WITNESS:
RICHMON VILAT

ZET CONSTRUCTION
By:
JULIO J. TALING
Owner/Manager

by any reputable surety or insurance company duly accredited by the Office of the insurance Commission of amounts equivalent to the retention money substituted for and acceptable to PPA, provided that the project is on schedule and is satisfactorily undertaken. Otherwise, the ten percent (10%) retention shall be made. Said irrevocable standby letters of credit, bank guarantees and/or surety bonds, to be posted in favor of PPA shall be valid for a duration to be determined by the PPA and will answer for the purpose for which the ten percent (10%) retention is intended, i.e., to cover uncorrected discovered defects and third party liabilities.

ARTICLE IV

PERFORMANCE SECURITY

4.01 To guarantee the faithful performance of the CONTRACTOR of its obligations under this Contract, it shall post prior to the signing of the Contract a performance security in the form of cash or cashier's / manager's check, bank draft/guarantee or irrevocable letter of credit issued by a Universal / or Commercial bank, surety bond callable on demand, issued by a surety or insurance company duly certified by the Office of the Insurance Commission as authorized to issue such security and acceptable to PPA or a combination thereof as may be required by PPA, in accordance with the following schedule:

WITNESS:
BELTZASAR L. GELLA
Acting ESD Manager

a. Cash or cashier's / manager's check, bank draft / guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank – ten percent (10%) of the total contract price

b. 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%) of the total contract price

c. any combination of the foregoing – proportionate to share of form with respect to total amount of security

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

4.02 This performance security shall be denominated in the Philippine Pesos and posted in favor of PPA, and shall be forfeited in favor of PPA in the event it is established that the CONTRACTOR is in default in any of its obligations under this Contract.

4.03 Subject to the conditions of the Contract, the performance security may be released by PPA after the issuance of the Certificate of Acceptance of the project, provided

that PPA has no claims filed against the CONTRACTOR or the surety company and there are no claims for labor and materials filed against the contractor.

WITNESS:
RICHMOND KILAT

4.04 Should any surety upon the bond for the performance of this Contract become unacceptable to the PPA, the CONTRACTOR shall promptly furnish such replacement security as may be required from time to time up to the sum equal to the amount of the original surety.

ZEF CONSTRUCTION
BY:
JULIU J. TALING
Owner/Manager

4.05 The CONTRACTOR shall post an additional performance security following the schedule above to cover any cumulative increase of more than ten percent (10%) over the original value of the contract as a result of amendments to order or change orders, extra work orders and supplemental agreements as the case may be. The CONTRACTOR shall cause the extension of the validity of the performance security to cover approved contract time extensions.

4.07 In case of a reduction in the contract value or for partially completed work under this contract which are usable and accepted by PPA, and the use of which in the judgment of PPA shall not affect the structural integrity of the entire project, PPA may allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

WITNESS:
BELTZASAR L. GELLA
Acting ESD Manager

ARTICLE V

COMPLETION TIME: LIQUIDATED DAMAGES

5.01 The CONTRACTOR agrees and obligates itself to perform and complete all works provided for in this Contract within **Three HundredForty Nine (349) calendar days** (including Sundays and Holidays), reckoned not later than seven (7) calendar days from the date of issuance of the Notice to Proceed. Notice to Proceed shall be issued after this Contract has been signed by the Parties hereof.

Philippine Ports Authority:
BY:
ENGR. ASTERIO C. GALLARDO, JR
Acting PortManager

5.02 Time is of the essence of this Contract. Should the CONTRACTOR refuse or fail to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the CONTRACTOR shall pay the PPA for liquidated damages, and not by way of penalty, an amount as provided in the conditions of contract, equal to at least one-