CONTRACTOR because of the disapproval or removal of the sub-contractor or because of the late submittal of its or his approval.

WITNESS:
JIMELYN R. SALAC

ARTICLE XII

INSURANCE

12.01 The CONTRACTOR shall, prior to the commencement of work, secure the standard **CONTRACTOR's All Risk (CAR) Insurance from the Government Service Insurance System (GSIS) or any private insurance company duly accredited by Insurance Commission** to insure the works against all losses or damages arising from whatever cause for which the CONTRACTOR is responsible under the Contract.

JV Constech
By:
ENGR. FLORANTE M. MAGBANUA
Proprietor/Project Manager

ARTICLE XIII

WARRANTY

13.01 The CONTRACTOR shall assume full responsibility for the contract work from the time project construction commended up to final acceptance thereof by the PPA and shall be held responsible for any damage or destruction of the works, except those occasioned by **force majeure**. The CONTRACTOR shall be responsible for the safety, protection, security, and convenience of its personnel, third parties, and the public at large, as well as the works, equipment, installation and the like to be affected by the construction work.

WITNESS:
BELTZASAR L. GELLA
Acting ESD Manager

13.02 The defect liability period for the project covered by this Contract shall be one (1) year from project completion up to final acceptance thereof by the PPA. During this period, the CONTRACTOR shall undertake and complete the repair works, at its own expense, of any damage to the said project within NINETY (90) DAYS from the time the PPA General Manager or his duly authorized representative has issued an order to undertake repair. In case of failure or refusal to comply with this order, PPA shall undertake such repair works and the CONTRACTOR shall fully reimburse the former for all the expenses incurred therein upon demand.

Philippine Ports Authority:
By:
ENGR. ASTERIO C. GALLARDO, JR
Acting Port Manager

13.03 After final acceptance of the project by the PPA, the CONTRACTOR shall be responsible for structural defects and/or failure of the said project within the warranty period per R.A. 9184 from the date of final acceptance thereof by the PPA. For this purpose, the CONTRACTOR shall put up a warranty security in the form of cash or letter of credit issued by a Universal or Commercial Bank, Bank guarantee confirmed

WITNESS:
JIMELYN R. SALAC

JV Constech
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by a Universal or Commercial Bank or surety bond, callable on demand issued by the Government Service Insurance System (GSIS) or a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security and acceptable to PPA in accordance with the following schedule:

a. Cash or letter of credit issued by a Universal or Commercial Bank – Five percent (5%) of the total contract price

b. Bank guarantee confirmed by a Universal or Commercial Bank – Ten percent (10%) of the total contract price

c. Surety bond callable upon demand – Thirty percent (30%) of the total contract price

The warranty security shall be denominated in Philippine Pesos, remain effective for one (1) year from the date of issuance of the Certificate of Final Acceptance by PPA and be returned only after the lapse of the said one (1) year period.

ARTICLE XIV

TAXES, LICENSES, PERMITS AND FEES

WITNESS:
BELTZASAR J. GELLA
Acting ESD Manager

14.01 The CONTRACTOR's tax, licenses, permits, fees and all other taxes, fees or charges of whatever form, kind or nature due or which may be due to the national and/or local government units and/or its instrumentalities/agencies on account of the performance and completion of the work stipulated herein, fees for the testing of materials and samples and fees for the testing and inspection of the installation by all agencies having jurisdiction and all necessary and incidental expenses relative thereto including preparation of documents and notarial fees shall be paid for and obtained by the CONTRACTOR on its own account. Should the PPA be compelled to advance the same, PPA is hereby authorized to deduct the amount advanced from whatever amount due the CONTRACTOR from PPA.

Philippine Ports Authority:
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Acting Port Manager

14.02 The CONTRACTOR shall pay taxes in full and on time and that failure to do so shall entitle PPA to suspend payment to the CONTRACTOR. Further, the CONTRACTOR shall during the term of this Contract regularly present to PPA a tax clearance from the Bureau of Internal Revenue (BIR) as well as a copy of its income and business tax returns duly stamped and received by the BIR and duly validated with the tax payments made thereon.

ARTICLE XV

WITNESS:

JIMELYN R. SALAC

JV Constech
By:

ENGR. FLORANTE M. MAGBANUA
Proprietor/Project Manager

WITNESS:

BELTAZAR L. GELLA
Acting ESD Manager

Philippine Ports Authority:
By:

ENGR. ASTERIO C. GALLARDO, JR
Acting Port Manager

AGREEMENT MODIFICATION

15.01 No modification, alteration or waiver of any provision herein contained shall be binding on the Parties hereto unless evidenced by a written amendment signed by the parties hereof.

15.02 A variation order (change order/extra work order) may be issued by PPA under the conditions set forth in the applicable provision of Republic Act No. 9184 and its Implementing Rules and Regulations.

15.03 The PPA may, at any time by written order and without notice to Sureties, direct the CONTRACTOR to perform extra work necessary to and within the General Scope of the project as bid and awarded. The CONTRACTOR shall be paid for additional/extra work items whose unit prices shall be derived based on the following:

a. For additional/extra works duly covered by change orders involving work items which are exactly the same or similar to those in the original contract, the applicable unit prices of work items in the original contract shall be used.

b. For additional/extra works duly covered by Extra Work Orders involving new work items that are not in the original contract, the unit prices of the new work items shall be based on the direct unit costs used in the original contract (e.g. unit cost of cement, rebars, form lumber, labor rate, equipment rental, etc.). All new components of the new work item shall be fixed prices, provided the same is acceptable to both PPA and the CONTRACTOR, and provided further that the direct unit costs of new components shall be based on the CONTRACTOR's estimates as validated by PPA via documented canvass in accordance with existing rules and regulations. The direct cost of the new work item shall then be combined with the mark-up factor (i.e. taxes and profit) used by the contractor in his bid to determine the unit price of the new work item.

15.04 Request for payment by the CONTRACTOR for any extra work shall be accompanied by a statement, with the approved supporting forms, giving a detailed accounting and record of amount for which he claims payment. Said request for payment shall be included with the CONTRACTOR's statement of progress payment.

ARTICLE XVI

SUSPENSION OF WORK

WITNESS:

JIMELYN R. SALAC

16.01 The PPA or its duly authorized representative shall have the authority to suspend the work wholly or partly by written order for such period as may be deemed necessary, CONTRACTOR to correct bad conditions which are unsafe for workers or for the general public to carry out valid orders given by the PPA or to perform any provisions of the contract, or due to adjustment of plans to suit field conditions as found necessary during construction. The CONTRACTOR shall immediately comply with such order to suspend the work wholly or partly.

In case of total suspension, or suspension of activities along the critical path, which is not due to any fault of the CONTRACTOR, the elapsed time between the effective order of suspending operation and the order to resume work shall be allowed the CONTRACTOR by adjusting the contract time accordingly.

JV Constech
By:

ENGR. FLORANTE M. MAGBANUA
Proprietor/Project Manager

ARTICLE XVII

INDIVISIBILITY OF OBLIGATION

17.01 It is the intent of the Contract that all the documents, annexes and addenda forming part thereof, shall be read together and that each and every provision or stipulation hereof be given full force, effect and applicability. However, in the event that one or more provisions or stipulations herein be declared null and void by the courts, or otherwise rendered ineffective, the remaining provisions and stipulations shall not be affected thereby.

WITNESS:

BELTZASAR L. GELLA
Acting ESD Manager

ARTICLE XVIII

ARBITRATION, REMEDY AND RELIEF

18.01 Should there be any dispute or difference of any kind whatsoever which shall arise between the parties in connection with the implementation of this Contract, the Parties hereto shall make every effort to resolve amicably such dispute or difference by mutual consultation. In the event that such dispute or disagreement be not resolved to their mutual satisfaction, the matter shall be submitted to arbitration in the Philippines according to the provisions of Republic Act No. 876, otherwise known as the "Arbitration Laws" and Republic Act No. 9285; otherwise known as the "Alternative Dispute Resolution Act of 2004". Provided, however that disputes that are within the competence of the Construction Industry Arbitration Commission to resolve shall be submitted thereto. Provided, further that by mutual agreement the

Philippine Ports Authority:
By:

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