

**CONTRACT NO. LOG MSSP 2020-07-036-ZCT**

**LEASE OF 1.0 MW MODULAR DIESEL GENERATING  
SETS FOR EL NIDO DIESEL POWER PLANT  
LOCATED AT EL NIDO, PALAWAN  
S1-END20-011/PB200701-NA**

KNOW ALL MEN BY THESE PRESENTS:

This Contract made and entered into in Quezon City,  
Philippines, by and between:

The **NATIONAL POWER CORPORATION**, a government-owned and controlled corporation duly organized and existing under and by virtue of Republic Act No. 6395, as amended, with its principal office address at, BIR Road corner Quezon Avenue, Diliman, Quezon City, Philippines, represented herein by its President and CEO, **MR. PIO J. BENAVIDEZ**, who is duly authorized to represent it in this transaction, hereinafter referred to as **LESSEE**;

- and -

**MONARK EQUIPMENT CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at #13 Economia Street, Bagumbayan, Quezon City, Philippines herein represented by its RPUE Senior Manager, **ERIC JOHN M. CABRERA**, who is duly authorized to represent it in this transaction, hereinafter referred to as **LESSOR**.

WITNESSETH: That -

**WHEREAS**, on June 11, 2020, NPC advertised the Invitation to Bid for the Lease of 1.0 MW Modular Diesel Generating Sets for El Nido Diesel Power Plant, El Nido, Palawan;

**WHEREAS**, only one (1) prospective bidder secured the bidding documents and participated in the public bidding conducted on July 01, 2020, on the aforesaid undertaking;

**WHEREAS**, LESSOR's bid offer is the single calculated and responsive bid;

**WHEREAS**, LESSEE accepted the said bid of the LESSOR;

NOW, THEREFORE, in view of the foregoing premises and


Contract between NPC and Monark Equipment Corporation  
Lease of 1.0 MW Modular Diesel Genset for El Nido DPP at El Nido, Palawan  
Contract No. LOG MSSP 2020-07-036-ZCT

MONARK EQUIPMENT CORPORATION  
(LESSOR)

  
**ERIC JOHN M. CABRERA**  
RPUE Senior Manager

BY:

SIGNED IN THE PRESENCE OF:

  
**MICHAEL L. DE OCAMPO**  
(LESSOR)


  
**JUDITH M. MOJICA**  
Manager, Controllers Dept.  
(LESSEE)

NATIONAL POWER CORPORATION  
(LESSEE)

  
**PIO J. BENAVIDEZ**  
President and CEO

BY:

MONARK EQUIPMENT CORPORATION  
(LESSOR)

BY:   
ERIC JOHN M. CABRERA  
RPU Senior Manager

for and in consideration of the mutual covenants and stipulations hereinafter provided, the parties hereto have agreed as follows:

**ARTICLE I**  
**DOCUMENTS COMPRISING THE CONTRACT**

The following documents are hereby incorporated and made part of this Contract as though fully written out and set forth herein insofar as they are not inconsistent with the terms hereof:

1. Bidding Documents for the Lease of 1.0 MW Modular Diesel Generating Sets for El Nido Diesel Power Plant located at El Nido, Palawan;
2. Supplemental/Bid Bulletin dated June 15, 2020;
3. LESSOR's bid proposal dated July 01, 2020;
4. Bid Opening Report dated July 02, 2020;
5. Post Qualification and Technical Evaluation dated July 20, 2020;
6. Notice of Award dated July 29, 2020;
7. Notice to Proceed; and
8. The Performance Security to be filed by LESSOR in accordance with this Contract.


In the event that there is any discrepancy/inconsistency between the provisions of the Contract and the Contract Documents mentioned above, the former shall govern. Should there be any inconsistency/discrepancy, among the Contract Documents, the document with the latest date shall prevail.

**ARTICLE II**  
**SCOPE OF CONTRACT**

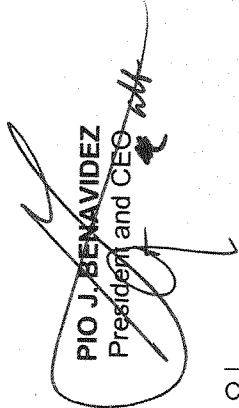
LESSOR shall provide 1.0 MW Modular Diesel Generating Sets for El Nido Diesel Power Plant located at El Nido, Palawan. Scope of Work and related services to be provided by the LESSOR are contained in the Bidding Documents and Annex "A" showing the itemized Bid Price Schedule.

SIGNED IN THE PRESENCE OF:

  
MICHAEL L. DE OCAMPO  
(LESSOR)

  
JUDITH M. MOJICA  
Manager, Controllers Dept.  
(LESSEE)

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**ARTICLE III**  
**COMMENCEMENT AND COMPLETION PERIOD**

The delivery, installation, testing and commissioning of the modular diesel generating sets shall be completed by the LESSOR in twenty (20) calendar days reckoned from NPC's issuance of the Notice to Proceed. Commercial operation of the plant shall commence after the completion of the works.

The contract period shall be **six (6) months minimum and twelve (12) months maximum** commencing on the first day of commercial operation with LESSEE given the sole prerogative to terminate the contract after the minimum period.

**ARTICLE IV**  
**TOTAL CONTRACT PRICE AND PAYMENT TERMS**

The Total Contract Price of the lease shall be in the amount of **PHILIPPINE PESOS TWELVE MILLION FIVE HUNDRED THIRTY EIGHT THOUSAND SEVEN HUNDRED PESOS (PHP 12,538,700.00).**

The Total Contract Price specified above shall be paid in accordance with the provisions of Section IV, Clause GCC, Item 10 of the Bidding Documents. All taxes, customs duties, tariffs, exports, excise and all other taxes assessed and charged by the taxing authority of the country of origin upon production, manufacture or shipment of all materials, equipment and supplies to be furnished under the Contract shall be borne by the LESSOR.

In addition, all taxes, fees, insurance and cost of delivery to site shall be borne by the LESSOR.

**ARTICLE V**  
**PERFORMANCE SECURITY**

To guarantee the faithful performance of its obligations under the Contract, LESSOR shall, at its own expense and at the time of the execution of the Contract or immediately thereafter, or upon receipt of the award or immediately thereafter, post a Performance Security (penalty bond) in favor of NPC in an amount equivalent to five percent (5%) of the total contract price in the form of cash, or cashier's/ manager's check or bank draft/guarantee, or irrevocable letter of credit issued by a Universal or Commercial Bank: provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank, or in an amount equal to thirty percent (30%) of the total contract price in the form of Surety Bond callable upon demand and penal in nature issued by a surety or insurance company duly certified by the Insurance Commission as

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RPUE Senior Manager

authorized to issue such security. The Insurance Company that will issue Performance Security must be acceptable to National Power Corporation.

The Performance Bond shall be valid for the duration of the contract and remain valid and effective until after sixty (60) days from NPC's issuance of Certificate of Demobilization. In case of surety bond, should there be any extension of the contract period, the LESSOR shall correspondingly post an extension of the bond within ten (10) days from the notice. The Performance Bond shall also be answerable for any damages or penalties or any expenses incurred that LESSEE may suffer as a result of the failure of the LESSOR to perform its obligations under this Contract. The Performance Bond shall be entirely forfeited by LESSEE upon default of LESSOR.

**ARTICLE VI**  
**LIQUIDATED DAMAGES**

Should LESSOR fail to satisfactorily deliver any or all the GOODS and/or perform the Services within the period(s) specified in this Contract inclusive of duly granted time extensions, if any, LESSEE shall, without prejudice to its other remedies under this Contract and under the applicable law, deduct from the Contract Price, as liquidated damages, the applicable rate of one tenth (1/10) of one percent (1%) of the cost of the unperformed portion for every day of delay until actual delivery or performance. Once the amount of liquidated damages reaches ten percent (10%), the LESSEE may rescind or terminate the contract without prejudice to other course of action and remedies open to it.

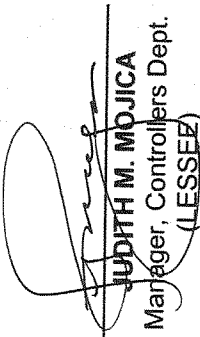
**ARTICLE VII**  
**WARRANTY CLAUSE**

LESSOR hereby warrants that he or his representative has not offered or paid, directly or indirectly, any government officer and LESSEE official or employee any consideration or commission for the Contract nor has he or his representative exerted or utilized any corrupt or unlawful influence to secure or solicit this Contract for any consideration or commission; that the LESSOR will not subcontract any portion or portions of the scope of work of the Contract awarded to him to any official or employee of the LESSEE and to the relatives within the 3<sup>rd</sup> degree of consanguinity or affinity of LESSEE's officials who are directly and indirectly involved in Contract awards or project prosecution; and that if any commission is being paid to a private person, he shall disclose the name of said person and the amount being paid; and that any violation of this Warranty shall constitute sufficient ground for the rescission of cancellation of this Contract, or

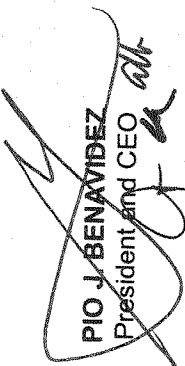
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(LESSOR)

  
JUDITH M. MOJICA  
Manager, Controllers Dept.  
(LESSEE)

NATIONAL POWER CORPORATION  
(LESSEE)

BY:   
PIO J. BENAVIDEZ  
President and CEO

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MONARK EQUIPMENT CORPORATION  
(LESSOR)

  
ERIC JOHN M. CABRERA  
RPUE Senior Manager

BY:

the reduction from the Contract Price of the consideration or commission paid without prejudice to the filing of any action for the violation of RA No. 3019 as amended (otherwise known as the Anti-Graft and Corrupt Practices Act) and/or other applicable laws against the LESSOR and/or his representative and/or the erring LESSEE official(s) and employee(s).

**ARTICLE VIII**  
**JOINT AND SEVERAL LIABILITY**

The liability of the LESSOR and/or any and all of the entities representing it on any manner under this Contract or relating thereto is joint and several and for this reason LESSEE may proceed against any or all of them.

**ARTICLE IX**  
**VALIDITY CLAUSE**

If any term or condition of this Contract is held invalid or contrary to law, the validity of the other terms and conditions hereof shall not be affected thereby.

**ARTICLE X**  
**EFFECTIVITY**


This Contract shall become effective on the date of the issuance of Notice to Proceed.

**ARTICLE XI**  
**VENUE OF ACTION**

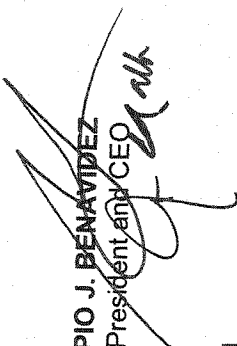
The parties hereto agree that the venue of action for any cause or causes of action which may arise from this Contract shall be exclusively in the proper court of Quezon City, Philippines, only.

SIGNED IN THE PRESENCE OF:

  
MICHAEL L. DE OCAMPO  
(LESSOR)

  
JUDITH M. MOJICA  
Manager, Controllers Dept.  
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