The CONTRACTOR further guarantees that all the office facilities and equipment it will provide, if any, in connection with this Contract shall be brand new and in addition thereto, the computer system shall be International Standard Organization compliant and in accordance with the specifications prescribed thereof in the Bid Documents.

2.04 The CONTRACTOR recognizes the position of trust and confidence reposed in it under this Contract, and agrees to perform its obligations hereunder in the most efficient and competent manner, use its skill and good judgment, always set in good faith, and carry on the execution of this Contract in the most sound, expeditious and economical manner consistent with the interest of the PPA.

WITNESS:
RICHMON KILAT

ZET CONSTRUCTION
By:
JULIO J. TAUNG
Owner/Manager

ARTICLE III

CONSIDERATION

3.01 For and in consideration of the full, satisfactory and faithful performance by the CONTRACTOR of all its undertakings defined in and provided for under this Contract and Contract Documents, the PPA agrees to pay the CONTRACTOR the total amount not exceeding **Twenty One Million Four Hundred Twenty Seven Thousand Nine Hundred One Pesos and Sixty Centavos (Php21,427,901.60), Philippine Currency;** inclusive of the 12% Value Added Tax, payment to be made and computed on the basis of final quantities at the unit bid price for each item of work actually performed and finished for each pay item as determined and accepted by PPA and in the manner set forth in the Contract Documents, as full compensation for everything furnished and done by the CONTRACTOR under this Contract, including all works required but not specifically mentioned, and also for all losses and damages to the CONTRACTOR arising out of the work aforesaid, from the action of the elements, or from any obstruction or difficulty encountered in the prosecution of this Contract, for all expenses incurred by or in consequence of the suspension or discontinuance of the contract herein specified and for faithfully completing the contract and the whole thereof, at the time and in the manner provided in the Contract Documents.

WITNESS:
BELTZASAR L. GELLA
Acting ESD Manager

It is agreed and understood that all bid prices specified in this contract shall be considered as fixed prices and therefore not subject to price adjustment and escalation during the contract implementation, except under extraordinary circumstances and upon prior approval of the Government Procurement Policy Board (GPPB) or when a Treaty or International or Executive Agreement Expressly allows it. Any request for price escalation under extraordinary circumstances shall be submitted by PPA to the National Economic and Development Authority (NEDA).Extraordinary circumstances shall refer to events that may be determined by the NEDA in

Philippine Ports Authority:
By:
ENGR. ASTERIO O. GALLARDO, JR
Acting PortManager

accordance with the Civil Code of the Philippines and upon recommendation of the PPA.

3.02 Final and full payment of the consideration herein above-mentioned shall be upon full completion of the project and fulfillment by the CONTRACTOR of all the terms and conditions set forth in this contract.

However, it is agreed that no payment or payments made under this Contract, except the final payment upon issuance of Certificate of Completion and Acceptance, shall be understood as performance of this Contract, either wholly or in part, and no payment shall be construed to be an acceptance of defective work or improper implementation thereof.

3.03 Any payment due and payable to the CONTRACTOR maybe set off against liquidated damages and payable to the PPA by the CONTRACTOR under this Contract.

3.04 It is likewise understood that the CONTRACTOR shall show proof evidencing payments by the CONTRACTOR of labor, materials, supplies, insurance premiums, etc., used in the work, before any payment is made to it.

For this purpose, the CONTRACTOR shall, before payment is made on the works accomplished, submit an affidavit certifying to the fact of payments of said labor, materials, supplies, equipment, insurance premiums, etc.,

3.05 All payments shall be subject to existing government accounting and auditing rules and regulations.

3.06 Progress payments are subject to retention of ten percent (10%) referred to as the "retention money". Such retention shall be based on the total amount due to the contractor prior to any deduction and shall be retained from every progress payment until fifty percent (50%) of the value of works as determined by the PPA are completed. If after Fifty Percent (50%) completion, the work is satisfactorily done and on schedule, no additional retention shall be made; otherwise, the ten percent (10%) retention shall be imposed.

3.07 The total "retention money" shall be due for release upon final acceptance of the work. The CONTRACTOR may, however, request for the substitution of the retention money for each progress billing with irrevocable standby letter of credit from a commercial bank, bank guarantees or surety bond callable on demand issued

WITNESS:
RICHMON VILAT

ZET CONSTRUCTION
By:
JULIO J. TAONG
Owner/Manager

WITNESS:
BELTZASAR L. DELLA
Acting ESD Manager

Philippine Ports Authority:
By:
ENGR. ASHERO C. GALLARDO, JR
Acting PortManager