

**CONTRACT AGREEMENT FOR THE  
PROCUREMENT OF INFRASTRUCTURE PROJECTS  
(TAKE-OVER OF CONTRACT  
UNDER SECTION 53.3, RULE XVI, RIRR, R.A. 9184)**

THIS AGREEMENT, made this 24 day of Sept 2024 between the **CITY GOVERNMENT OF ILIGAN** (hereinafter called the "LGU"), with business address at Buhanginan Hills, Pala-o, Iligan City, represented in this deed by the Head of Procurement Entity (HoPe), Hon. Frederick W. Siao, City Mayor, and **METRO STONERICH CORPORATION**, with business address at # 03, Scout Rallos, Brgy. Laging Handa, Quezon city (hereinafter called the "CONTRACTOR"), represented in this deed by its Proprietor, Engr. Maximillian G. Quintos;

WHEREAS, the subject matter of this Contract is the unfinished New Pala-o Public Market Building Project, the brief antecedents of which are briefly set down in the interest of complete transparency between the parties;

WHEREAS, after the conduct of competitive bidding for the New Pala-o Public Market Building Project [Contract Reference No. INFR-19-047], a Notice of Award (dated January 30, 2020) was issued to Edgar A. Tiu, proprietor of B.M. Marketing as Single Calculated Responsive Bidder for the *Project* at a contract price of P583,468,951.01;

WHEREAS, on February 13, 2020 a *Contract Agreement* for the *Project* was executed between Celso G. Regencia for the City of Iligan and Edgar A. Tiu, for B.M. Marketing; on, February 20, 2020 the Contractor received a Notice to Proceed (dated February 5, 2020);

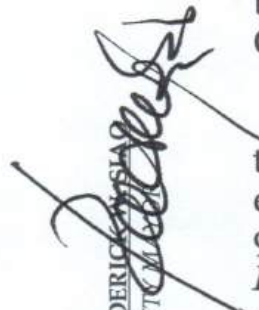
WHEREAS, on January 25, 2023, the Head of the Procurement Entity (HoPE) served on B.M. Marketing a Notice to Terminate, on the grounds, among others, of negative slippage of 35.30%; failure to comply with valid instructions of the Procuring Entity; failure to execute the Works in accordance with the contract; and flagrant neglect to carry out its obligations under the contract;

WHEREAS, after due proceedings were taken, on April 23, 2023 the HoPE rendered a Decision terminating the Contract between the City Government of Iligan and Edgar A. Tiu/B.M. Marketing;

WHEREAS, the law provides that "if a Procuring Entity terminates the contract due to default, insolvency, or for cause, it may enter into a Negotiated Procurement pursuant to Section 53(c) of R.A. 9184 and 53.3 of its IRR" (Section V 7, APPENDIX "I", 2016 Revised Implementing Rules and Regulations of R.A. 9184 [IRR]);

WHEREAS, the Alternative Methods of Procurement shall be resorted to only in the highly exceptional cases provided for [in the IRR Guidelines] and subject to the prior approval of the Head of the

  
ENGR. MAXIMILLIAN G. QUINTOS  
SUPPLIER/CONTRACTOR

  
FREDERICK W. SIAO  
CITY MAYOR

  
JASON JOHN VALERGARME  
CITY GOVT. ASST.-DEPT. HEAD II  
ACTING CITY ACCOUNTANT

SIGNED IN THE PRESENCE OF:

  
ENGR. LEONOR T. ACTUB



Procuring Entity (HoPE) upon recommendation of the Bids and Awards Committee (BAC)" (Policy Statement, Consolidated Guidelines for the Alternative Methods of Procurement, APPENDIX "H", IRR);

WHEREAS, there is an urgent necessity to complete the Project the soonest time possible so that vital public service can be delivered to the City's inhabitants;

WHEREAS, on July 17, 2023, Hon. Frederick W. Siao, issued Executive Order No. 30, series of 2023 captioned AN ORDER FOR THE CONDUCT OF ALTERNATIVE METHOD OF PROCUREMENT THROUGH NEGOTIATED PROCUREMENT FOR THE COMPLETION OF THE NEW PALA-O PUBULIC BUILDING PROJECT [CONTRACT REFERENCE NO. INFR-19-047);

WHEREAS, after the conduct of negotiations between the parties, the CONTRACTOR **undertakes that it has the desire and willingness, and the technical and financial capability** to perform and execute *CEO-RFQ-2024-05-8076* for the **Completion of the Design and Construction of the New Pala-o Public Market Phase I** (hereafter, "the Works") for the sum of TWO HUNDRED FIFTY-THREE MILLION, NINE HUNDRED EIGHTY-SIX THOUSAND PESOS (P253,986,000.00);

WHEREAS, the LGU **hereby accepts** the CONTRACTOR's offer, subject only to the general proviso –in addition to the specific terms and conditions which follow hereafter—that the CONTRACTOR shall execute and perform the Works to its completion including remedying any and all defects already existing on the unfinished Project at the inception of this Agreement.

NOW THEREFORE, THE PARTIES FURTHER STIPULATE AND AGREE:

1. In this Agreement, words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to;

2. The following documents as required by the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184 shall be deemed to form and be read and construed as part of this Agreement, viz.:

- a. Philippine Bidding Documents (PBDs):
  - i. Drawings/Plans;
  - ii. Specifications;
  - iii. Bill of Quantities;
  - iv. General and Special Conditions of Contract;
  - v. Supplemental or Bid Bulletins, if any;
- b. Contractor's eligibility profile, Technical and Financial Proposals, and all other documents or statements submitted;

  
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SUPPLIER/CONTRACTOR

  
FRANCIS SIAO  
CITY MAYOR

  
JASON JOHN V. ALEGARME  
CITY GOV'T. ASST. DEPT. HEAD II  
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c. Contractor's detailed plans and designs to perform and execute CEO-RFQ-2024-05-8076 for the Design and Construction of the New Pala-o Market.

d. Performance Security;

e. Notice of Award of Contract and the CONTRACTOR's conforme thereto; and

f. Other contract documents that may be required by existing laws and/or the Procuring Entity concerned in the PBDs. The CONTRACTOR agrees that additional contract documents or information prescribed by the GPPB that are subsequently required for submission after the contract execution, such as the Notice to Proceed, Variation Orders, and Warranty Security, shall likewise form part of the Contract.

3. In consideration for the sum of TWO HUNDRED FIFTY-THREE MILLION NINE HUNDRED EIGHT-SIX THOUSAND PESOS (₱253,986,000.00) or such other sums as may be ascertained in accordance with the terms of this Contract Agreement.

4. The CONTRACTOR shall commence the works under this contract, within Seven (7) Calendar Days and shall complete all said works within TWO HUNDRED FORTY (240) Calendar Days both reckoned from the receipt of NOTICE TO PROCEED from the HoPE of Iligan, plus any extension(s) of time duly granted under the provisions of the Contract Documents.

5. Terms of Payment

a. Downpayment

i. The downpayment shall consist of 15% of the Total Contract Price. A Purchase Order shall be issued immediately after acknowledgement of this Letter of Award. Upon submission by the Contractor to the LGU of the Performance Bond, the LGU shall release to the Contractor a down payment, provided that the CONTRACTOR has submitted the complete documents required by the LGU.

b. Balance

i. The balance shall be collected through Progress Billings subject to recoupment of the downpayment and 10% retention of the work done. The Contract must be signed and executed prior to release of first progress payment.

c. Submission of Progress Claim

i. The progress claim shall include all breakdown details and required substantiations in two (2) copies – one (1) copy to be

ENGR. MAXIMILLIAN G. QUINTOS  
SUPPLIER & CONTRACTOR

ENGR. EDUARDO S. SIBO  
CITY MAYOR

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JASON JOHN V. ALEGARME  
CITY GOV'L ASST. DEPT. HEAD II  
ACTING CITY ACCOUNTANT

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submitted to the LGU and shall include all required documents and one (1) copy to the Contractor, submitted on or before 30th of the month or 1st day of the following month.

ii. METRO STONERICH CORPORATION shall submit claim in the form of a Progress Claim and NOT through a SALES INVOICE. The LGU represented by CEO shall evaluate all billings within seven (7) days and the actual amount certified shall be informed to. METRO STONERICH CORPORATION every 8th of the month. METRO STONERICH CORPORATION shall then forward their TAX INVOICE to the LGU's Cost Engineer/Accounting Department based on the amount certified by the LGU's Quantity Surveyor.

d. Release of Payment

i. The Payment shall be released to METRO STONERICH CORPORATION within thirty (30) days upon certification and receipt of original sales invoice by the LGU's Accounting Department as stipulated under the Contract Conditions.

e. Retention

i. The retention shall consist of 10% of the work done for Progress Claims. 100% retention shall be made within sixty (6) days upon receipt of the Certificate of Final Inspection and Acceptance and submission of the required warranties and other documents under the Conditions of Contract.

6. The City Government of Iligan agrees to pay the above-mentioned sum in accordance with the terms of the Negotiated Procurement.

7. Once the contract duration expires, including any time extension duly granted, and the contractor refuses or fails to satisfactorily complete the work, the Procuring Entity shall impose upon the contractor in default liquidated damages which is to be determined as follows:

a. Liquidated damages is an amount equal to one tenth (1/10) of one (1) percent of the cost of the unperformed portion of the works for every day of delay.

b. In case the total sum of liquidated damages reaches ten percent (10%) of the total contract price, the Procuring Entity has the following options:

i. Terminate the contract pursuant to the Guidelines on Termination of Contract and forfeit the erring contractor's performance security. After termination, the Procuring Entity may either:  
(1) take over the contract or

  
ENGR. MAXIMILIAN G. QUINTOS  
SUPPLIER/CONTRACTOR

  
FREDERIC B. ...  
CITY MAYOR

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JASON JOHN V. ALEGRE  
CITY GOV'L ASST.-DEPT. HEAD II  
ACTING CITY ACCOUNTANT

  
ENGR. LEONOR T. ACTUB

(2) resort to any of other alternative methods of procurement provided under R.A. No. 9184 and its 2016 revised Rules and Regulations OR

ii. Allow the contractor to continue the works without prejudice to the continued imposition of liquidated damages until the works have been completed. This does not, however, preclude the Procuring Entity in resorting to Termination of Contract under Annex "I" of the 2016 revised IRR of RA No. 9184.

iii. If any dispute or difference of any kind whatsoever shall arise between the parties in connection with the implementation of the contract covered by the Act and this IRR, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

iv. Any and all disputes arising from the implementation of a contract covered by the Act and this IRR shall be submitted to arbitration in the Philippines according to the provisions of R.A. 876, otherwise known as the "Arbitration Law" and R.A. 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 referred thereto. The process of arbitration shall be incorporated as a provision in the contract that will be executed pursuant to the provisions of the Act and this IRR: Provided, further, That by mutual agreement, the parties may agree in writing to resort to other alternative modes of dispute resolution.

c. The Contractor may ask for an extension of the period for completion by a request to the LGU through the CEO due to any of the following causes or reasons:

i. Force Majeure or unforeseen or unforeseeable events and circumstances.

ii. Causes or events that are beyond the control without the fault or negligence of the Contractor.

iii. Any act or omission of the LGU or any other person employed or contracted by the LGU in the Project.

iv. Any appreciable addition or alteration in the work ordered by the LGU or the Architect or Design Engineer. An "appreciable addition" means an addition to work large or important enough to be noticed.

  
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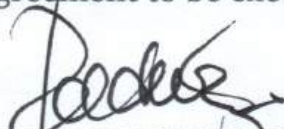
  
ENGR. LEONOR T. ACTUB  
CITY MAYOR

SIGNED IN THE PRESENCE OF:

  
JASON JOHN V. ALEGARME  
CITY GOV. ASST. DEPT. HEAD II  
ACTING CITY ACCOUNTANT

  
ENGR. LEONOR T. ACTUB


IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed the day and year first before written.

  
**FREDERICK W. SIAO**  
CITY MAYOR  
HEAD OF PROCURING ENTITY  
CITY GOVERNMENT OF ILIGAN

  
**ENGR. MAXIMILLIAN G. QUINTOS**  
SUPPLIER/CONTRACTOR

SIGNED IN THE PRESENCE OF:



  
**JASON JOHN V. ALEGARME**  
CITY GOVT. ASST. DEPT. HEAD IV  
ACTING CITY ACCOUNTANT

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES ) CITY OF ILIGAN ) SS.

BEFORE ME, a Notary Public for and in the City of Iligan this personally appeared:

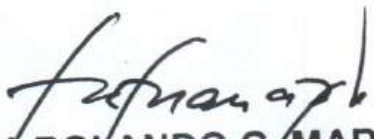
NAME	ID NUMBER
FREDERICK W. SIAO	MO2 - 85 - 000984
ENGR. MAXIMILLIAN G. QUINTOS	

known to me and to me known to be the same person who executed the foregoing instrument, and acknowledged to me that the same is the free and voluntary act.

This Instrument consists of only        page/s, including this page in which this Acknowledgement is written, duly signed by the parties and the instrumental witnesses on each and every page hereof.

WITNESS MY HAND AND SEAL this        at        Iligan        City, Philippines.

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Series of 2024

  
**ATTY. ROLANDO G. MARAPAO**  
NOTARY PUBLIC  
PTR NO. 1241019 - 1/2/2024 ; UNTIL DEC. 31, 2024  
IBP NO. 4916 (LIFETIME)  
ROLL OF ATTORNEY NO. 37981  
MCLE NO.: 7-0013926 / VALID UNTIL 4/14/2025  
email: rolando.marapao@gmail.com  
QUEZON AVENUE, ILIGAN CITY