated in Annex "D" to ensure that the basic functions of port operations, port engineering and maintenance and billing and collections of port charges are carried out efficiently

11. RENEWAL OF AGREEMENT

The agreement entered into between PPA and the LGU or government corporation may be renewed for another term at the option of PPA under such terms and conditions as the parties may agree

12. SEPARABILITY CLAUSE:

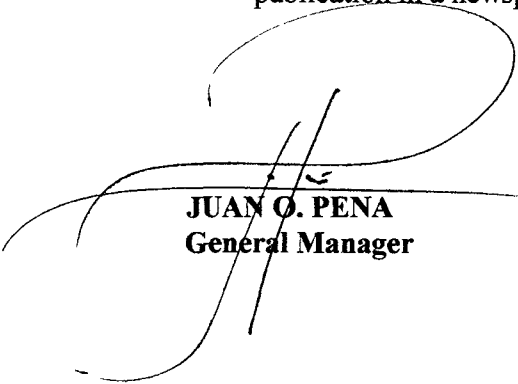
If any provision of this Order or the application of such provision to any person or circumstances is declared invalid, the other provisions hereof or the application of such provision shall not be affected by such declaration

13. REPEALING CLAUSE:

All policies, rules and regulations or parts thereof inconsistent herewith, are deemed repealed or modified accordingly

14. EFFECTIVITY:

This Order shall take effect after fifteen (15) days following the completion of its publication in a newspaper of general circulation



JUAN O. PENA
General Manager

APPROVED PER BOARD RESOLUTION NO 1705

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Published in the following newspapers

1. Philippine Star)
- 2 Manila Standard) August 15, 1998

Effectivity Date - August 31, 1998

**MEMORANDUM OF AGREEMENT
FOR THE ADMINISTRATION OF THE PORT OF _____**

KNOW ALL MEN BY THESE PRESENTS

This MEMORANDUM OF AGREEMENT, entered by and between

The PHILIPPINE PORTS AUTHORITY, a government-owned corporation created under P D 857, as amended, with principal office at Marsman Building, 22 Muelle de San Francisco, South Harbor, Port Area, Manila, represented herein by its General Manager, **JUAN O. PENA**, hereinafter referred to as the "AUTHORITY",

- and -

The LOCAL GOVERNMENT OF _____, a political subdivision of the government of the Republic of the Philippines established pursuant to law, represented herein by its Municipal Mayor, _____, duly authorized for the purpose by Resolution No _____ of the Sangguniang Bayan of _____ hereto attached as Annex "A", hereinafter referred to as the "LGU _____"

WITNESSETH

WHEREAS, the AUTHORITY is vested with the statutory duty to implement an integrated program for the planning, development, financing and operation of ports for the entire country and to exercise all rights, powers and functions concerning port facilities, port operations and port works pursuant to the provisions of P D 857, as amended, otherwise known as the Revised Charter of the Philippine Ports Authority (PPA),

WHEREAS, under Section 6 of the its Charter, the AUTHORITY is empowered to provide services within the Port District whether on its own, by contract or otherwise and therefore may contract with the LGU _____ for the management, operation and development of the Port of _____,

WHEREAS, the MUNICIPALITY has manifested to the AUTHORITY its desire to undertake the management, operation, maintenance and development of the Port of _____ and the AUTHORITY is willing to grant the LGU _____ the privilege to manage, operate, maintain and develop the said port

NOW, THEREFORE, for and in consideration of the foregoing premises, the AUTHORITY hereby grants unto the LGU _____ and the latter hereby accepts the sole and exclusive responsibility to manage, operate, maintain and develop the Port of _____, in accordance with the terms and conditions hereunder specified

Section 1 Area of Management, Operation, Maintenance and Development - This Agreement covers the Port of _____ located in Barangay, LGU _____ and more particularly described and delineated in Annex "B" hereto attached and made an integral part hereof

Section 2 Training on Port Management and Operations - As a precondition to the takeover and actual port operations by the LGU _____, all concerned LGU personnel tasked to manage, operate, maintain and develop the port shall undertake appropriate training/s with the Authority. The cost of such training/s shall be at the expense of the LGU _____

Section 3 Survey and Inspection - Prior to the start of the operation of the port by the LGU _____, the parties shall undertake a joint survey, inspection and inventory of the port to record the state and condition of the facilities. Similar survey and inspection shall be conducted as new facility is introduced in the port

Section 4 Management Fee - For the management, operation, maintenance and development of the port, the LGU _____ shall be paid by the AUTHORITY a management fee equivalent to Ninety Percent (90%) of its collection from wharfage, port dues, dockage fee and usage fee. Ten percent (10%) of said port charges shall be remitted to PPA in accordance with the procedures herein provided

Section 5 Port Revenues - The LGU _____ shall be allowed to collect port charges, cargo handling fees and other dues prescribed by the AUTHORITY for the use of the port and for services rendered thereat, through the Municipal Treasurer who shall be deputized by the AUTHORITY. All revenues of the port shall accrue to the LGU _____ with the exception of wharfage, port dues, dockage fee and usage fee, payment of which may be made to the LGU _____ who shall issue provisional receipt therefor and thereafter turn over the equivalent of ten percent (10%) of said port charges collected for the quarter to the AUTHORITY on the tenth (10th) day of the first month of the following quarter, who in turn shall issue the Official Receipt

Section 6 Interest and Penalty - Failure to remit the revenue accruing to the AUTHORITY under the preceding Section shall render the LGU _____ liable to the payment of interest on the amount due at the rate of one percent (1%) for every month of delay and additional penalty charge of two percent (2%) per month

Section 7 Upkeep, Repair and Maintenance - At all times during the effectivity of this Memorandum of Agreement, the LGU _____ shall maintain and repair, at its own expense and account, all structures within said area referred to in Section 1 hereof in clean and good working condition in accordance with the accepted standards

During the term of this Agreement, the LGU _____ shall undertake all maintenance dredging works necessary to ensure safe passage and berthing of vessels at the Port of _____

Section 8 Reports - The LGU _____ shall furnish detailed reports of the movement of cargoes and vessels at the premises in such form and frequency that the AUTHORITY may prescribe

Section 9 Insurance - The LGU _____ shall insure the facilities, structures and other properties in the premises covered by this Agreement and secure said insurance from the Government Service Insurance System (GSIS). The AUTHORITY shall be named beneficiary of such insurance with the obligation to apply the proceeds thereof exclusively for the repair, restoration or replacement of the properties or premises damaged or lost

Section 10 Taxes and Other Impositions - The LGU _____ shall, at its own expense and without reimbursement from the AUTHORITY, pay all taxes, fees, charges and other impositions which may be levied by the local or national government, its agencies or political subdivisions upon the premises and improvement thereof covered by this Agreement

Section 11 Utilities - The LGU _____ shall be responsible for the payment of all water, light, fuel, garbage collection and disposal, electric power, gas, telephone and other utilities used within the area referred to in Section 1 hereof

Section 12 Minimum Cargo Handling Equipment/Gear - The LGU _____ shall provide and maintain the sufficient cargo handling, safety and related equipment/gear necessary for the efficient operation of the port

Section 13 Existing Agreements - All existing agreement entered into by the AUTHORITY in the port shall be respected by the LGU _____ for the duration thereof

Section 14 Development Plans - All development plans of the Port of _____ shall have prior approval by PPA and shall conform with the overall master plan for all the ports nationwide

Section 15 Rates and Charges - The rates and charges collectible by the LGU _____ from the port users and for services it provide shall be those prescribed by the AUTHORITY. The same shall be subject to adjustment in accordance with the price policy and rate setting mechanism adopted by the AUTHORITY and the laws and regulations promulgated by the government

Section 16 Prohibition Against Assignment and Transfer of Agreement - The LGU _____ shall not, either directly or indirectly, assign, encumber or transfer this Agreement or any interest therein, unless authorized in writing by the AUTHORITY

Section 17 Grounds for Suspension, Cancellation or Termination of Agreement and Damages - The AUTHORITY may, without prejudice to other remedies against the LGU _____, extrajudicially suspend, cancel or terminate this Agreement on any of the following grounds

- a Failure of the LGU _____ to account and/or remit to the AUTHORITY its collection of wharfage, port dues, dockage fee, and usage fee in accordance with Sec 5 hereof,
- b Failure of the LGU _____ to undertake the repairs and maintenance of the areas and structures subject to this Agreement,
- c Change of control arising from the sale, assignment, transfer or other disposition of the LGU _____'s interests in the Agreement,
- d If the LGU _____ through any of its officials or employees, by taking advantage of their free access to the port premises and vessels calling at the port, engage in or knowingly fails to take action to prevent the commission of smuggling and other illegal activities,
- e Refusal of the LGU _____ to make available to the AUTHORITY, the Commission on Audit and other government agencies exercising visitational powers, its books of accounts and records pertaining to the management and operations of the subject port
- f Any violation that may be directly or indirectly imputable to or committed by third parties to whom the LGU _____ may have contracted out this Agreement
- g Violation or non-performance of other terms and conditions of this Agreement

Section 18 Notice of Violation - The AUTHORITY shall inform the LGU _____ in writing of any violation of the terms of this Agreement or its failure to perform any of its commitment or undertaking specified in the Agreement, giving the latter reasonable time from receipt of service notice within which to correct or rectify the infraction thus committed. In the event the LGU _____ fails to make such rectification to the satisfaction of the AUTHORITY, the latter may proceed to cancel or terminate the Agreement

Section 19 Ownership - The premises and structures existing thereon which is the subject of this Agreement shall remain to be owned by the AUTHORITY. Likewise, improvements introduced by the LGU _____ shall belong to the AUTHORITY without obligation on the part of the latter to reimburse the former for the cost thereof

Section 20 Takeover by the AUTHORITY - The AUTHORITY shall have the right to immediately takeover the operations at the Port of _____, including all equipment and structures thereof, if any, in the following instances

- a In case of emergency such as strike, lockout, stoppage of work and other causes of similar nature which continue without let up for over a week with the LGU _____ showing no capability to resolve it,
- b In case of violation of any of the terms and conditions of this Agreement or the AUTHORITY's rules and regulations,
- c In case of suspension, cancellation or termination of the Agreement,
- d When so directed by a court of law, and
- e In such other cases when the AUTHORITY deems that the takeover is warranted in order to protect and/or promote public interest as provided in Section 12 03, paragraph 4 of PPA Administrative Order No 10-81

Section 21 Compliance with Government Rules and Regulations - The LGU _____ shall, during the term of this Agreement, strictly comply with the pertinent provisions of PPA Administrative Order No 10-81 and all existing laws, policies, guidelines, rules and regulations which are now or may hereafter be promulgated by the government or by the AUTHORITY All such policies, guidelines, rules and regulations, and all applicable laws, shall be read into and made integral parts of this Agreement

Section 22 Visitorial Powers - The LGU _____ shall make available at all time during office hours, for inspection, examination and audit by the AUTHORITY, the Commission on Audit and other government agencies exercising visitorial powers, all books of accounts and records pertaining to the management and operation of the Port of _____ Provided that the authority to inspect, examine and audit shall be exercised by the officials concerned pursuant to and within the limits of the duties and functions vested upon their respective offices by express provision of law

Section 23 Settlement of Disputes - The parties hereby agree to submit all disputes arising from the interpretation of any provisions of this Agreement to the Department of Justice (DOJ) which shall have jurisdiction to settle disputes over any clause, matter or thing whatsoever as contained in this Agreement or any provision thereof, whose decision shall be appealable to the Office of the President

Section 24 Venue of Any Court Action - The venue of any court action arising from this Agreement involving any clause, matter or thing whatsoever herein contained, or the rights, duties and liabilities of any party, shall be the proper court in the City of Manila. However, nothing herein contained shall preclude the AUTHORITY from exercising its rights under Sections 17 and 20 of this Agreement.

Section 25 Amendatory Clause - Subject to the approval of both the LGU _____ and the AUTHORITY at anytime during the effectivity of this Agreement, any of the parties may propose amendment/s to conform with the provisions of pertinent laws, rules and regulations on the matter.

Section 26 Term and Effectivity - This Agreement shall become effective upon approval by the PPA Board of Directors and shall remain in full force and effect for a period of five (5) years, renewable for another term at the option of the AUTHORITY, under such terms and conditions as the parties may agree, unless sooner modified, canceled or terminated in accordance with the pertinent provisions hereof.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Agreement on ____ day of _____, 1998.

PHILIPPINE PORTS AUTHORITY

MUNICIPALITY OF _____

By

By

JUAN O. PEÑA

General Manager

Municipal Mayor

Signed in the presence of



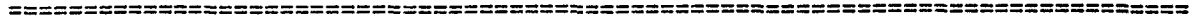
PHILIPPINE PORTS AUTHORITY

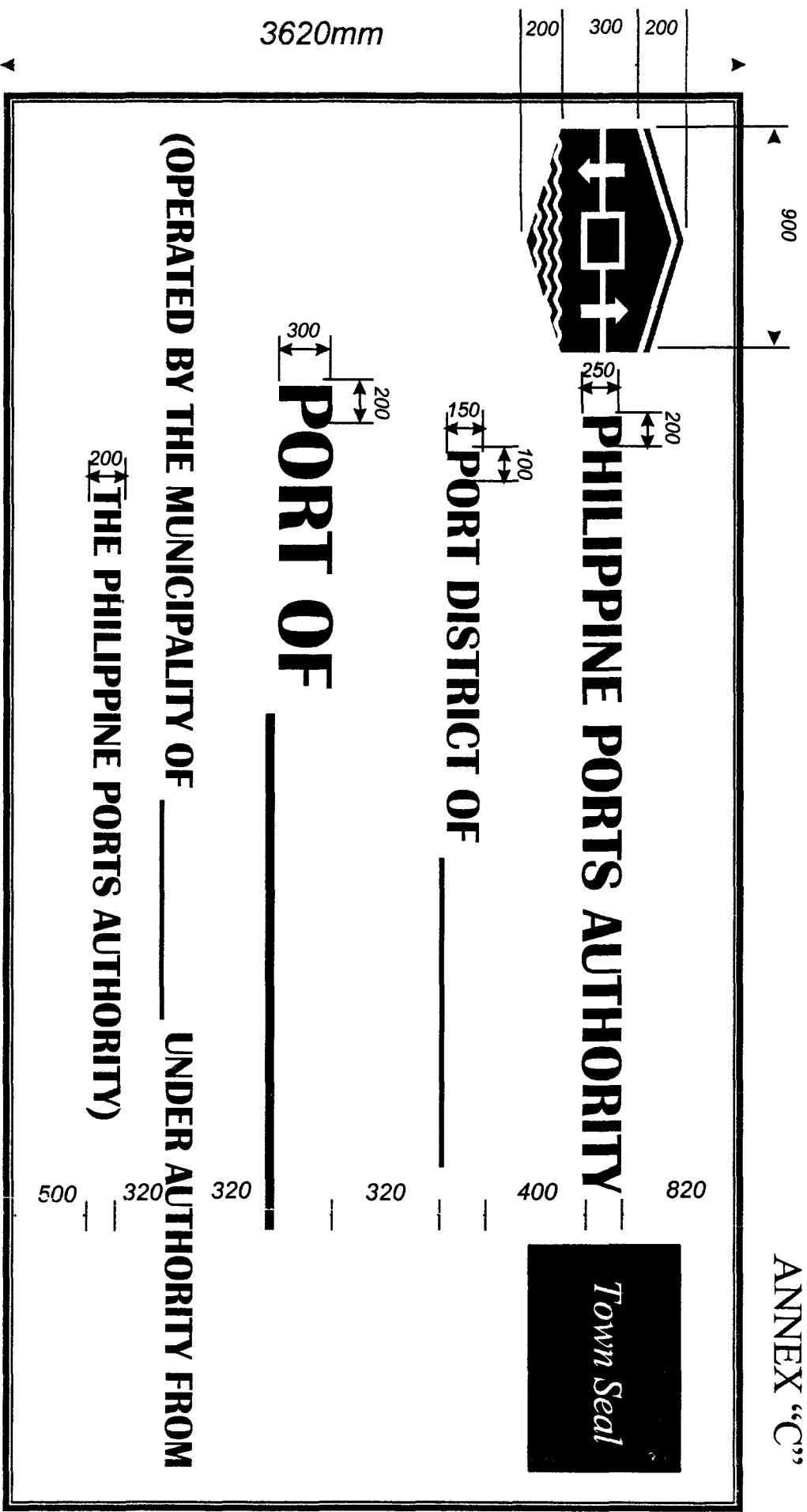
Port District of _____

Port of _____

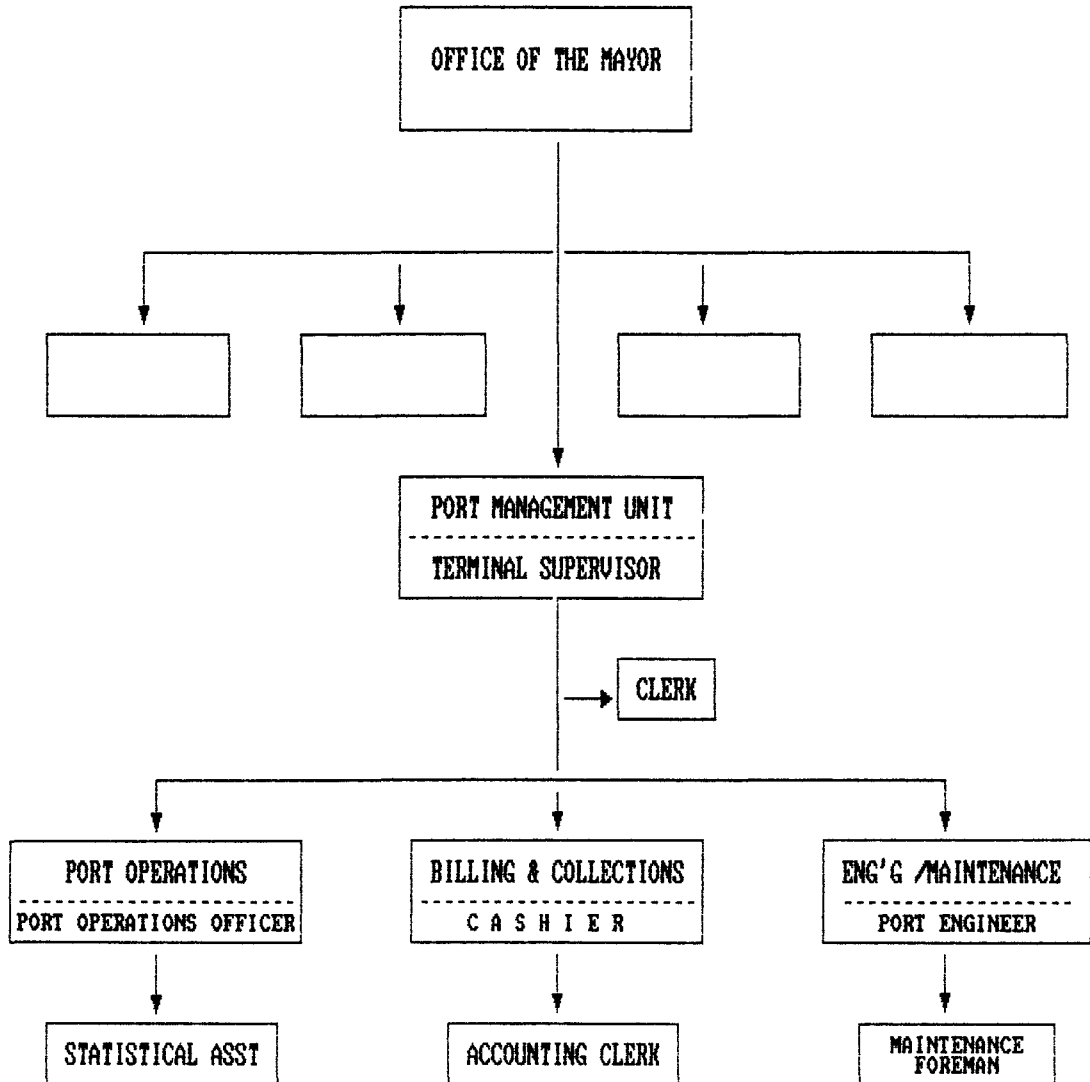
Address _____

(Operated by the Municipality of _____
under authority of the Philippine Ports Authority)





NOTE: NOT DRAWN TO SCALE



ORGANIZATIONAL CHART