

**NOTICE TO PROCEED**

05 December 2017

**Mr. ARNOLD T. ESPINOZA**  
President  
**ARN Builders, Inc.**  
2F Room 204 Northgate Centre,  
Gov. Cuenco Ave., Kasambagan,  
Cebu City


Dear **Mr. Espinoza**:

The attached Contract Agreement having been approved, notice is hereby given to **ARN Builders, Inc.**, that work may proceed on the project for the **“Supply of Labor and Materials for the Retrofitting of Gold Building Comfort Rooms to include: Basement, Ground floor and Second floor comfort rooms”**, effective after Three (3) calendar days from receipt of this Notice to Proceed. Upon receipt of this notice, you are responsible for performing the services under the terms and conditions of the Agreement and in accordance with the Implementation Schedule.

Please acknowledge receipt and acceptance of this notice by signing both copies in the space provided below. Keep one copy and return the other to Metals Industry Research and Development Center.

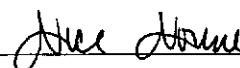
Thank you.

Very truly yours,

  
**ROBERT O. DIZON**  
Executive Director

I acknowledge receipt of this Notice on JAN. 08 2018 (date of receipt)

Name of Bidder's Representative: NICE V. MORALES

Authorized Signature: 

*The Head of the Procuring Entity or his duly authorized representative shall issue the Notice to Proceed within seven (7) calendar days from the date of the approval of the contract.*

*Molding the Future of Metal Industries*

**NOTICE OF AWARD**

04 December 2017

**Mr. ARNOLD T. ESPINOZA**  
President  
ARN Builders, Inc.  
2F Room 204 Northgate Centre,  
Gov. Cuenco Ave., Kasambagan,  
Cebu City

Dear Mr. Espinoza:



You are advised that the Purchase Order for the **“Supply of Labor and Materials for the Retrofitting of Gold Building Comfort Rooms to include: Basement, Ground floor and Second floor comfort rooms”** of the Metals Industry Research and Development Center (MIRDC) has been awarded to your firm in the amount of **One Million Fifty Nine Thousand Five Hundred Seventy Nine pesos and 75/100 (PhP1,059,579.75)**, subject to the approval of the concerned authorities.

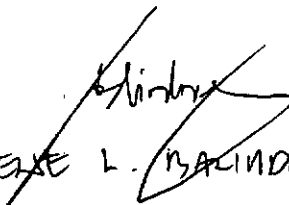
You are therefore requested to acknowledge receipt of this notice and post a performance security according to the following schedule within ten (10) calendar days from receipt hereof:

- a. Cash, Manager's check or Cashier's check – 10% of the total contract price;
- b. Bank Guarantee/ Draft/ Irrevocable Letter of Credit – 10% of the total contract price;
- c. Surety Bond, callable on demand, valid for one year, issued by the Office of the Insurance Commissioner, or any combination thereof – 30% of the total contract price.

Thank you.

Very truly yours,

  
**ROBERT O. DIZON**  
Executive Director 

  
ARLENE L. BALINDONG

DEC. 7, 2017

*Molding the Future of Metal Industries*

**BAC RESOLUTION DECLARING NOTICE OF AWARD AND  
RECOMMENDING FOR APPROVAL**

**R E S O L U T I O N N O . 2 0 1 7 - 3 0**

**Project: "SUPPLY OF LABOR AND MATERIALS FOR THE RETROFITTING OF GOLD  
BUILDING COMFORT ROOMS TO INCLUDE: BASEMENT, GROUND  
FLOOR AND SECOND FLOOR COMFORT ROOMS"**

**Approved Budget Contract (ABC): Php1,060,351.43**

**Whereas**, the on-going works on the Project "Supply of Labor, Materials, Tools, Equipment and Technical Supervision for the Construction of an 8-Person (630 kgs) Capacity Elevator System for the Gold Building" affected the comfort rooms of basement, ground floor and second floor and thus needed to undergo repair, restoration and renovation works;

**Whereas**, ARN Builders, Inc., was awarded the Project entitled "Supply of labor, tools and technical supervision for the retrofitting of Gold building offices and laboratories to include: COA to Library, ATD-DHO to Instrumentation at ground floor, Chemical laboratories and Chapel at Second floor";

**Whereas**, Sec. 53 allows negotiation with technically, legally and financially capable contractor where the subject contract is adjacent or contiguous to an ongoing Infrastructure Project provided all conditions are met;

**Whereas**, conditions are all in accordance with R.A. 9184 section 53.4 "Adjacent or Contiguous" under Negotiated Procurement, to wit:

1. *The original contract is the result of a Competitive Bidding.* The original retrofitting project was awarded to ARN Builder's, Inc. with PO no.17-04-0180 dated April 27, 2017 with an ABC of Php6,101,881.52 and project duration of May 9 to Nov. 9, 2017;
2. *The subject contract to be negotiated has similar or related scopes of work.* The project to be awarded is Retrofitting of Gold building comfort rooms which is similar to the on-going project of ARN Builder's, Inc. (see attached P.O. dated April 27, 2017);
3. *It is within the contracting capacity of the contractor.* ARN Builders' PCAB License Category is AAA, Large B, while ABC of the project to be awarded amounts to Php1,060,351.43 and has a category of small A. ARN Builder's NFCC is equal to Php4,191,904,537.48;
4. *Contractor uses the same prices or lower unit prices as in the original contract less mobilization cost as shown in the attached justification of End-User;*

5. *The amount involved does not exceed the amount of the ongoing project.* The ABC of the project to be awarded amounts to Php1,060,351.43 while ARN Builder's ongoing project amounts to Php6,101,881.52;
6. *Contractor has no negative slippage/delay.* As of September 30, 2017 ARN Builders, Inc.'s accomplishment was 54.06% against projected accomplishment of 51.41%;
7. *Negotiations for the procurement of the adjacent/contiguous work are commenced before the expiry of the original contract.* Negotiation for this project started on October 4, 2017 and the original retrofitting project is still on-going.

**RESOLVED**, as it is hereby resolved, pursuant to Section 53.4 of R.A. 9184, to recommend the award of contract to ARN Builders, Inc. for the project "Supply of labor and materials for the retrofitting of Gold building Comfort rooms to include: basement, ground floor and second floor comfort rooms" is to be awarded to ARN Builders, Inc. with the bid offer of **One Million Fifty Nine Thousand Five Hundred Seventy Nine pesos and 75/100 (PhP1,059,579.75)**;


**SIGNED** in Bicutan, Taguig City this 4<sup>th</sup> of December 2017.

  
**AUREA T. MOTAS**  
 BAC Chairman

  
**MERCEDITA G. ABUTAL**  
 BAC Vice Chairperson

  
**GINA A. CATALAN**  
 BAC Member

  
**TRIXIE HAZEL C. VELUZ**  
 BAC Member

  
**ISIDRO D. MILLO**  
 BAC Member

  
**ERIC C. CALANNO**  
 TWG Member

  
**REYNALDO O. BAYOT**  
 TWG Member

Approved (✓) / Disapproved ( )

  
**ROBERT O. DIZON**  
 Executive Director

Approved on 8 December 2017

*Handwritten:* Hec...  
MICE NINCL JAN-22' 18

**GENERAL CONSTRUCTION CONTRACT**

For the "Supply of Labor and Materials for the Retrofitting of Gold Building Comfort Rooms to Include: Basement, Ground Floor and Second Floor Comfort Rooms"

**KNOW ALL MEN BY THESE PRESENTS:**

This AGREEMENT made and executed by and between:

**METALS INDUSTRY RESEARCH AND DEVELOPMENT CENTER**, an attached agency of the DEPARTMENT OF SCIENCE AND TECHNOLOGY, with office address at Gen. Santos Avenue, Bicutan, Taguig, represented herein by its Executive Director, **ROBERT O. DIZON**, hereinafter referred to as "**MIRDC**";

--- and ---

**ARN BUILDERS, INC.**, a corporation duly existing and organized under and by virtue of the laws of the Republic of the Philippines, with office address 2F Room 204 Northgate Centre, Gov. Cuenco Ave., Kasambagan, Cebu City, represented herein by its President, **ARNOLD T. ESPINOZA**, hereinafter referred to as "**CONTRACTOR**";

**WITNESSETH:**

**WHEREAS**, **MIRDC** conducted negotiations for the procurement of the adjacent/contiguous work are commenced before the expiry of the original contract, October 4, 2017 in accordance with the Government Procurement Reform Act (R.A. 9184) and its Implementing Rules and Regulations and, after evaluating all the Bid proposals, determined that herein **CONTRACTOR** is single calculated and responsive bidder;

**WHEREAS**, a Notice of Award was issued to the **CONTRACTOR** who has accepted the **PROJECT** under set terms and conditions and warrants itself to be competent and fully equipped with the necessary materials, manpower and equipment necessary for undertaking the **PROJECT**;

**WHEREAS**, **MIRDC** is undertaking the "SUPPLY OF LABOR AND MATERIALS FOR THE RETROFITTING OF GOLD BUILDING COMFORT ROOMS TO INCLUDE: BASEMENT, GROUND FLOOR AND SECOND FLOOR COMFORT ROOMS" hereinafter referred to as the **PROJECT**;

**NOW, THEREFORE**, for and in consideration of the foregoing premises the **PARTIES** have agreed as follows:

## ARTICLE I

### SCOPE OF WORK

1.1 The CONTRACTOR shall:

a. Supply and provide all labor, materials, tools, and equipment, including power and water, transportation and other facilities, services, and all related work for the PROJECT, in accordance with the issued plans, drawings, schedule, technical specifications and other related contract documents necessary to prosecute the work to completion.

b. At its own expenses, be responsible for the unloading, unpacking, and inspection of all contract-furnished materials, machinery, and equipment delivered to the construction site, and shall also be responsible for the storage, control, transportation, safekeeping, and any other necessary arrangement for such materials, machinery, and equipment within the site.

c. Ensure adequate protection at all times of all materials, machinery, and equipment in the construction site against damage, robbery, and pilferage, and shall be responsible for any damage or loss.

d. Render warranty services on all work performed in accordance with the provisions of this Agreement and the Contract Documents incorporated hereto.

1.2 The detailed tasks involved for each individual item of work set forth in the immediately preceding paragraph are enumerated in the Scope of Work and Technical Specifications attached with related papers which form part of this Agreement.

## ARTICLE II

### CONTRACT DOCUMENTS

2.1 The following documents are incorporated hereto and made an integral part of this Agreement, to wit:

- (a) General and Special Conditions of Contract;
- (b) Drawings/Plans;
- (c) Specifications or Terms of Reference;
- (d) Invitation to Apply for Eligibility and to Bid;

- (e) Instructions to Bidders;
- (f) Bid Data Sheet;
- (g) Addenda and/or Supplemental/Bid Bulletins, if any;
- (h) Bid form, including all the documents/statements contained in the Bidder's bidding envelopes, as annexes;
- (i) Eligibility requirements, documents and/or statements;
- (j) Performance Security;
- (k) Credit line issued by a licensed bank, if any;
- (l) Notice of Award of Contract and the Bidder's conforme thereto;
- (m) Other contract documents that may be required by existing laws and/or by **MIRDC**.

2.2 In case of doubt or conflict between and among any items or provisions of the Contract Documents, and/or between and among any of the Contract Documents and this Agreement, **CONTRACTOR** shall refer the same in writing to **MIRDC** for clarification and guidance. The clarification or determination made by **MIRDC** shall be binding and conclusive upon the Parties.

2.3 The **CONTRACTOR** shall not make any changes or alteration in the plans, conditions, and specifications of the **PROJECT** without prior written approval by **MIRDC**.

2.4 The parties may, in writing, agree to any revision, alteration, or addition to the terms and conditions of this Agreement or the Contract Documents.

### ARTICLE III

#### CONTRACT PRICE

3.1 For and in consideration of the performance and accomplishment of the **PROJECT**, **MIRDC** shall pay **CONTRACTOR** the total amount of **One Million Fifty Nine Thousand Five Hundred Seventy Nine Pesos and 75/100 (Php1,059,579.75)** only subject to pertinent laws on government contracts and auditing procedures.

3.2 The Contract Price is inclusive of all taxes, stamp duties, license fees, and permits payable by the **CONTRACTOR** under the Contract, or for any other cause.

3.3 No changes shall be made on the Contract Price by reason of escalation in currency, the price of materials, tools, equipment, or labor arising during the course

of the **PROJECT**, except under conditions specified by law. Any adjustments in Contract Price shall be done in accordance with the guidelines provided by law.

3.4 Any amount payable to **CONTRACTOR** may be compensated against liquidated damages payable to **MIRDC** under this Agreement.

#### ARTICLE IV

##### TIME OF COMPLETION AND LIQUIDATED DAMAGES FOR DELAY

4.1 The **CONTRACTOR** shall perform and complete the **PROJECT** to the satisfaction of **MIRDC** within **FORTY FIVE (45) CALENDAR DAYS** reckoned from the date of receipt of the Notice to Proceed.

4.2 Time being of the essence, delay in the completion of the **PROJECT** may be excusable only if the same is due to *force majeure*, additional work approved by **MIRDC**, or for any other special circumstances as may be determined by **MIRDC**.

4.3 Should there arise any circumstance provided in 4.2 above which affects the performance of its obligations, the party concerned shall notify the other in writing setting forth such facts and circumstances within five (5) days from its occurrence. Should there be need to extend the period of compliance with its obligations, both parties shall agree on a reasonable period within which to comply with the undertaking. Any other request for extension by the **CONTRACTOR** may be granted or denied by **MIRDC** at its sole discretion.

4.5 Upon the occurrence of any circumstance of *force majeure*, the **CONTRACTOR** shall endeavor to continue in the performance of its obligations so far as reasonably practicable. In such cases, the **CONTRACTOR** shall give **MIRDC** written notice of the steps it proposes to take, including any reasonable alternative means for the performance of its obligations. The **CONTRACTOR** shall not make any such steps unless authorized in writing by **MIRDC**.

4.6 Where the **CONTRACTOR** refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is in default under the contract, the **CONTRACTOR** shall pay **MIRDC** liquidated damages at the rate of one-tenth of one percent of the cost of unperformed portion of the works for every day of delay. **MIRDC** may deduct liquidated damages from payments due to the **CONTRACTOR**.

4.7 In case the delay in the completion of the works exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension granted to the **CONTRACTOR**, or the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of this Agreement, **MIRDC** shall rescind this Agreement and forfeit the performance security, without prejudice to other courses of action and remedies open to it.



## ARTICLE V

### PERFORMANCE and WARRANTY SECURITY

5.1 The Performance Bond submitted by **CONTRACTOR** shall remain valid until the issuance of the Certificate of Final Acceptance. It may be released after the issuance of the Certificate of Final Acceptance subject to conditions mandated by law. It shall be in the form and amount prescribed under the Contract Documents or applicable laws, rules and regulations.

5.2 The **CONTRACTOR** shall post an additional performance security 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.

5.3 If the **CONTRACTOR** cannot complete the **PROJECT** within the period prescribed under Section 4.1, the **CONTRACTOR** shall cause the extension of the validity of the Performance Security to cover contract time extensions until final acceptance of the **PROJECT**.

5.4 Until and unless the **CONTRACTOR** shall have complied with Section 5.2 and/or 5.3 hereof, as the case may be, **MIRDC** shall withhold all payments due the **CONTRACTOR**.

5.5 The Performance Security posted in favor of **MIRDC** shall be forfeited in the event it is established that **CONTRACTOR** is in default in any of its obligations under this Agreement.

5.6 The **CONTRACTOR** shall likewise put a Warranty Security in the form and amount prescribed by law effective for one year reckoned from the date of issuance of the Certificate of Final Acceptance and shall be returned after the lapse of said one-year period.

## ARTICLE VI

### PAYMENTS

6.1 **MIRDC** shall, upon a written request of the **CONTRACTOR** which shall be submitted as a contract document, make an advance payment to the **CONTRACTOR** in an amount not exceeding fifteen percent (15%) of the total contract price, to be made in lump sum or, at the most, two installments according to a schedule specified in the General Conditions of Contract and other relevant Tender Documents.

6.2 The advance payment shall be made only upon the submission to and acceptance by **MIRDC** of an irrevocable standby letter of credit of equivalent value from a commercial bank, a bank guarantee or a surety bond callable upon demand, issued by a surety or insurance company duly licensed by the Insurance Commission and confirmed by **MIRDC**.

6.3 The advance payment shall be repaid by the **CONTRACTOR** by deducting fifteen percent (15%) from his periodic progress payments or in an amount equal to the percentage of the total contract price used for the advance payment until the amount of advance payment is fully applied.

6.4 **MIRDC** shall pay the **CONTRACTOR** progress payments based on billings for actual Work accomplished as verified and certified by **MIRDC** representative / Technical Working Group.

6.5 In no case shall progress billings be made more than once every thirty (30) calendar days. Materials or equipment delivered on the site but not completely put in place or used in the **PROJECT** shall **not** be included for payment.

6.6 All progress payments shall be subject to a retention fee of ten percent (10%). 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 **MIRDC**, 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 again be imposed using the rate specified therefor.

6.7 The total "retention money" shall be due for release upon final acceptance of the Work. The **CONTRACTOR** may, however, request the substitution of the retention money subject to the guidelines set forth under the Contract Documents and applicable law, rules and regulations.

6.8 In addition to the ten percent (10%) retention mentioned above, **MIRDC** reserves the right to deduct from the progress billing of the **CONTRACTOR** such amount as may be necessary to cover third party liabilities, as well as uncorrected discovered defects in the **PROJECT** in the event that the costs of such liabilities, as well as, uncorrected defects in the **PROJECT** exceed the 10% already retained by **MIRDC**.

6.9 **MIRDC** shall issue a Certificate of Final Acceptance to the **CONTRACTOR** upon satisfactory completion of the **PROJECT**. Before such certificate is issued, the **CONTRACTOR** shall submit a sworn statement certifying that all taxes due from it, and all obligations for materials used and labor employed in connection with the **PROJECT** have been fully and duly paid. Any claim submitted to **MIRDC** at any time by any party arising from this Agreement shall be sufficient reason for **MIRDC** to withhold any payment due the **CONTRACTOR**. In any event, however, before any deduction from **CONTRACTOR**'s billing or withholding of payment is made under this or the immediately preceding section, **MIRDC** shall promptly notify **CONTRACTOR**, in writing, of any such liability, defect or claim and the parties shall immediately meet in good faith to settle such issue.

6.10 No payments made by **MIRDC** shall be construed as a waiver of any claim for defects in the work, materials, or breach of obligations under this Agreement. Acceptance by the **CONTRACTOR** of final payment shall be deemed a waiver of all its claims except those previously made in writing that remain unsettled at the time of Final Acceptance.

## ARTICLE VII

### ASSIGNMENTS AND SUB-CONTRACTING

7.1 The **CONTRACTOR** cannot assign, transfer, pledge, sub-contract, or otherwise dispose of this Agreement or any part or interest herein without the prior written approval of **MIRDC**. Any such approval shall not relieve the **CONTRACTOR** from any liability or obligation under the law or this Agreement, nor shall it create any contractual relation between the sub-contractor, pledgee, transferee, or assignee, and **MIRDC**.

7.2 In case of sub-contracting, the **CONTRACTOR** shall submit, before Final Acceptance, a sworn statement executed by the sub-contractor attesting to the fact that the latter has been fully paid by the **CONTRACTOR** for the materials furnished and the labor performed under the sub-contract.

## ARTICLE VIII

### WARRANTY AND OBLIGATIONS/RESPONSIBILITIES OF THE CONTRACTOR

8.1 The **CONTRACTOR** shall secure all pertinent permits required by any government office or agency in connection with the **PROJECT**.

8.2 The **CONTRACTOR** shall comply with all laws, rules and regulations promulgated by the government of the Republic of the Philippines, including those on labor, environment, safety and sanitation and other pertinent laws. The **CONTRACTOR** shall be solely liable for any violation of the same.

8.3 In case of pre-termination, the **CONTRACTOR**, its representatives, personnel, or sub-contractors shall voluntarily turn over the **PROJECT** to **MIRDC** and in no case shall continue occupying the premises and its surroundings. The **CONTRACTOR** hereby constitutes **MIRDC** as Attorney-in-Fact to take possession of the **PROJECT** to protect the interest of **MIRDC**. Expenses arising from the pre-termination shall be charged against the **CONTRACTOR** until the **PROJECT** is properly turned over to **MIRDC**.

8.4 The **CONTRACTOR** shall leave the work in good order upon completion.

8.5 The **CONTRACTOR** assumes full responsibility for the acts, omissions or negligence of its employees, workers, agents and those of its sub-contractors and their employees, as well as for all other persons doing work under this Agreement.

8.6 The **CONTRACTOR** shall hold **MIRDC** free and harmless from, and hereby binds and obligates itself to indemnify **MIRDC** for liabilities, losses, damages, injuries including death, claims, demands, suits, proceedings, judgments, awards, fines, penalties and all expenses of whatever kind and nature arising from and by rea-

son of this Agreement, due to its negligence, act, omission, delay, conduct, breach of trust or non-observance or violation of this Agreement, or those of its employees, agents, representatives or sub-contractors.

**ARTICLE IX**

**LIABILITY OF THE CONTRACTOR**

9.1 Subject to additional provisions, if any, set forth in the Contract Documents, the **CONTRACTOR's** liability under this Agreement shall be provided by the laws of the Republic of the Philippines.

**ARTICLE X**

**CONTRACT EFFECTIVITY**

10.1 Contract effectivity date shall be provided in the Notice to Proceed.

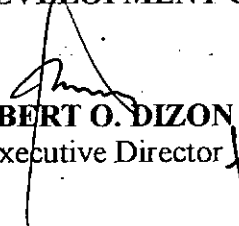
IN WITNESS whereof the parties thereto have caused this Agreement to be executed this \_\_\_\_\_ at Bicutan, Taguig City.


**METALS INDUSTRY RESEARCH  
AND DEVELOPMENT CENTER**

**ARN BUILDERS, INC.**

By:

By:

  
**ROBERT O. DIZON**  
Executive Director

  
**ARNOLD T. ESPINOZA**  
President

SIGNED IN THE PRESENCE OF:

  
**REYNALDO O. BAYOT**

Witness

  
Witness

CERTIFIED FUNDS AVAILABLE:

  
**JOHNNY G. QUINGCO**  
Accountant IV

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)  
CITY OF Quezon City

Quezon City

Before me, a Notary Public for and in the \_\_\_\_\_ this  
2017 JAN 2016 personally appeared:


NAME	I.D. NO.	DATE/PLACE ISSUED
ROBERT O. DIZON	2016002	MIRDC, Taguig January 8, 2016
ARNOLD T. ESPINOZA		

all known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free act and deed as well as of the principal they represent.

This instrument refers to SUPPLIER's contract consisting of nine (9) pages, including this page in which the Acknowledgment is written, signed by the parties and their witnesses on each and every page and sealed with my notarial seal.

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

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Page No. 96  
Page No. 1  
Series of 2018

  
ATTY. ROBERT  
Notary Public  
Until December  
PTR. No. 95611098  
Roll of Attorney's No. 4642  
IBP No. AR001205 Q.C. Chapter  
Admin Matter No. 233  
MCLE No. V-0024616  
TIN No. 149-394-836  
(PRBS) Camp, Crame, Quezon City