

CONTRACTUAL JOINT VENTURE AGREEMENT

between

THE MUNICIPALITY OF MANGATAREM, PANGASINAN

and

TERESA WATERWORKS INC.

**FOR THE DEVELOPMENT OF WATER SUPPLY SYSTEM FOR THE
MUNICIPALITY OF MANGATAREM – LEVEL III PROJECT**

May 26, 2025

This Contractual Joint Venture Agreement (this "Agreement") is made and entered into as of this 26th day of May, 2025 (the "Effective Date") by and between:

MUNICIPALITY OF MANGATAREM, PANGASINAN, a local government unit with corporate powers granted under Republic Act No. 7160, otherwise known as the Local Government Code of 1991, with principal business address at Municipal Hall, Brgy. Calvo, Mangatarem, Pangasinan, represented by its **MAYOR, HON. RAMIL P. VENTENILLA**, who is duly authorized and empowered for this purpose under and by virtue of the Sangguniang Bayan Resolution No. _____, series of 2025, a copy of which is hereto attached as Annex "A" and made an integral part hereof.

- and -

TERESA WATERWORKS INC., a corporation duly organized and existing under Philippine laws, with office address at 2nd Floor ABC Bldg, Teresa Ave., Nepo Center, Angeles City, Pampanga, represented herein by its President, **MARIA RITA JOSEFINA V. CHUA** herein referred to as the "Private Partner".

Each of the LGU Mangatarem and the Private Partner, as the case may be, are singularly referred to as a "Party" and collectively referred to as the "Parties".

RECITALS

WHEREAS, under Section 17(b)(2)(viii) of Republic Act (RA) 7160 otherwise known as the Local Government Code of the Philippines, is authorized to discharge functions and responsibilities to pursue infrastructure facilities intended to service the needs of the residents of the municipality and which are funded out of municipal funds including water supply and distribution systems, drainage and sewerage, flood control, and irrigation systems, among others;

WHEREAS, on January 23, 2025, the Sangguniang Bayan of the Municipality of Mangatarem accepted and approved the Development of Water Supply System for the Municipality of Mangatarem - Level III Project (the "Project") of Mangatarem, Pangasinan, which shall be used for the development and implementation of the Project;

WHEREAS, on January 23, 2025, the Sangguniang Bayan of Mangatarem, approved the Project to be implemented through a Joint Venture (JV) Arrangement;

WHEREAS, on February 10, 2025, the Municipality of Mangatarem published an Invitation to Submit Eligibility and Bid Proposal, which commenced the public bidding process;

WHEREAS, the bidders conducted their due diligence in connection with the Project and submitted bids for the Project;

WHEREAS, pursuant to the competitive single-stage bidding process, **TERESA WATERWORKS INC** was declared the winning Private Partner, who thereafter, sufficiently complied with the post-award requirements pursuant to the Instructions to Bidders (the "ITB");

WHEREAS, the Sangguniang Bayan of the Municipality of Mangatarem passed Ordinance No. _____ approving the terms set forth under this JV Agreement and hereby authorizing the Municipal Mayor, Hon. Ramil P. Ventenilla, to enter into this agreement with **TERESA WATERWORKS INC**;

NOW THEREFORE, for and in consideration of these premises and the mutual commitments, obligations and undertakings hereunder, the Parties have agreed as follows:

ARTICLE I DEFINITION AND INTERPRETATION

Section 1.01. Definitions

In this Agreement the words and phrases below shall have the following meanings:

"Accession Agreement" means the agreement between Municipality of Mangatarem, the winning Private Partner and the SPC through which the SPC agrees to assume all the rights, responsibilities and obligations of the Winning Private Partner under this CJVA, in the form attached as Annex F (Form of Accession Agreement).

"Accounting Standards" shall mean the Philippine Financial Reporting Standards then in effect.

"Affiliate" means, in relation to an entity, another entity that is Controlled by, or Controls, or is under common Control (directly or indirectly) with such first-mentioned entity.

"Applicable Law" shall mean any requirement, enactment, legislation, statute, act, treaty, instruction, decree, direction, order, regulation, policy, or rule of any Governmental Authority which is legally binding, or which would customarily be observed by a reasonable and prudent owner, or contractor of facilities such as the Project and any modification, extension or replacement thereof from time to time.

"Approving Authority" shall mean such appropriate government agency provided under Republic Act No. 11966 or the Public-Private Partnership Code of the Philippines (the "PPP Code") and its Implementing Rules and Regulations (IRR).

"Asset Register" means all of the Project Assets delivered, installed and updated annually by the Private Sector.

"Business Day" means any day other than a Saturday, a Sunday, and any day that is a legal non-working holiday in the Philippines, or any day when commercial banks in the Philippines are closed.

"Change in Law" means any of the following events occurring as a result of any action by any Governmental Authority: (a) a change in or repeal of the LGC, and their respective Implementing Rules and Regulations; (b) change, amendment, modification of, addition to, or deletion of a legal requirement, ordinance, rules, regulations, order, decision or judgment applicable to the Municipality of Mangatarem; (c) change in the manner in which a legal requirement, ordinance, rules or regulations applicable to the Municipality of Mangatarem, is applied, enforced or interpreted; or (d) change in the rate of any local tax, in each case, which occurs after the Signing Date, which specifically discriminates against the Private Partner or the Project.

Change in Law does NOT include:

1. changes in laws, rules, regulations, or any legal requirement, that are of a national nature and over which, the LGU Mangatarem has no reasonable control over; or
2. adjustments in the minimum wage scales and rates in the Philippines; or
3. revocation, withdrawal or failure to secure, maintain, or renew any Relevant Consent due to the fault or negligence of the Private Partner; or
4. action or failure of a Philippine Government Authority to perform an act which is in direct response to any illegal act on the part of the Private Partner (other than an act rendered illegal by virtue of a Change in Law) or if the government inaction is due to the fault of the Private Partner; or
5. action or failure to act by a Philippine Government Authority which is required as a result of a Force Majeure Event or on the grounds of national security or public safety and such action or failure is reasonable in relation thereto, provided such action or failure to act is not a direct result of a Change in Law; or
6. an event, the adverse effect of which, can be insured against in accordance with prudent industry practice.

"CJV Project" or "Project" shall mean the Development of Water Supply System for the Municipality of Mangatarem - Level III Project to be undertaken in accordance with the CJVA to be entered into between the LGU Mangatarem and Private Partner pursuant to the PPP Code and its IRR.

"CJV Term" shall have the meaning under Article IX.

"Costumers" shall mean any customer for the water supply in the service area of the Project.

"Contractual Joint Venture" or "CJV" shall mean the business relationship and agreement in which the LGU Mangatarem and the Private Partner have agreed to become co-venturers.

"Contractual Joint Venture Agreement" or "CJVA" shall mean this instrument entered into by the LGU Mangatarem and the Private Partner effecting the Contractual Joint Venture for the Project.

"DENR" means Department of Environment and Natural Resources.

"DPWH" means the Department of Public Works and Highways.

"Effectivity Date" shall have the meaning in Section 9.02.

"Facility" means the Level III Water Supply System/ s that includes the treatment facility, the pumping stations, the reservoirs, and the transmission and distribution pipes that will convey the treated water to the Consumers in the Service Area.

"Financial Close" means the achievement or fulfillment of all conditions prescribed under the Financing Agreements, and which shall entitle the Private Partner to receive the proceeds of such Financing Agreements.

"Financing" means the amounts to be provided by way of loan, lease finance, equity investment or otherwise to the Private Partner for the development, establishment, financing, design, construction, testing, commissioning, implementation, operation, maintenance and transfer of the Project and performance of the Services and includes all related financial charges, fees and expenses.

"Financing Agreements" shall mean all documentation or arrangements of whatever kind evidencing any obligation of the Private Partner in respect of the Financing or any refinancing for the Facilities and/or the Project or any portion thereof, in each case as amended, supplemented, or otherwise modified from time to time.

"Force Majeure" and "Force Majeure Event" shall have the meanings in Section 16.01.

"Government" shall mean the Government of the Republic of the Philippines.

"Government Authorizations" shall mean any approval, license, permit, consent, authorization, exemption, filing or registration by or with, any Governmental Authority.

"Governmental Authority" shall mean any governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial, quasi-judicial or administrative body in the Republic of the Philippines having jurisdiction over the matter in question.

"Intellectual Property" shall mean all patents, design rights, copyrights, trademarks, service marks, trade names and all other intellectual property rights of any nature whatsoever throughout the world whether registered or unregistered and including all applications and rights to apply for any of the same relating to the Facilities and where applicable, the Services.

"KPI" means the Key Performance Indicators for the Operation and Maintenance of the Facility as set out in Annex A (*Minimum Performance Specifications and Standards and Key Performance Indicators*).

"KPI Charges" means the amounts payable by the Private Partner to the LGU Mangatarem for failing to achieve the KPIs set out in Annex A (*Minimum Performance Specifications and Standards and Key Performance Indicators*).

"Late Payment Rate" means the two (2) year PHP BVAL published by the Philippine Dealing and Exchange Commission or the equivalent reference rate superseding PHP BVAL, plus a margin of two percent (2%) per annum.

"Lenders" at any time, mean those persons who, at such time, have entered into commitments, upon and subject to the terms and conditions set out in any of the Financing Agreements, to provide any financial accommodation for the purposes of the Project.

"Level III Water Supply System" refers to a system which includes a water source, a reservoir, a piped distribution network, and individual household taps. For the avoidance of doubt, the Facility will not include the installation of individual household taps.

"Liquidated Damages" has the meaning given to that term in Section 9.08.

"LGU Mangatarem" shall mean the Municipality of Municipality of Mangatarem, Pangasinan.

"LGU Mangatarem Event of Default" shall have the meaning in Section 11.03.

"Material Adverse Government Action" has the meaning given to that term in Section 16.01.

"Notice of Award" shall have the meaning set forth in the PPP Code and its IRR.

"Notice of Intention to Terminate" shall mean written notice issued by one Party to the other Party/ies signifying its intention to terminate prior to the expiration of the CJV Term of this CJVA and citing the basis for such early termination.

"Notice of Termination" shall have the meaning in Section 11.04.

"Operation and Maintenance" or "O&M" means the day-to-day administration, functioning, management, upkeep and repair of any aspect or component of the Facility necessary for their use or required for the safe and proper operation of the Facility in accordance with the KPIs.

"O&M Manual" means the manual to be prepared by the Private Partner and approved by LGU Mangatarem, which must comply with the quality objectives consistent with this CJV A and the KPIs.

"Operations Start Date" shall mean the date of issuance of the Acceptance Certificate or the Provisional Acceptance Certificate, whichever is earlier.

"Parcellary Survey" means survey plans of affected lots for the Right of Way required for the Facility which should be done in accordance with survey requirements and specifications of the DENR-Land Management Sector and the DPWH Guidelines, Criteria and Standards Volume I, Part I (Surveys and Investigations).

"Parties" means, collectively, the LGU Mangatarem and the Private Partner, and **"Party"** shall mean any of them as the context may require.

"Performance Security" means the security in Article VII (*Performance Security*), posted by the Private Partner to secure the faithful performance of its obligations under this CJVA.

"Performance Security Validity Period" means the specified period within which the relevant Performance Security must be in effect as provided in Article VII (*Performance Security*).

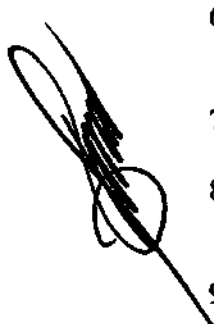
"Person" shall mean any individual, company, body corporate or other juridical person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government or political subdivision or any agency, department or instrumentality thereof.

"Philippine Pesos" or "Pesos" or "Php" shall mean the lawful currency of the Republic of the Philippines.


"Private Partner" or "PSP" shall refer to the winning private sector participant after the conduct of the bidding process.

"Project Cost" shall mean the total investment, including necessary or incidental expenses, to design, finance, construct and develop the Facilities, including the monetary value of the assets of LGU Mangatarem over the Project, all relevant costs of money, interest charges, inflation and foreign exchange.

"Provisional Acceptance Certificate" means a certificate issued by LGU Mangatarem for the Tested Work provided:

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1. the Works, pertaining to the Tested Work, have been executed in accordance with the approved Detailed Engineering Design (DED);
 2. the Private Partner has submitted a Performance Security in accordance with Section 7.01.1 (*Performance Security*);
 3. the Private Partner has submitted an O&M Manual and procured approval of the same from the LGU Mangatarem;
 4. the Private Partner has secured the necessary and appropriate permanent Water Permit/ s from the NWRB and Relevant Rules and Procedures;
 5. the Private Partner has secured the necessary and appropriate Certificate/ s of Public Convenience from the NWRB;
 6. the acceptance tests for the Tested Work have been carried out in accordance with the acceptance plan;
 7. the Tested Work meets the MPSS and KPIs;
 8. the Tested Work that is to be subject to the Provisional Acceptance Certificate constitute substantial completion of the Works; and
 9. the Tested Work that is to be subject to the Provisional Acceptance Certificate can be operated in a manner that is safe for public use.

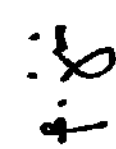
"Prudent Industry Practice" means, in relation to any undertaking:

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1. the exercise of that degree of skill, diligence, prudence, foresight and care; and
 2. those practices, methods, specifications and standards, as may change from time to time;

which would reasonably and ordinarily be expected of an appropriately skilled and experienced person engaged in the same or similar activity, globally or regionally.

"Private Partner Event of Default" shall have the meaning in Section 11.01.

"Republic Act No. 9275" or **"R.A. No. 9275"** refers to the Act Providing for a Comprehensive Water Quality Management and for Other Purposes or otherwise known as the Philippine Clean Water Act of 2004.



"Relevant Consents" means all national and local consents, permissions, approvals, authorizations, acceptances, licenses, exemptions, filings, registrations, notarizations, and other matters, which are required by any Legal Requirement or under the terms of or in connection with this CJVA (or which would, in accordance with the standards of a reasonable and prudent person, normally be obtained) in connection with the Project.



"Service" or **"Services"** means the provision of Water Supply Services through the use of the Facilities.

"SPC" shall mean a Special Purpose Company incorporated by the winning Private Partner, under and by virtue of the laws of the Republic of the Philippines, for the purpose of implementation and operation of the Project, in accordance with the Tender Documents and this CJVA.

"Signing Date" means the date upon which this CJV A has been signed by each Party's authorized representative.

"Tax" means any tax, duty, surcharge, impost or levy of any nature (whether central, state or local) whatsoever and wherever and whenever charged, levied or imposed together with any interest and penalties in relation thereto.

"Tender Documents" means Instructions to Bidders, Draft Contractual Joint Venture Agreement, and Supplemental Bid Bulletins.

"Termination Date" means the date on which this CJVA is terminated before the end of the CJV Term, as may be indicated in the Notice of Termination, in accordance with the terms hereof.

"Termination Payment" means the applicable payment amount in accordance with Section 11.06(a).

"Turnover" means the turnover by the Private Partner of the Project Site, and the Facilities at the end of the CJV Term.

"Warranty Period" shall mean one (1) year after end of the CJV Term.

"Warranty Security" means the security required to be delivered by the Private Partner in accordance with Section 6.02.

"Works" means, in respect of the Project all or any part of the works, services and things to be financed, designed, procured, manufactured, supplied, executed, constructed, installed, completed, tested, commissioned, rectified, replaced, made good, carried out and undertaken.

Section 1.02. Interpretation.

- a) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this CJVA. References to an Exhibit, Annex, Schedule, Article, Section, subsection or clause refer to the appropriate Exhibit, Annex, Schedule, Article, Section, subsection or clause of this CJVA. Any definition of or reference to any agreement, instrument, other document, schedule, exhibit, statute, law or regulation herein shall be construed as referring to such agreement, instrument, other document, schedule, annex, exhibit, statute, law or regulation as from time to time amended, supplemented, restated or otherwise modified. Any reference to any Person shall include its successors and permitted assigns and, in the case of any Governmental Authority, any Person succeeding to its functions and capacities. Any reference to days shall refer to calendar days unless Business Days are specified; references to weeks, months or years shall be to calendar weeks, months or years, respectively, unless the specific calendar months are stated. All accounting terms used herein and not otherwise defined will have the meanings accorded them under the Accounting Standards and, except as expressly provided herein, all accounting determinations will be made in accordance with such accounting principles in effect from time to time. Any reference to "include" or "including" shall be treated as "including, without limitation". Defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders.

The Annexes, Schedules and Exhibits to this CJVA shall form an integral part of the CJVA. The headings of Sections to this CJVA are inserted for convenience of reference only and shall not in any way affect the interpretation of the CJVA.

- b) Where the word "(Indexed)" appears after a numerical amount, that amount shall be indexed annually to reflect movements in the Consumer Price Index for All Income Households in the Philippines for All Items as published by the Philippine Statistics Authority (PSA) which commences after the Signing Date. Thus, by way of example, the value of the Performance Security in any month of year "n" of the CJV Term shall be:

$$\text{Php "charges"} * \{1 + [(CPI_t - CPI_{t-1}) / CPI_{t-1}]\}$$

where:

- CPI_t is the month-posted Philippines CPI during the current year "t"; and
- CPI_{t-1} is the month-posted Philippines CPI during the previous year "t-1".

ARTICLE II THE CONTRACTUAL JOINT VENTURE PROJECT

Section 2.01. Name of the Joint Venture. The name of the Contractual Joint Venture shall be the "Development of Water Supply System for the Municipality of Mangatarem - Level III Project" and all business of the Contractual Joint Venture (CJV) shall be conducted solely in such name or in such other names as the Parties may mutually determine.

The business of the CJV shall be to design, finance, construct, operate, and maintain the Project. In furtherance of its business, the CJV shall have and may exercise all the powers, rights and privileges now or hereafter conferred by Applicable Law, and may do any and all things related or incidental to its business.

Section 2.02. Joint Venture Parties as Co-Venturers; Contributions. The Parties hereby agree to be co-venturers in undertaking the Project. Subject to the terms and conditions of this Agreement, the Parties agree to contribute the following resources for the implementation of the Project:

- i. LGU Mangatarem Contribution 1.50% which represents the value of the right-of-way and project sites for the Facilities.
- ii. Private Partner Contribution 98.5% which represents the total amount required for the financial and technical requirements of the Project, as well as the operation and maintenance of the Facilities for the duration of the CJV Term.

Section 2.03. Grant of Franchise and Appointment. Pursuant to the mandate of the LGU Mangatarem under Republic Act No. 7160, as amended, and in accordance with the terms and conditions of the CJVA, the LGU Mangatarem hereby designates and appoints the Private Partner as its agent, contractor and operator for the exercise of all rights necessary or required to undertake the Project and to implement the purposes of this CJVA.

The LGU Mangatarem hereby grants to the Private Partner, as its contractor, agent, and operator for the exercise of certain rights of the LGU Mangatarem, the sole and exclusive franchise, right and discretion during the CJV Term to:

- a) design, construct and commission, operate and maintain the Facility during the CJV Term in accordance with Article IX of the CJVA and Annex A (Minimum Performance Standards and Specifications);
- b) provide and manage the Services subject, however, to the provisions of Article V (Governance and Management).

To the fullest extent permitted by applicable law, the LGU Mangatarem also designates and appoints the Private Partner as its agent and by virtue thereof, the LGU Mangatarem duly and fully empowers and authorizes the Private Partner to act for and on its behalf and in any and all circumstances where such appointment and authorization is required for the purpose of providing the Services to Consumers and implementing this CJVA.

Section 2.04. Project Scope and Objectives. The general objective of the Project is to provide Level III water supply services to the Municipality of Mangatarem, conforming to the Philippine National Standards for Drinking Water (PNSDW).

The scope of the Project are as follows:

- a) development of water sources;
- b) planning, development, designing, building and commissioning of the Facilities such as pumping, filtration, transmission and distribution systems, administration building, among others;
- c) management, operation and maintenance of the Facilities;
- d) supply of treated water to Consumers within the Service Area;

- e) financing of the above activities; and
- f) collection of Water Tariff, all in accordance with this CJVA.

Subject to the terms and conditions of **Annex A (Minimum Performance Standards and Specifications)** hereof, the Private Partner shall agree and undertake to design, finance, construct, operate, and maintain the Facility to be able to provide the Services in accordance with:

- a) All Applicable Law;
- b) All applicable Government Authorizations;
- c) Prudent Industry Practices; and
- d) Requirements of any insurance policies specified in **Section 8.02 (Insurance)**.

During commissioning, the Private Partner shall invite representatives of the LGU Mangatarem to show the ability of the Facility to produce reliable, safe and clean water supply in accordance to PNSDW and Applicable Law in accordance with the parameters in **Annex A (Minimum Performance Standards and Specifications)**.

Section 2.05. Project Benefits. The expected benefits of the Project to the LGU Mangatarem are, among others, the following:

- a) The Project shall support the development and economy of LGU Mangatarem by ensuring water security;
- b) The Project is expected to promote the elimination of the possibility of the population contracting various diseases that are related to consumption and use of untreated water; and
- c) The Project will promote savings among the constituents of the LGU Mangatarem by eliminating the need to purchase bottled drinking water or commercial purified drinking water.

Section 2.06. Revenues of the Joint Venture.

Water Tariff

- a. The Water Tariff shall refer to the service fee charged and collected by the Private Partner from Customers within the service coverage for the supply of treated water. It is equivalent to the Water Tariff multiplied by the volume consumed for each Billing Month, in accordance with the approved Water Tariff Schedule by the NWRB.
- b. The Water Tariff for Residential Customers for the first ten (10) cubic meters shall be fixed initially at PHP 310.00 inclusive of Value Added Tax, subject to adjustment under Section 2.06 (c), (d).
- c. The Water Tariff may be adjusted at levels that will permit the Private Partner to recover, over the CJV Term, the capital and O&M expenditures incurred. The Private Partner may apply for an adjustment of the Water Tariff every five (5) years beginning from the issuance of the Final Acceptance Certificate, unless otherwise provided under Applicable Law.
- d. Any adjustments in the Water Tariff shall be determined based on the rules and regulations provided in the *Tariff Model for Regulated Water Utilities User's Manual* and/or any latest guidelines issued by the NWRB.
- e. The Private Partner is authorized to adjust the Water Tariff upon:
 - i. compliance with the applicable rules and regulations as issued or may be issued by the NWRB; and
 - ii. receipt of written approval of adjustment from the NWRB.
- f. In case the NWRB-approved Water Tariff adjustment is higher than that agreed Water Tariff in the contract, the agreed Water Tariff shall prevail and shall be implemented.

- g. In case the NWRB-approved Water Tariff adjustment is lower than that agreed Water Tariff in the contract, the NWRB-approved Water Tariff shall prevail and shall be implemented.
- h. The LGU Mangatarem shall incur no liability to the Private Partner should NWRB disapprove or fail to approve any such applications for adjustment in Water Tariff nor shall such failure to approve an adjustment by NWRB result in a LGU Mangatarem Event of Default.
- i. Any adjustment of the Water Tariff shall take effect fifteen (15) days after its publication in a local newspaper of general circulation in the Municipality of Mangatarem and posted at any conspicuous place in the Municipal Hall.

Service Connection Fee and Metering Fee

- j. The Private Partner shall charge the Customers a Service Connection Fee and Metering Fee as follows:

- A. Short Lateral Connections under concrete or asphalt pavement and within the primary roads : PHP 7,500.00
- B. Short Lateral Connections under concrete or asphalt pavement and within the secondary roads : PHP 6,000.00.
- C. Short Lateral Connections under ordinary earth and macadam : PHP : 5,000.00.
- D. Long Lateral Connections under concrete or asphalt pavement and within the primary roads : PHP 10,500.00
- E. Long Lateral Connections under concrete or asphalt pavement and within the secondary roads : PHP 8,000.00.
- F. Short Lateral Connections under ordinary earth and macadam : PHP : 7,000.00
- G. Sub - Connections : PHP 3,000.00

- k. Payment of the Service Connection Fee may be allowed on instalment basis (interest free) over three (3) to twelve (12) consecutive Billing Months which will be included in the monthly invoice/s to be sent to the Customer as provided in item (i).
- l. The Service Connection Fee and Metering Fee shall be automatically adjusted on January 1st of each year following the issuance of the Final Acceptance Certificate solely on the basis of the Consumer Price Index as determined by the Philippine Statistics Authority for the preceding year.
- m. In case of loss of or damage to the water meter, which is not due to manufacturing defect, all cost for replacement thereof including installation will be borne by the Customer.
- n. At the end of each Billing Month, the Private Partner will invoice the Customer for the Water Charge for that Billing Month, the Service Connection Fee (if any) and Metering Fee (if any), and any other payments due and payable by the Customer to the Private Partner pursuant to this CJV A. Monthly invoices shall be due within ten (10) days after receipt of invoice. In case the due date falls on a holiday, the next working day shall be the due date. The Private Partner may adopt payment mechanism, including online platform, as it may deem appropriate.
- o. The Customer's failure to pay an invoice on or before the due date provided in item (n) shall render the Customer liable for penalty interest of ten percent (10%).
- p. Should the Customer fail to pay the invoice and penalty interest after the lapse of thirty (30) days from due date, the Private Partner may disconnect and pad-lock such Customer's water meter upon seven (7) days' written notice to the Customer. If the invoice and penalty interest remain unpaid after the lapse of sixty (60) days from due date, the Private Partner may pull-out such Customer's water meter upon seven (7) days' written notice to the Customer.
- q. The Private Partner shall reconnect the water meter within five (5) days from full payment of the invoice, penalty interest and applicable reconnection fees (equivalent to the corresponding Service Connection Fee and Metering Fee) under item j).

Other Revenues of the Private Partner

- r. Subject to available capacity of the Facility, and compliance with Annex A (Minimum Performance Specifications and Standards and Key Performance Indicators), the Private Partner may provide water supply services to other barangays, through bulk water supply or otherwise, within or outside the Municipality of Mangatarem, other than those in the Service Area. Fees related to this Service shall be determined by the Steering Committee.

Revenue Share

- s. The Parties hereby agree that the gross revenue in each period arising from the operations of the Facility shall be shared among them as follows:
 - i. One point Five percent (1.5%) to LGU Mangatarem; and
 - ii. Ninety Eight point Five percent (98.5%) to the Private Partner.
- t. All revenues of the JV shall be reported following Philippine Accounting Standards and the requirements mentioned in Section 5.03 of this CJVA.
- u. In computing for the net revenue, only the expenses which are directly related, ordinary, and necessary to the operation of the Facility shall be deducted. These expenses include water collection and treatment costs, administrative, manpower, and other related expenses. For avoidance of doubt, Key Performance Indicators (KPI) penalties shall not be deducted as expenses of the JV.
- v. LGU Mangatarem share shall be paid on a quarterly basis every end of the quarter.

ARTICLE III GENERAL OBLIGATIONS OF THE PARTIES and PROJECT MILESTONES

Section 3.01. Roles and Responsibilities. The Parties shall have their respective roles and responsibilities in the implementation of this CJVA as co-venturers.

LGU Mangatarem shall retain functions that the Sangguniang Bayan may not delegate by contract.

Section 3.02. Roles and Responsibilities of LGU Mangatarem. The LGU Mangatarem shall have the following obligations, roles and responsibilities:


- a) Monitor the implementation of the Project and the compliance by the Private Partner to this CJVA;
- b) Deliver peaceful possession of the Project Site and Right-of-Way to the Private Partner;
- c) Review and approve the detailed engineering design (DED), work timetable, and O&M Manual submitted by Private Partner;
- d) Subject to the agreement of the Parties, procure an Independent Consultant to advise LGU Mangatarem in the Completion, Commissioning and Acceptance of the Project as set forth in **Annex C (Minimum Performance Standard and Specifications)**;
- e) Issue Certificates of Completion and Acceptance of the Project in accordance with the terms and conditions set forth in **Annex C (Minimum Performance Standards and Specifications)**;
- f) If and when required, cooperate with and provide the necessary information to potential Lenders of the Private Partner in relation to the financing of the Project as requested by the Private Partner pursuant to the requirements of potential Lenders;
- g) Cooperate with Private Partner by providing reasonable assistance to the Private Partner in securing permits and Governmental Authorizations required for the Project, including

assistance in liaising with local and national government agencies and relevant regulatory authorities.



- h) Subject to confidentiality restriction, provide all information that the Private Partner may reasonably require for the Project.
- i) In addition to any of its other obligations under this CJVA, the LGU Mangatarem undertakes to:
- 1) promptly forward to the Private Partner all accounts, invoices, statements, demands, notices, insurance demands, and other correspondence that may, from the date of this CJVA, come into LGU Mangatarem's possession concerning the Project;
 - 2) give to the Private Partner all the information, advice and assistance which the Private Partner shall reasonably require in relation to the application for the grant of all Government Authorizations and tax incentives for the Project such as registration with the Board of Investments;
 - 3) provide such available information, documents and records that LGU Mangatarem has in its possession concerning the Project and which the Private Partner may require in order to meet its obligations under this CJVA;
 - 4) Provide such assistance as may be requested by the Private Partner for the construction and operation and maintenance of the Facilities;
 - 5) Undertake a social acceptability and information campaign for the Project; and
 - 6) Do any and all acts reasonably necessary and otherwise consistent with its rights, powers, duties and responsibilities under Applicable Law to assist the Private Partner in the performance of the Services and to otherwise achieve the objectives of the Project.

Section 3.04. Roles and Responsibilities of Private Partner. The Private Partner shall have the following obligations, roles and responsibilities:

- a) Secure all the funding requirements for the Project. There shall be no government guarantee for loans to be incurred by the Private Partner in case any contribution of the Private Partner is to be borrowed;
- b) Guarantee to provide all or the balance of the funding and investment requirements for the Project;
- c) Design, finance, construct, operate and maintain the Facilities in accordance with the specifications and the timetable set forth under Section 3.05 (*Project Timelines*) and Annex C (*Minimum Performance Standards and Specifications*);
- d) Prepare and submit to LGU Mangatarem the parcellary survey.
- e) Prepare and submit the detailed engineering design (DED) and work timetable to LGU Mangatarem for review and approval as set forth under Annex A (*Minimum Performance Standards and Specifications*);
- f) Execute and enter into all contracts with the relevant utility providers for the provision of utilities and ancillary contracts required for the Works including water, electricity, and telecommunications and all necessary connections for such utilities;
- g) Obtain all relevant consents required under applicable legal requirements to authorize the commencement of the Works including the ECC from the DENR, Excavation Permit from DPWH and local government unit;
- h) Secure the necessary Water Permit/s for each raw water source and Certificate/s of Public Convenience from the NWRB.

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- i) Obtain all Government Authorizations that the Private Partner is required to have in undertaking the project;
 - j) Appoint a reputable accounting firm as its external auditor and keep true and accurate books of accounts which shall be maintained in accordance with Philippine Financial Reporting Standards (PFRS) and provide required financial reports in accordance with Section 5.03 of this CJVA;
 - k) Secure the necessary Performance and Warranty Securities specified in Sections 6.01, and 6.02 of this CJVA;
 - l) Pay any and all taxes specified in Section 7.01 of this CJVA;
 - m) Secure the necessary insurance for the Project in accordance with Section 8.02 of this CJVA;
 - n) Achieve financial close in accordance with the timetable as set forth under Section 3.05 (*Project Timelines*).
 - o) Carry out the Operation and Maintenance of the Facility in accordance with the timeline under Section 3.05 (*Project Timelines*);
 - p) Pay the penalties imposed by Governmental Authorities arising from non-compliance with Applicable Laws and government regulations during the term of this CJVA.
 - q) Deliver to the LGU Mangatarem the Project Asset Register in accordance with the timeline under Section 3.05 (*Project Timelines*);
 - r) Prepare and submit to NWRB all documents necessary to transfer all the necessary and appropriate permanent Water Permit/s and Certificate of Public Convenience to the LGU Mangatarem's name; and
 - s) Transfer the Project and Project Assets to the LGU Mangatarem in accordance with the timeline under Section 3.05 (*Project Timelines*).

Section 3.05 Project Milestones. In the event of any ambiguity or inconsistency between the provisions of this Section 3.05 (*Project Milestones*) and any other Section of this CJVA, the provisions of the other Section will prevail over this Section 3.05 (*Project Milestones*).

Section Reference	Project Milestone	Responsibility	Deadline
	Submit to LGU Mangatarem the Parcellary Survey	Private Partner	Within ninety (90) days from the Signing Date
	Deliver to the Private Partner peaceful and exclusive possession of the Project Site	LGU Mangatarem	<p>Within one hundred twenty (120) days from the Signing Date in case of Basic Project Site (which may be extended up to two hundred forty (240) days, if necessary).</p> <p>Within one hundred fifty (150) days from the Signing Date in case of Alternative Project Site (which may be extended up to two hundred forty (240) days, if necessary).</p>

	Acquire and deliver to the Private Partner peaceful possession of the Right of Way	LGU Mangatarem	Within one hundred twenty (120) days from receipt of the Parcellary Survey (which may be extended up to two hundred forty (240) days, if necessary).
	Prepare and submit the Detailed Engineering Design and updated Works Timetable to LGU Mangatarem for review and approval	Private Partner	Within one hundred twenty (120) days from the Signing Date (and a further period of no more than sixty (60) days)
	Secure the necessary Permit/s to Drill for each raw water source from the NWRB	Private Partner	Within ten (10) months from delivery to the Private Partner of peaceful and exclusive possession of the Project Site (and a further period of no more than sixty (60) days)
	Secure the necessary Conditional Water Permit/s for each raw water source from the NWRB	Private Partner	Within ten (10) months from delivery to the Private Partner of peaceful and exclusive possession of the Project Site (and a further period of no more than sixty (60) days)
	Furnish LGU Mangatarem with a certified true copy of the application/s for Certificate/s of Public Convenience duly filed with the NWRB	Private Partner	Within ten (10) months from delivery to the Private Partner of peaceful and exclusive possession of the Project Site (and a further period of no more than sixty (60) days)
	Obtain all Relevant Consents required under applicable Legal Requirement to authorize the commence of the Works, including ECC from DENR and Excavation Permit from DPWH	Private Partner	Within ten (10) months from delivery to the Private Partner of peaceful and exclusive possession of the Project Site (and a further period of no more than sixty (60) days)
	Issue to the Private Partner a Notice to Proceed	LGU Mangatarem	Within fifteen (15) days of receipt of Private Partner's written notice that all of the Private Partner's Conditions Precedent to Construction Start Date under Section 8.04 have been fulfilled or explicitly waived by LGU Mangatarem in writing.
	Construction Start Date	Private Partner	Business Day following issuance of Notice to Proceed
	Complete the Works	Private Partner	No later than twenty-four (24) months after the Construction Start Date
	Submit the O&M Manual and procured approval of the same from LGU Mangatarem	Private Partner	Prior to issuance of the Acceptance Certificate or the Provisional Acceptance

			Certificate
	Secure the necessary and appropriate permanent Water Permit/s from the NWRB	Private Partner	Prior to issuance of the Acceptance Certificate or the Provisional Acceptance Certificate
	Secure the necessary and appropriate Certificate/s of Public Convenience from the NWRB	Private Partner	Prior to issuance of the Acceptance Certificate or the Provisional Acceptance Certificate
	Carry out the Operation and Maintenance of the Facility	Private Partner	From the date of issuance of the Acceptance Certificate or the Provisional Acceptance Certificate
	Deliver to LGU Mangatarem the Project Asset Register	Private Partner	Within thirty (30) days from the issuance of the Final Acceptance Certificate
	Prepare and submit to NWRB all documents necessary to transfer all the necessary and appropriate permanent Water Permit/s and Certificate/s of Public Convenience to LGU Mangatarem's name	Private Partner	At least twelve (12) months prior to the Turnover Date.
	Turnover the Project and the Project Assets to LGU Mangatarem	Private Partner	On the Turnover Date (and in case the CJVA is terminated earlier, then such turnover shall be deemed as made on Termination Date)

Section 3.06 The Party that has not fulfilled its Condition Precedent to Start Date ("Non-Complying Party") may submit written proposals to the to the other Party, at least fifteen (15) days before the expiry of the applicable period, for the waiver of any Conditions Precedent to Construction Start Date or a further extension of period to comply with the Conditions Precedent to Construction Start Date, stating clearly the reasons for such proposal to waive or extend, or alternatives for achieving the same. The other Party ("Complying Party") shall be under no obligation to accept such proposals. Any agreement on the waiver of any Conditions Precedent or the extension of any relevant period made shall be made in writing and signed by all Parties.

ARTICLE IV PROJECT SITE

Section 4.01 Project Site. The Facility shall be constructed on:

- all six (6) sites identified by LGU Mangatarem with the following coordinates ("Basic Project Site"):

Baranggay	Latitude	Longitude
Malabobo	15.707487	120.314570
Pacalat	15.752662	120.280588
Caviernesan	15.778432	120.288429
Cabaluyan 2 nd	15.890565	120.334622
Tagac	15.759638	120.301863
Quetegan	15.823372	120.271050


Or;

- b. any one or more of the six (6) sites identified in item (a) and/ or the sites identified by the winning Private Partner in its Bid (which shall conform with the MPSS) and approved by LGU Mangatarem prior to the execution of this CJVA ("Alternative Project Site").
- c. The LGU Mangatarem shall acquire and deliver to the Private Partner peaceful and exclusive possession of the Basic Project Site within one hundred twenty (120) days, which may be extended up to two hundred forty (240) days, if necessary, from the Signing Date or the Alternative Project Site within one hundred fifty (150) days, which may be extended up to two hundred forty (240) days, if necessary, from the Signing Date ("Project Site Acquisition Deadline"). Notwithstanding the delivery of the Basic Project Site or Alternative Project Site to the Private Partner, legal title thereto shall remain with LGU Mangatarem.
- d. In the event that the LGU Mangatarem or the Private Partner, acting in good faith, shall have determined that the Basic Project Site, the Alternative Project Site, and/ or any part thereof cannot be used for the Project for any reason not attributable to their fault or negligence, then the LGU Mangatarem or the Private Partner, as the case may be, shall give, as soon as possible, but in any case not later than the Project Site Acquisition Deadline, written notice of such fact to the other Party, and identify the new site/s ("Replacement Project Site") to replace such Basic Project Site, Alternative Project Site or any part thereof that cannot be used for the Project ("Replacement Project Site Acquisition Notice").
- e. In the event the LGU Mangatarem or Private Partner issues a Replacement Project Site Acquisition Notice, then the LGU Mangatarem and the Private Partner shall promptly convene to discuss in good faith the location of the Replacement Project Site and the period within which the LGU Mangatarem will acquire and deliver peaceful and exclusive possession of the Replacement Project Site to the Private Partner.
- f. Save as expressly provided in this CJV A, the LGU Mangatarem shall bear all costs, expenses, fees, taxes and charges for the acquisition and delivery to the Private Partner of the Project Site, in accordance with this Section 4.01 (Project Site); provided, that the total amount for the acquisition and delivery of the Project Site shall not exceed PHP 5,162,250.00
- g. If the amount set out in item (f) is not sufficient to cover the purchase price and the costs for delivering the Project Site to the Private Partner, then the Private Partner shall pay to the LGU Mangatarem such additional amount necessary to cover the purchase price and the costs for delivering the Project Site.
- h. The LGU Mangatarem shall deliver to the Private Partner the exclusive possession of and right to use the Project Site free and clear of any lien, encumbrance, occupant, or improvements, or otherwise suitable for the Private Partner's intended use. The Private Partner shall have the right to use and possess the Project Site until the Termination Date or the Turnover Date, whichever comes first.
- i. The LGU Mangatarem shall keep the Private Partner free and harmless from any resulting suit or disturbance in the performance of the Private Partner's obligations under this CJVA and eliminate or resolve all resulting litigated adverse claims.
- j. The LGU Mangatarem shall provide: (i) periodic updates to the Private Partner regarding the status and timing of the acquisition and delivery of the Project Site; and (ii) written notice to the Private Partner, no fewer than sixty (60) days prior to the Project Site Acquisition Deadline, if the LGU Mangatarem anticipates that the Project Site cannot be delivered by the Project Site Acquisition Deadline. The LGU Mangatarem shall provide a reasonable estimate of the date on which the remaining Project Site can be delivered.
- k. Upon receipt by the Private Partner of such periodic updates, the Private Partner shall inform the LGU Mangatarem in writing if it intends to commence Works on the relevant portion of the Project Site, following the procedure in Section 9.09.
- l. The Private Partner, at its own cost, shall be responsible for relocating any utilities located within the Project Site and procuring all Relevant Consents required for such relocation. Reasonable assistance may be requested from the LGU Mangatarem, in writing, in relocating such utilities.

- m. Following delivery of the Project Site, the Private Partner shall be responsible for maintaining the physical condition of the Project Site throughout the CJV Term.
- n. If the Private Partner or any Subcontractor discovers any Archaeological Find on the Project Site, the Private Partner shall immediately inform the LGU Mangatarem of such discovery and shall take all reasonable steps (including temporary stoppage of work) to prevent its loss or damage, as required by applicable Legal Requirements. The LGU Mangatarem shall, within five (5) days from receipt of notice, assume responsibility for preserving and removing such Archaeological Find in accordance with applicable Legal Requirements and shall pay all costs necessary to remove such Archaeological Find and to prevent its loss or damage, and the Private Partner shall provide the LGU Mangatarem with all reasonable cooperation in connection therewith. Without prejudice to other rights and remedies under this CJVA, the Project Site Acquisition Deadline, shall be equitably extended, if the relevant Works has been delayed primarily and directly due to any such discovery under the implementation of this Section.
- o. At any time during the effectivity of this CJVA, the LGU Mangatarem shall not sell, assign, transfer, convey, or otherwise dispose, mortgage, encumber or otherwise constitute a security interest on, the Project Site or any portion thereof without the prior written consent of the Private Partner.

Section 4.02 Right-of-Way.


- a. The Private Partner shall commence the preparation of the Parcellary Survey for the Project immediately after the Signing Date. The LGU Mangatarem shall extend such assistance and support to the Private Partner as may be necessary or desirable for the preparation of the Parcellary Survey.
- b. The Private Partner shall submit to the LGU Mangatarem the Parcellary Survey within ninety (90) days from the Signing Date.
- c. The LGU Mangatarem shall acquire and deliver to the Private Partner peaceful possession of the Right of Way within one hundred twenty (120) days, which may be extended up to two hundred forty (240) days, if necessary, from receipt of the Parcellary Survey ("ROW Acquisition Deadline"). Notwithstanding the delivery of possession of the Right of Way to the Private Partner, legal title thereto shall remain with the LGU Mangatarem.
- d. In the event the LGU Mangatarem or Private Partner issues a Replacement Project Site Acquisition Notice as provided in Section 4.01 (d), then the LGU Mangatarem and the Private Partner shall promptly convene to discuss in good faith the alignment of the Right of Way, the period within which the LGU Mangatarem will acquire and deliver the Right of Way to the Private Partner, and such other terms and conditions therefor.
- e. Save as expressly provided in this CJVA, the LGU Mangatarem shall bear all costs, expenses, fees, taxes and charges for the acquisition and delivery of the Right of Way to the Private Partner in accordance with this Section 5.02 provided, provided, that the total amount for the acquisition and delivery of the Right of Way shall not exceed PHP 5,162,250.00.
- f. If the amount set out in Section 5.05 (e) is not sufficient to cover the purchase price and the costs for delivering the Right of Way to the Private Partner, then the Private Partner shall pay to the LGU Mangatarem such additional amount necessary to cover the purchase price and the costs for delivering the Right of Way.
- g. The LGU Mangatarem shall deliver to the Private Partner possession of the Right of Way free and clear from any lien, encumbrance, occupant, or improvements, or otherwise suitable for the Private Partner's intended use. The Private Partner shall have the right to use and possess the Right of Way until the Termination Date or the Turnover Date, whichever comes first.
- h. The LGU Mangatarem shall keep the Private Partner free and harmless from any resulting suit or disturbance in the performance of its obligations in the Right of Way under this CJVA and eliminate or resolve all resulting litigated adverse claims, if any.

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- i. The Private Partner shall be responsible for relocating any utilities located within the Right of Way and procuring all Relevant Consents required for such relocation. Reasonable assistance may be requested from LGU Mangatarem, in writing, in relocating such utilities.
 - j. The Private Partner shall be responsible for coordinating with the DPWH and other concerned government agencies for the Works.
 - k. The LGU Mangatarem shall exercise reasonable efforts to give prior notice to the Private Partner of any planned DPWH works that may affect the Works.
 - l. Each applicant for a new service connection shall be responsible for acquisition and delivery of the right of way required for the installation of the service pipe from the distribution pipe to the property boundary and corresponding water meter.
 - m. If the Private Partner or any Subcontractor discovers any Archaeological Find on the Right of Way, the Private Partner shall immediately inform the LGU Mangatarem of such discovery and shall take all reasonable steps (including temporary stoppage of work) to prevent its loss or damage, as required by applicable Legal Requirements. The LGU Mangatarem shall, within five (5) days from receipt of notice, assume responsibility for preserving and removing such Archaeological Find in accordance with applicable Legal Requirements and shall pay all costs necessary to remove such Archaeological Find and to prevent its loss or damage, and the Private Partner shall provide the LGU Mangatarem with all reasonable cooperation in connection therewith. Without prejudice to other rights and remedies under this CJVA, the ROW Acquisition Deadline, shall be equitably extended, if the relevant Works has been delayed primarily and directly due to any such discovery under the implementation of this Section.

ARTICLE V GOVERNANCE AND MANAGEMENT


Section 5.01 Steering Committee. Immediately after the execution of this CJVA, the Private Partner and the LGU Mangatarem shall form a Steering Committee with the following members:

- a) Three (3) members appointed by LGU Mangatarem, whose appointments are approved by the Municipal Mayor;
- b) Three members appointed by the Teresa Waterworks Inc; and
- c) One (1) member jointly appointed by the Parties.



The Steering Committee shall be convened not later than fifteen (15) days after the execution of this CJVA. The Steering Committee shall agree to regularly meet every first Monday of the month thereafter unless a different schedule is agreed upon for the purpose of progress reporting and other administrative issues.

The duties of the Steering Committee shall be administrative and coordinative in character, and shall include:

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- a) Coordination and monitoring of the progress and implementation of the CJV Project;
 - b) Coordination of necessary formalities, and keeping of records of its meetings, decisions, or other proceedings, including management of an integrated information and documentation system;
 - c) Organizing and managing the exchange of information and documentation between the Parties; and
 - d) Any other duties assigned to the Steering Committee through this CJVA.

The members of the Steering Committee shall perform their duties without remuneration. The member jointly appointed by the Parties shall act as Chairman. The presence of three (3) members shall constitute a quorum for each meeting. All decisions of the Steering Committee shall require the majority vote of the committee representatives then present and constituting a quorum. Each committee representative shall have one (1) vote at the meetings of the Steering Committee. In the event of a tie, the Chairman shall break the tie.

Meetings shall be convened by the Chairman or any Steering Committee member at the agreed intervals or upon written request, such request to be notified to all of the Steering Committee members. Whenever possible, the Steering Committee member calling or requesting the meeting shall provide the others at least three (3) days' prior written notice and a proposed agenda. If agreed to by the Steering Committee, meetings may be held by telephone or video conference.

Section 5.02 Special Authority. Where necessary or practicable for purposes of implementing the Project, the Private Partner shall obtain permits and licenses in its name.

Section 5.03 Accounting. The Private Partner shall appoint a reputable accounting firm as its external auditor. The Private Partner shall keep true and accurate books of accounts which shall be maintained in accordance with Philippine Financial Reporting Standards (PFRS). If the Private Partner is not a separate SPC, the Private Partner shall maintain separate books of accounts for the Project ensuring that other transactions unrelated from the project are excluded from the separate books. These separate books shall be the basis for its financial reports and shall also be separately audited. In addition to the reports specified in Section 3.04 (j), the Private Partner shall provide, or upon the LGU Mangatarem's request, certified true copies of audited financial statements, in compliance with Applicable Law, to the LGU Mangatarem. At the minimum, the audited financial statements will include income statement, balance sheet, and cash flow statements. The Private Partner shall submit the same to the LGU -LGU no later than fifteen (15) days from the end of the first quarter of the calendar year.

As specified in Section 3.04 (j), the Private Partner shall prepare and submit the required financial report, in accordance with PFRS, to the CJV Project as basis for the gross sharing.

Section 5.04 Bank Accounts. The Private Partner shall open a dedicated bank account for the Project receipts and expenses with such signatories and their respective authorities as the Steering Committee may determine.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

Section 6.01. Each Party represents and warrants to the other Party that, at the time of the execution and signing of this CJVA:

- a) It is a duly organized corporate entity and validly existing under the laws of the Philippines. It has full power and authority to make, execute, deliver and perform this CJVA, and this CJVA constitutes its valid and legally binding obligation enforceable in accordance with its terms.
- b) The execution, delivery and performance of this CJVA does not violate, with or without the giving of notice or the passage of time, any provision of law now applicable to it and does not conflict with, or result in a breach of, any provision of any contract or agreement with any third party or license or franchise granted by any Governmental Authority which may prevent it from fulfilling its obligation under this CJVA.
- c) It has complied and will comply with all Applicable Law dealing with corruption or bribery including but not limited to Republic Act No. 3019 or the Anti-Graft and Corrupt Practices Act. The Parties will maintain in effect and enforce policies and procedures designed to ensure compliance to such laws, rules and regulations.
- d) No representation or warranty made by it in this CJVA or any statement of certificate furnished by or on behalf of it to the other Party or any other person or entity pursuant hereto or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of fact, or omits or will omit to state a fact necessary to make the statements contained therein not misleading.
- e) It has obtained or will obtain, within the prescribed period, if any, any authorization, consent, approval, license or exemption of, or filing or registration with, any court or governmental department, agency or local government unit in the Philippines, which is necessary for the valid execution, delivery or performance of this CJVA.

- f) It is fully entitled and capable of entering into the dispute resolution procedures under Article XVI and the decisions, awards and pursuant to remedies contemplated thereunder shall be valid and enforceable against that party.
- g) It has not directly or indirectly given, promised, offered or authorized, or accepted, requested, received, or agreed to receive, any payment, gift, reward, rebate, contribution, commission, incentive, inducement or advantage to or from any person that is in contravention of any Applicable Law relating to or connected with anti-bribery or corruption.
- h) It has not withheld any material information or material document, whose nondisclosure would have a material adverse effect, or would have adversely affected the evaluation or acceptance of the successful bidder or the bid documentation of the successful bidder; there are no actions, suits, proceedings or investigations, pending or to its knowledge threatened against it before any court, executive, legislative or administrative body that could result in any material adverse effect on its business, properties, or assets or its condition, financial or otherwise, or in any impairment of its ability to perform its obligations under this CJVA.

Section 6.02. Additional Warranties of LGU Mangatarem.

LGU Mangatarem hereby further warrants that it has instituted, maintained and monitored policies and procedures consistent with the laws and regulations on anti-corruption. Any violation of anti-corruption laws shall be dealt with in accordance with Applicable Law.

Section 6.03. Additional Warranties of Private Partner.

The Private Partner further warrants that:

- a) It has the financial standing, resources, and capacity to fund its obligations under this CJVA;
- b) It has the required authority, ability, skills and capacity to perform and shall perform its obligations under this CJVA in a manner consistent with Prudent Industry Practice, utilizing sound engineering principles and practices, and project management and supervisory procedures;
- c) It has satisfied itself with and accepted all conditions relating to physical requirements including geo-technical site conditions for the Project, the Project Site, and surrounding locations and access thereto, the availability of equipment, the availability of utility services, and similar matters that could impact performance of the Private Partner of its obligations under this CJVA;
- d) No Private Partner Event of Default has occurred;
- e) It owns, or has the right, or shall procure the right to exploit all intellectual property rights or any other rights or intangible properties necessary to perform its obligations under this CJVA; and
- f) It recognizes, understands, and acknowledges that LGU Mangatarem is not providing any representation or warranty regarding, and specifically disclaims any responsibility for the usefulness, accuracy, completeness, validity or propriety of any or all reports, data, inferences, conclusions and other information provided by or to be provided by either of them including in the bidding process organized for this Project. The Private Partner acknowledges and agrees that it is not relying on LGU Mangatarem for any information, data, inferences, conclusions, or other information with respect to the scope of the Project, and has conducted its own independent assessment of the Project prior to entering into this CJVA, including the conduct of all necessary investigations and technical, financial, and legal due diligence.

Section 6.04. All of the representations and warranties in this CJVA made on the Signing Date and if applicable, are deemed to be repeated as of the date of the execution of the Accession Agreement and shall survive the execution and delivery of this CJVA and the consummation of the transactions herein contemplated.

**ARTICLE VII
PERFORMANCE SECURITY**

Section 7.01. Performance Security

a) The Private Partner shall:

1) No later than sixty (60) days prior to the Construction Start Date, deliver the Performance Security in the form of a manager's check or a surety bond. If it shall be in the form of a manager's check, the same shall be issued by a universal bank or commercial bank licensed by the Bangko Sentral ng Pilipinas and payable to Municipality of Managatarem in the amount of Six Million Eight Hundred Eighty - Two Thousand Eight Hundred Pesos (Php 6,882,800.00) (Indexed), subject to adjustment after determining the two percent (2 %) (Indexed) of the winning Private Partner's total contribution to the JV activity. If it shall be in the form of a surety bond, the amount should be [PhP 13,766,000.00] (Indexed), subject to adjustment after determining the 10 percent (10%) (Indexed) of the winning Private Partner's total contribution to the JV activity, then such surety bond shall (i) name the Municipality of Mangatarem as the beneficiary/ obligee, (ii) be callable on demand, (iii) be issued by the Government Service Insurance System (GSIS) or by a surety or insurance company duly accredited by the Office of the Insurance Commissioner, and (iv) be in the amount of at least ten percent (10%) (Indexed) of the winning Private Partner's total contribution to the JV activity." Both shall be valid within the period of one (1) year period after the expiration of the CJVA or end of the CJV term; and

2) Ensure that the Performance Security is at all times in full force and effect, in accordance with the terms of this CJVA, during the following periods:

- a. Construction of the Facilities;
- b. Period of the operation and maintenance of the Facility; and
- c. Turnover of the whole Facilities to LGU Mangatarem.

b) If any amounts are drawn from the Performance Security by LGU Mangatarem in accordance with this CJVA, the Private Partner must, on or before the date that is fourteen (14) working days after the date the value of the Performance Security has fallen below twenty percent (20%) of the required amount, deliver an additional or replacement Performance Security in an amount equivalent to the amount drawn by LGU Mangatarem, such that the amount of the Performance Security is reinstated to the amount stated under this Section.

c) If for any reason, the Performance Security is set to expire before the period required by the preceding paragraph, the Private Partner must deliver to LGU Mangatarem a replacement Performance Security in the prescribed amount and form no later than twenty (20) days prior to the expiration of the Performance Security that it replaces. The replacement Performance Security must become effective no later than the stated expiration date of the previous Performance Security.

d) If the Private Partner fails to provide a replacement Performance Security in accordance with the preceding paragraph, LGU Mangatarem may draw the full amount of the existing Performance Security and retain such amount as cash security. The cash security may be applied to satisfy any claim which LGU Mangatarem would be able to make against the Performance Security under this CJVA, and will only be returned where:

- 1) The Private Partner delivers a replacement Performance Security in the prescribed amount and form; or
- 2) in the instances and at such times when the Performance Security must be returned as provided in this Section.

e) The Performance Security may be applied by LGU Mangatarem to satisfy:

- 1) any amount due to LGU Mangatarem and which remains unpaid after the time for payment; or

- 2) any bonafide claim (liquidated or otherwise) that LGU Mangatarem may have against the Private Partner, in each case in relation to the obligations contemplated during the operations and maintenance of the Facilities; and
 - 3) any bonafide claim (liquidated or otherwise) that LGU Mangatarem may have against the Private Partner, in each case in relation to the obligations contemplated in Article XI (*Turnover*).
- f) The LGU Mangatarem shall, provided the Private Partner has delivered the Warranty Security, release the Performance Security at the end of the CJV Term, provided there are no outstanding obligations secured by the Performance Security under this CJVA.

Section 7.02. Warranty Security

a) The Private Partner shall:

- 1) No later than five (5) days prior to the end of the CJV Term or Termination Date, as applicable, and as a condition for the release of the Performance Security, deliver to LGU Mangatarem the Warranty Security in the form of an irrevocable standby letter of credit issued by a universal or commercial bank licensed by the *Bangko Sentral ng Pilipinas* and acceptable to LGU Mangatarem in the amount of at least ten percent (10%) (Indexed) of the winning Private Partner's total contribution to the JV activity).
 - 2) Ensure that the Warranty Security is at all times in full force and effect from the date of its delivery up until one (1) year after the end of the CJV Term or Termination Date, as applicable ("Warranty Period").
- b) If any amounts are drawn from the Warranty Security by LGU Mangatarem in accordance with this CJVA, the Private Partner must, on or before the date that is fourteen (14) working days after the value of the Warranty Security has fallen below twenty percent (20%) of the required amount, deliver an additional or replacement Warranty Security in an amount equivalent to the amount drawn by LGU Mangatarem, such that the amount of the Warranty Security is reinstated to the amount stated under this Section.
- c) If, for any reason, the Warranty Security is set to expire before the end of the Warranty Period, then the Private Partner must deliver to the LGU Mangatarem a new irrevocable standby letter of credit in the required amount no later than twenty (20) days prior to the expiration of the existing Warranty Security. The replacement Warranty Security shall be effective on the stated expiration date of the previous Warranty Security
- d) If the Private Partner fails to provide the Warranty Security in accordance with this section, the LGU Mangatarem may draw the full amount of the existing Warranty Security and retain such amount as cash security. The cash security may be applied to satisfy any claim which LGU Mangatarem would be able to make against the Warranty Security under this CJVA and will only be returned where:
- 1) the Private Partner delivers a replacement Warranty Security in the prescribed amount and form; or
 - 2) in the instances and at such times when the Warranty Security may be returned, as provided in this CJVA.
- e) The Warranty Security will serve as security that the Facilities will meet the Turnover Requirements as set out in Annex D (*Turnover Requirements*) during the Warranty Period and secure the performance of Private Partner's obligations in relation to Article XI (*Turnover*) during the Warranty Period.
- f) The Warranty Security may be applied by LGU Mangatarem to satisfy:
- 1) any amount due to LGU Mangatarem and which remains unpaid after the time for payment; or

- 2) any bona fide claim (liquidated or otherwise) LGU Mangatarem may have against the Private Partner, in each case in relation to the obligations in relation to Article XI (*Turnover*).
- g) The LGU Mangatarem will release the Warranty Security or any balance on the expiration of the first (1st) anniversary of the Turnover date, unless forfeited in accordance with this Section, and provided that there are no outstanding obligations secured by the Warranty Security under Article XI (*Turnover*).

ARTICLE VIII TAXES AND INSURANCE

Section 8.01. Taxes. The Private Partner shall pay any and all taxes, including income taxes, withholding taxes, value added taxes, customs and import duties, real property taxes, transfer taxes, and other national and local taxes and charges arising from its operation and transfer of the Project.

Section 8.02. Insurance. The Private Partner shall, at its own cost, obtain and maintain in force, during the entire CJV Term, sufficient insurance to cover in such amounts and in such form as are reasonably customary in the industry. If deemed necessary by the Parties, the Private Partner shall engage the services of a competent insurance advisor to assist it in developing the insurance program for the Project and procuring the necessary insurance policies.

These insurance policies shall include, subject to availability, the following:

- a) Construction Phase
- i) Contractor's all risk insurance;
 - ii) Third-party liability insurance;
 - iii) Insurance against terrorism;
 - iv) Workers' compensation insurance; and
 - v) Other insurance required by Applicable Law.
- b) Operations and Maintenance Phase
- i) All risk insurance in respect of the Project Assets, in an amount equal to the full replacement cost of assets destroyed or damaged;
 - ii) Business interruption insurance;
 - iii) Third-party liability insurance;
 - iv) Worker's compensation insurance in respect of its employees, personnel and contractors;
 - v) Other insurance required by Applicable Law.

The Private Partner shall provide LGU Mangatarem a certified true copy of All Risk Insurance Policy in accordance with the timeline under Section 3.05 (*Project Timelines*).

ARTICLE IX CONDITIONS PRECEDENT

Section 9.01. Conditions Precedent for Effectiveness of CJVA. The effectiveness of this CJVA is subject to the satisfaction of the following conditions:

- a) the representations and warranties of the Parties under Article V shall be true and correct in all material respects as if made on the Effectivity Date;
- b) the Private Partner has received the documents and instruments set out below in the form and substance acceptable to Private Partner:
- i. a certified true copy of the resolutions of the Sangguniang Bayan of the LGU Mangatarem, authorizing and ratifying the execution, delivery and performance of this CJVA and the other instruments contemplated in this CJVA; and
 - ii. the Notice of Award for the Project as mandated under the LGU PPP Code;

- c) the LGU Mangatarem has received the documents and instruments set out below in the form and substance acceptable to LGU Mangatarem:
- i. certified true copies of the Articles of Incorporation, By-Laws, or other equivalent constitutive documents of the Private Partner;
 - ii. certified true copies of the resolutions adopted by the Board of Directors of the Private Partner, as applicable, authorizing the execution, delivery, and performance of this CJVA and the other instruments contemplated in this CJVA; and
- d) if applicable, the Private Partner has incorporated an SPC to implement the Project and all transactions contemplated herein in accordance with the Tender Documents. The SPC shall execute the Accession Agreement with LGU Mangatarem and assume all the rights, responsibilities and obligations of the Private Partner under this CJVA. The Private Partner has submitted to LGU Mangatarem the Articles of Incorporation and By-Laws of the SPC and the Accession Agreement. All material Government Authorizations required for the exercise of their rights and the performances of their obligations under this CJVA have been granted to the Parties;
- e) no order, statute, rule, regulation, executive order, injunction, stay, decree or restraining order shall have been enacted, entered, promulgated or enforced by any court of competent jurisdiction or governmental or regulatory authority or instrumentality having jurisdiction over the matter that restrains, prohibits or declares illegal the consummation of the transaction contemplated herein;
- f) no action, suit, injury or proceeding shall have been instituted or threatened by any governmental or regulatory authority or instrumentality having jurisdiction over the matter that seeks to restrain, prohibit or declare illegal the consummation of the transaction contemplated herein; and
- g) all approvals required to be obtained including the requisite approvals of the appropriate Approving Authority pursuant to the PPP Code, and all notices, declarations, reports or filings required to be made with, any governmental or regulatory authority or instrumentality in connection with the consummation of the transactions contemplated herein, shall have been made or obtained.

and

Section 9.02. Notice of Fulfillment. Each Party must immediately notify the other Party in writing on the achievement of each of its Conditions Precedent for Effectiveness of CJVA. The Private Partner must give the LGU Mangatarem written notice as soon as Private Partner considers that all of the Private Partner's Conditions Precedent for Effectiveness of CJVA under Section 9.01 have been fulfilled or explicitly waived by the LGU Mangatarem in writing. If the LGU Mangatarem agrees with the Private Partner's notice, the LGU Mangatarem will issue to the Private Partner, within seven (7) days of the receipt of the Private Partner's notice, a notice of fulfillment, and such date of notice shall be referred to as the "Effectivity Date." The issuance of the notice of fulfillment shall not be unreasonably withheld or delayed. Otherwise, the LGU Mangatarem shall identify those Private Partner's Conditions Precedent for Effectiveness of CJVA that have not been fulfilled.

9.3

Section 9.03. Failure to Satisfy Conditions Precedent for Effectiveness of CJVA. If the Effectivity Date does not occur within eight (8) months from the Signing Date of this CJVA, or such later date as the Parties may agree, this CJVA shall terminate, and the Parties shall have no further rights or obligations under this CJVA, other than such rights and obligations that by their express terms survive the termination of this CJVA.

9.4

Section 9.04. Conditions Precedent to Construction Start Date. Unless otherwise waived by LGU Mangatarem in writing, the obligation of the Private Partner to commence the provision of Water Supply Services after the Effectivity Date is subject to the satisfaction of the following conditions precedent within the periods set under Section 3.05 (*Project Timelines*):

- a) the Steering Committee is formed;
- b) All conditions precedents to achieve Financial Close with Private Partner's Lenders for the Project are complied with. For this purpose, the Private Partner shall provide evidence of the

same to LGU Mangatarem (including for example, certificates issued and addressed by the Lenders to LGU Mangatarem confirming that the Financing Agreements are in full force and effect and that all conditions to the first disbursement have been met or waived). The Private Partner shall also provide a copy of the relevant Financing Agreements to LGU Mangatarem no later than five (5) days after execution thereof;

- c) LGU Mangatarem has delivered to Private Partner peaceful possession of the Project Site and the Right-of-Way;
- d) the Private Partner has submitted to the LGU Mangatarem the Detailed Engineering Design, and works timetable for review and approval in accordance with the specifications and the timetable set forth under Section 3.05 Project Milestone and Annex A (*Minimum Performance Standards and Specifications*);
- e) the Private Partner has provided the LGU Mangatarem certified true copies of all the insurance policies for the construction phase in accordance with Section 8.02 and performance security in accordance with Section 7.01 of this CJVA;
- f) the Private Partner has provided LGU Mangatarem a certified true copy of the performance security in accordance with Section 7.01 of this CJVA;
- g) the Private Partner has executed and entered into all contracts with the relevant utilities for the provision of utilities required for the Works, including water, electricity, gas and telecommunications and all necessary connections for such utilities have been established;
- h) the Private Partner has executed and entered into any other ancillary contracts required for proceeding with the Project, the Works and/ or which the Finance Parties may require it to execute and enter into pursuant to the Finance Document;
- i) the Private Partner secured the necessary Permit/ s to Drill for each raw water source from the NWRB;
- j) the Private Partner secured the necessary Conditional Water Permit/ s for each raw water source from the NWRB;
- k) the Private Partner furnished the LGU Mangatarem with a certified true copy of the application/ s for the Certificate/ s of Public Convenience duly filed with the NWRB; and
- l) the Private Partner has obtained all Government Authorizations required under Applicable Law to authorize the commencement of the Works, including the Environmental Compliance Certificate (ECC), Excavation Permit, Building Permit, etc.

Section 9.05. Notice to Proceed. The Private Partner shall submit to the LGU Mangatarem a notice along with documents to show that it has satisfied all of the conditions precedent to the Commencement Date required to be satisfied by it under Section 8.04 of this CJVA. If the conditions precedents have been satisfied, LGU Mangatarem shall issue a Notice to Proceed no later than seven (7) days from receipt of the Private Partner's notice and documents showing its satisfaction of the conditions precedent to the Commencement Date.


In the event the Private Partner fails to comply with the conditions precedents to the Commencement Date within eighteen (18) months from Signing Date resulting in the non-fulfillment of any of the Conditions Precedent to Commencement Date, either Party may terminate this Agreement. The Parties, however, may agree in writing to extend the period to achieve the Commencement Date for another six (6) months, or as agreed upon by the parties.

If the Commencement Date does not occur within the extended period agreed upon by the Parties due to the non-fulfillment of any of the Conditions Precedent to Commencement Date, either Party shall have the right to terminate this CJVA.

Section 9.06. Commissioning and Acceptance. The Private Partner shall be solely responsible for ensuring that the commissioning and acceptance of the Facilities is planned and executed for all the Works, systems and equipment installed as part of the Facilities. Trial running of the Facilities shall be an integral part of the commissioning and acceptance process in accordance with Annex C (*Minimum Performance Standards and Specifications*).


Section 9.07. Section 10.07. Conditions Precedent to Operation and Maintenance.

Unless otherwise waived by the LGU Mangatarem in writing, the obligation of the Private Sector to commence operation and maintenance of the Facility after the Required Completion Date is subject to the satisfaction of the following conditions precedent within the periods set under Section 3.05 Project Milestone:

- 
- a. the Private Sector has submitted the O&M Manual and procured approval of the same from the LGU Mangatarem;
 - b. the Private Partner has secured the necessary and appropriate permanent Water Permit/s from the NWRB;
 - c. the Private Partner has secured the necessary and appropriate Certificate/s of Public Convenience from the NWRB;
 - d. the Private Partner has obtained all Relevant Consents required under applicable Legal Requirement to authorize the commence of operation and maintenance of the Facility;
 - e. the Private Partner has submitted the As-Built Plan, and specification to the LGU Mangatarem; and
 - f. the Private Partner has delivered to LGU Mangatarem the Project Asset Register.

Section 9.08. Delay Liquidated Damages.

If the Works and Facilities are not completed on or before the end of the twenty-four (24) month period following the commencement of construction, including any extensions warranted under this CJVA, for the following barangays:



1. Andangin	32. Lopez
2. Arellano	33. Mabini
3. Baracbac	34. Macarang
4. Bedania	35. Malabobo
5. Bogtong Bolo	36. Maravilla
6. Bogtong Bunao	37. Maravilla - Arellano
7. Bogtong Centro	38. Naguilayan East
8. Bogtong Niog	39. Naguilayan West
9. Bogtong Silag	40. Nancasalan
10. Bueno	41. Niog-Cabison-Bulaney
11. Bunlalacao	42. Olegario-Caoile
12. Burgos	43. Olo Cacamposan
13. Cabaluyan 1st	44. Olo Cafabrosan
14. Cabaluyan 2nd	45. Olo Cagarlitan
15. Cabarabuan	46. Osmeña
16. Cabayaosan	47. Pacalat
17. Cabayugan	48. Pampano
18. Calumboyan Norte	49. Paul
19. Calvo	50. Pogon Lomboy
20. Casilagan	51. Quetegan
21. Caturay Norte	52. Quezon
22. Caturay Sur	53. Salavante
23. Caivernesan	54. Sonson Ongkit

24. Dorongan Ketaket	55. Tagac
25. Dorongan Linmasangan	56. Takipan
26. Dorongan Punta	57. Talogtog
27. Dorongan Sawat	58. Torre 1st
28. Dorongan Valerio	59. Torre 2nd
29. General Luna	60. Torres Bugallon
30. Lawak Langka	61. Umangan
31. Linmasangan	62. Zamora

The Private Partner shall be liable to LGU Mangatarem for liquidated damages in the amount equal to one-tenth of one percent (0.1%) of the cost of the unperformed portion for every day of delay, but which shall not exceed five percent (5%) of the Private Partner's total contribution to the Project.

Once the cumulative amount of liquidated damages reaches 5% of the amount of the Private Partner's total contribution to the Project as provided under Section 2.02 (*Joint Venture Parties as Co-Venturers; Contributions*), LGU Mangatarem may terminate the CJVA, without prejudice to other courses of action and remedies available under the circumstances.

Payment for the Liquidated Damages shall be drawn by LGU Mangatarem from the Performance Security. In case such Performance Security is insufficient to cover the entire amount of the Liquidated Damages due, LGU Mangatarem shall demand payment of the remaining unpaid amount from the Private Partner through direct cash payment. If the Private Partner fails or refuses to pay within ten (10) business days from LGU Mangatarem's written demand, the LGU Mangatarem shall be entitled to interest on the unpaid amount at the Late Payment Rate.

The Liquidated Damages referred to in this CJVA which have not been paid shall be deducted from whatever the Private Partner may receive pursuant to the termination provisions of this CJVA.

Section 9.09. Limited Notice to Proceed. If the Private Sector intends to commence Works on specific portions of the Project Site or Facilities which already available, the Private Sector shall make a request to LGU Mangatarem in writing. If approved, the LGU Mangatarem shall issue a limited Notice to Proceed.

ARTICLE X TERM OF THIS CJVA

This Agreement shall commence as of the date hereof and shall be for a term of thirty-five (35) years from the first day of Operation, renewable for another fifteen (15) years subject to mutual agreement of the Parties and approval of the appropriate Approving Body. In case of renewal, either Party shall, by written notice to the other Party of not more than twelve (12) months nor less than six (6) months before the date on which the original CJV Term would otherwise expire, seek renewal of the CJV Term.

ARTICLE XI EVENTS OF DEFAULT

Section 11.01. Private Partner Event of Default. Each of the following, if not caused by a default of LGU Mangatarem under this CJVA or a Force Majeure, shall, if not cured within the period permitted, be considered as a Private Partner Event of Default which shall entitle LGU Mangatarem to issue a Notice of Intention to Terminate:

- a) The Private Partner fails to provide the Performance Security in accordance with Section 7.01 and does not remedy such failure after receipt of a notice from LGU Mangatarem notifying the Private Partner of such failure;
- b) The occurrence of a material breach by the Private Partner of any of its obligations under this CJVA, which has continued to be unremedied for a period of ninety (90) days or the extension thereof as may be agreed by both Parties after receipt of official written notice from the LGU Mangatarem. For the avoidance of doubt, a material breach shall be of a kind or to a degree that, in the reasonable opinion of the LGU Mangatarem Sangguniang Bayan, would jeopardize the provision of the Services. Furthermore, the obligations referred to in this section include the Key Performance Indicators in *Annex A (Minimum Performance Standards and Specifications)*;

- c) The Private Partner files for corporate rehabilitation, insolvency, liquidation or dissolution; or is the subject of an application filed by third parties for its corporate rehabilitation, insolvency, liquidation or dissolution, and, in case of such application filed by third parties, such application has not been dismissed within one hundred twenty (120) days from the filing of the application;
- d) The Private Partner repudiates this CJVA or otherwise evidences its intention not to be bound thereby;
- e) The Private Partner, willfully or without proper cause, abandons or fails to operate the Facilities for a period of more than ten (10) consecutive days;
- f) Any insurance required to be effected by the Private Partner under this CJVA is not, or ceases to be maintained in full force and effect, or any event or circumstance occurs which may entitle the insurer to avoid or otherwise reduce its liability under the relevant policy;
- g) The Private Partner becomes subject to any litigation, arbitration, or administrative proceeding, and a final and executory judgment or order is issued against the Private Partner that when implemented has a material adverse effect on the ability of the Private Partner to carry out the Project; and
- h) Any representation or warranty made by the Private Partner in this CJVA proven to have been materially incorrect when made, such that the Private Partner's ability to perform its obligations under this CJVA is materially and adversely affected.

In appropriate circumstances triggered by Private Partner Event of Default, the LGU Mangatarem has the right to take over the operation of the Facility to ensure the continuous Services by which the Private Partner shall, in no case, prevent the ingress and egress of the authorized officers, employees, workers and personnel of the LGU Mangatarem in the performance of this undertaking.

Section 11.02 Temporary Take-Over by the LGU Mangatarem

In cases of Private Partner Event of Default that may be deemed an emergency case, or when public interest so requires, the LGU Mangatarem, upon written notice to the Private Partner, has a right to take over the operations of the Facilities just to be assured of continuous supply of potable water. The Private Partner shall, in no case, prevent the ingress and egress of the authorized officers, employees, workers, and personnel of the LGU Mangatarem in the performance of this undertaking.

Section 11.03. LGU Mangatarem Event of Default. Each of the following if not caused by a default of the Private Partner or a Force Majeure shall, if not cured within the period permitted, be a LGU Mangatarem Event of Default which shall entitle the Private Partner to issue a Notice of Intention to Terminate:

- a) A material breach by LGU Mangatarem of any of its obligations under this CJVA which has continued to be unremedied for a period of ninety (90) days after written notice thereof has been given to it by the Private Partner. For the avoidance of doubt, a material breach shall be of a kind or to a degree that will prevent the Private Partner from carrying out its responsibilities under this CJVA;
- b) The LGU Mangatarem is dissolved, the LGU Mangatarem's existence is terminated or its business is discontinued except for the purpose of a reorganization of the LGU Mangatarem, with due notice, in writing, to the Private Partner within seven (7) days from its occurrence;
- c) The LGU Mangatarem repudiates this CJVA or otherwise evidences its intention not to be bound by this CJVA;
- d) The LGU Mangatarem fails to deliver the Project Site and Right-of-Way for a period of one hundred twenty (120) days or up to an extension of two hundred forty (240) days, the Parties shall agree to another extension or other available remedies under this CJVA; and

- e) Any representation or warranty made by the LGU Mangatarem in this CJVA proven to have been materially incorrect when made such that the LGU Mangatarem's ability to perform its obligations under this CJVA is materially and adversely affected.

Section 11.04. Termination Procedure. Any Notice of Intention to Terminate shall specify the Private Partner Event of Default, LGU Mangatarem Event of Default, Force Majeure Event under Article XV (*Force Majeure*), or any other ground of termination provided under this CJVA as applicable. Within thirty (30) days from the other Party's receipt of the Notice of Intention to Terminate, the Parties shall meet to discuss in good faith the possibility of resolving the matter giving rise to termination with a view towards avoiding termination of the CJVA. If the Parties fail to reach a mutual solution within ninety (90) days from the start of the good faith discussion, the non-defaulting Party shall have the option to terminate the CJVA or submit the issue to arbitration pursuant to Section 16.02 of this CJVA.

The Terminating Party shall serve a Notice of Termination to the other Party. The Notice of Termination shall indicate the effective Termination Date of this CJVA, which shall not be less than six (6) months from receipt by the other Party of the written notice of termination.

Save where prohibited from doing so under Applicable Law, and notwithstanding issuance of the Notice of Termination, the Private Partner shall continue to operate the Facility until Turnover or as may be agreed upon by the Parties. The Private Partner shall not make any capital expenditures from the period from issuance of the Notice of Termination, except only for such expenses required for the ordinary course of business. In addition, the financial reports required under Section 5.03 of the JV shall be prepared as of Termination Date by the Private Partner.

Section 11.05. Consequences of Termination. No termination of this CJVA shall relieve the defaulting Party of its liabilities and obligations hereunder and the non-defaulting Party may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligations, conditions or undertakings under this CJVA, and the rights given hereunder shall be in addition to all other remedies available to the Parties either at law, in equity or otherwise for the termination of this CJVA pursuant to this section.

Section 11.06. Financial Consequences of Termination

a. Termination Payments

a.1 The Termination Payments payable by LGU Mangatarem on termination differ depending on when termination occurs and the reason for its termination.

a.2 The financial consequences of termination of this CJVA are as set out in Annex C (*Financial Consequences of Termination*).

b. Payment Arrangements

b.1 Any Termination Payment will be in Philippine Pesos, which shall be paid in cash that will be deposited with the bank account designated by the Private Partner.

b.2 The outstanding amount will:

b.2.1 be settled on a date that is no later than two (2) years after the Termination Date; and

b.2.2 include interest at the late payment rate which will accrue from the Termination Date until the date of final payment. The late payment rate shall be based on the 6-month PHP BVAL Reference Rates at the date of termination.

b.3 Upon receipt of the Notice of Termination, the Parties will meet within five (5) Business Days and continue to meet to determine the amount of the Termination Payment, based on Annex E as applicable. If the Parties cannot agree on the amount of the Termination Payment, as applicable, on or before the date that is thirty (30) days from the time of the receipt by one Party of a Notice of Termination from the other, the Parties may resort to Article XVII (*Dispute Resolution*).

b.4 The Termination Payment, as applicable, will be computed based on values as of Termination Date, provided that for avoidance of doubt, in respect of the Termination Payment, any cash flows earned by the Private Partner during the period from the Termination Date until the actual turnover

of the cash flows to the LGU Mangatarem, will be for the account of the LGU Mangatarem and if retained by the Private Partner, will be set off against the Termination Payment.

- b.5 The Termination Payment will be considered as full payment of all the obligations of and claims against the LGU Mangatarem, under or in connection with this CJVA other than any compensation or other amount due to the Private Partner under this CJVA. Payment of the Termination Payment will extinguish any and all rights and obligations of the Parties, their successors-in-interests and assigns under this CJVA. Except for the amounts due to the Private Partner which were not demanded or referred to arbitration prior to the date for payment of the Termination Payment shall also be deemed waived or settled by the Termination Payment. The Project Site and Facilities will be immediately transferred to the LGU Mangatarem following the Termination Date in accordance with this CJVA.

Section 11.07 Lender Step-In Rights

The Parties agree that, notwithstanding anything to the contrary contained in this CJVA, before the LGU Mangatarem can terminate this Agreement for a Private Partner Event of Default, it shall provide a copy of the preliminary notice to the Lenders of the Private Partner and the Lenders shall have the right to appoint a substitute entity to take over the Project and the implementation of the Project under this Agreement, provided however, that the Lenders shall exercise this right within a period of 180 days from receipt of the preliminary notice. The LGU Mangatarem shall, in the event that such a substitute entity is appointed by the Lenders, shall not terminate this Agreement, and will transfer this Agreement to such substitute entity and the substitute entity shall thereafter implement the Project.

ARTICLE XII TURNOVER

Section 12.01 Turnover of Project Site and Facilities. Unless otherwise provided under this CJVA, the Private Partner shall Turnover the Project Site and Facility to the LGU Mangatarem at the end of the CJV Term without cost to LGU Mangatarem. The Turnover must be in accordance with **Annex B (Turnover Requirements)**.

The Private Partner must Turnover the Project Site and the Facilities free from liens and encumbrances and in a condition that, taking into account normal wear and tear, matches the design life originally agreed to between the Private Partner and LGU Mangatarem, and meets the Turnover Requirements at the end of the CJV Term and be capable of meeting them during the Warranty Period.

- a) The Parties hereby agree that upon Turnover, LGU Mangatarem shall thereafter be liable for all costs and expenses for the operation and maintenance of the Project Site and Facilities and for any and all claims (including any claims by any Government Authority such as taxes, fees and charges) arising from any and all sources of obligation and/or causes of action incurred after the Turnover.
- b) Despite the above transfer of the Project Site and Facilities by the Private Partner to LGU Mangatarem at the end of the above-stipulated applicable periods, LGU Mangatarem shall not be liable for damage or injury caused by the negligence, deliberate or intentional acts of Private Partner's employees, or breach of warranty under this CJVA by the Private Partner with said breach to be falling within the applicable Warranty Period.
- c) The Private Partner shall be obliged to repair or rectify, at its own cost, any defects and deficiencies observed during the Warranty Period and which are not attributable to the operation by LGU Mangatarem in a manner contrary to the Private Partner's recommendations, such that the Facilities conforms with the Turnover Requirements.
- d) During the Warranty Period, if the Private Partner fails to commence the repair or rectification of such defect or deficiency on or before the date that is fifteen (15) days after the date the Private Partner receives written notice of the defect or deficiency from the LGU Mangatarem, LGU Mangatarem shall be entitled to have the same repaired or rectified at the Private Partner's risk and cost. All costs incurred by the LGU Mangatarem in this respect shall be reimbursed by the Private Partner to the LGU Mangatarem on or before the date that is fifteen (15) days after receipt of demand.

- e) The LGU Mangatarem shall be entitled to call upon the Warranty Security immediately upon the Private Partner's failure to comply with its obligations under this section.
- f) At any time during the effectivity of this CJVA, the Private Partner shall not sell, assign, transfer, convey, or otherwise dispose, mortgage, encumber or otherwise constitute a security interest on, the Project Site and the Facilities or any portion thereof.

Section 12.02. Mechanics of Turnover.

- a) At least eighteen (18) months prior to the end of the CJV Term, LGU Mangatarem and Private Partner shall agree on the mechanics of the Turnover, including:
 - 1) the training of the personnel of the LGU Mangatarem for the latter's eventual takeover of the Project; and
 - 2) the requirement that all Facilities transferred pursuant to this CJVA shall meet the standards provided in the O&M and/or manufacturer's manuals as of the time of the Turnover.
- b) Upon the end of the CJV Term, as applicable, the Private Partner shall:
 - 1) withdraw from the Project Site;
 - 2) assign to the LGU Mangatarem (without recourse to the Private Partner) such subcontracts of the Private Partner as the LGU Mangatarem may request, subject to the terms of such subcontracts;
 - 3) to the extent that the LGU Mangatarem requests the assignment of the Private Partner's subcontracts, the Private Partner shall, prior to assigning such subcontracts, settle any debt obligations outstanding and payable by the Private Partner in relation to such subcontracts; and
 - 4) at the Private Partner's own cost, deliver and make available to the LGU Mangatarem all proprietary information, patents, and licenses of the Private Partner related to the Project reasonably necessary to permit the LGU Mangatarem to operate and maintain the Facilities.

Section 12.03. Cost of Turnover. The Private Partner shall bear all costs incurred in the Turnover under this Section and shall obtain and effect all Government Authorizations and other approvals and take such action as may be necessary for the transfer pursuant to this section. These costs and expenses shall include but not limited to the following:

- a) Legal fees;
- b) All taxes, if any; and
- c) Fees charged by Government agencies,

Section 12.04. Ownership

Subject to the provision of Section 12.05, the LGU Mangatarem has the following rights:

- a) LGU Mangatarem will retain the ownership of the Project Site; and
- b) On Turnover of the Facilities, the Private Partner shall Turnover the ownership of all the Facilities to LGU Mangatarem free from liens and encumbrances and at no cost to LGU Mangatarem.

Section 12.05. Risk

From Commencement Date until the Turnover, the Private Partner is responsible for the care and custody of the Project Site and Facilities (for the avoidance of doubt, this includes the civil structures, civil works) and takes all risk therein.

ARTICLE XIII CONFIDENTIALITY

Each of the Parties, their employees, third party contractors, auditors, professionals, consultants and agents shall hold in confidence all documents and other information, whether technical or commercial, supplied to it by or on behalf of the other Party relating to the financing, design, construction, insurance, operation, maintenance and management of the Project in the course of this CJVA, including trade information, and shall not publish or otherwise disclose or use the same for its own purposes otherwise than as may be required by the laws of the Philippines or to perform its obligations under this CJVA. This Section shall not apply to information:

- i. Already in the public domain otherwise than by breach of this CJVA;
- ii. Already in the possession of the receiving party before it was received from the other party in the course of this CJVA and which was not obtained under any obligation of confidentiality; or
- iii. Obtained from a third party who is free to divulge the same and which was not obtained under any obligation of confidentiality.

ARTICLE XIV LIABILITY AND INDEMNIFICATION

Section 14.01. Cross Indemnity. Each Party shall indemnify, defend and hold harmless the other Party from and against, all liabilities, damages, losses, expenses and claims of any nature whatsoever from personal injury and for damage to or loss of any property arising out of or in any way connected with the indemnifying Party's performance of this CJVA except to the extent that such personal injury, damage or loss is attributable to a negligent or intentional act or omission of the Party seeking to be indemnified.

Section 14.02. Joint Responsibility. In the event that any loss or damage is caused only in part by the negligent or intentional act or omission of the LGU Mangatarem and in part by the act or omission of the Private Partner, each Party shall be liable to the other Party only in proportion to its relative degree of fault.

Section 14.03. Limitation. Neither Party shall be liable to any other Party in contract, tort, warranty, strict liability or any other legal theory for any indirect, consequential, incidental, punitive or exemplary damages.

ARTICLE XV FORCE MAJEURE

Section 15.01. Definition. "Force Majeure" or "Force Majeure Event" refers to any event or a circumstance which cannot be foreseen or even though foreseen is beyond the reasonable control of a Party or is unavoidable despite the exercise of due diligence, the cause of which event is not due to the fault of a Party, and which wholly or partially prevents or unavoidably delays such Party from performing and fulfilling its obligations under this CJVA. Except when otherwise expressly provided by Applicable Law or stated in this CJVA, no failure or omission to carry out or observe any of the terms, provisions or conditions of this CJVA shall give rise to any claim by any Party against another Party or be deemed to be a breach or default of this CJVA if the same shall be caused by or arise directly out of Force Majeure. Force Majeure shall in no event include any Material Adverse Government Action.

Cause of Force Majeure Events may include the following, but not limited to:

- a) strikes and industrial disturbances (provided the strike or disturbance was not as a result of a dispute between the Private Partner and its employees or the employees of its subcontractors working at the Facilities),
- b) any war, declared or not,
- c) hostilities,
- d) blockade,
- e) embargo,
- f) revolution,
- g) insurrection,
- h) riot,
- i) cyber-attack,

- j) cyber shutdown,
- k) public disorder, political violence or acts of sabotage or terrorism,
- l) export or import restrictions,
- m) closing of harbors, docks, canals or other assistance to or adjuncts of shipping or navigation of or within any place,
- n) fire,
- o) severe flood,
- p) drought,
- q) earthquake,
- r) volcanic eruption,
- s) storm/typhoon,
- t) lightning,
- u) tide (other than normal tide),
- v) tsunami,
- w) air crash,
- x) archaeological finds,
- y) discovery of hazardous materials, whether pre-dating this CJVA or otherwise,
- z) unexploded ordnance,
- aa) nuclear contamination,
- ab) quarantine arising from pandemic or epidemic,
- ac) electrical grid failure affecting the Facilities,
- ad) any instance analogous to the foregoing, or any event, matter or thing, wherever occurring.

Notwithstanding the foregoing, the occurrence of any Force Majeure Event shall not release any Party from any of its obligations which were required to have been fulfilled prior to the occurrence of the Force Majeure Event.

Section 15.02. Burden of Proof

The burden of proof for a Force Majeure Event and its effect on the performance of obligations or the delivery of Services under this CJVA lies with the Party that issued the notice of Force Majeure.

Section 15.03. Notification of Force Majeure

The Party invoking the Force Majeure Event shall, upon knowledge of such event and in any case within two (2) days from the time it is practicable for such Party to serve notice to the other Party, immediately notify the other Party of the occurrence or cessation of the Force Majeure Event and the extent to which such Force Majeure Event affects the notifying Party's obligations under this CJVA.

Section 15.04. Obligation of Each Party in the event of Force Majeure

If a Force Majeure Event or a direct consequence thereof, prevents or delays a Party from performing its obligations hereunder or, in the opinion of such Party, adversely affects any of its rights or benefits under this CJVA, such Party shall be responsible for taking such actions and precautions as may be reasonably necessary to mitigate the adverse effects of the Force Majeure Event acting in accordance with Prudent Industry Practice. To the extent that the Force Majeure Event and the adverse effects thereof could not be so mitigated, the Party invoking a Force Majeure Event shall be excused from the performance of those obligations that are directly affected by the Force Majeure Event. The Parties will consult with each other and take all reasonable steps to continue the performance, with all due diligence, of all obligations not affected by Force Majeure.

In any case, the Party claiming the benefit of this provision shall exercise due diligence in complying with the provisions of the CJVA, as soon as it is feasible.

Section 15.05. Damage Caused by Force Majeure

- a) The Private Partner is responsible for reconstructing, repairing and rectifying all damage to the Facilities caused by any Force Majeure Event as soon as possible.
- b) All insurance proceeds for damages received by or payable under such insurance policies shall be applied.

- c) Provided that the insurance policies required under Section 8.02 are in force at the time the Force Majeure Event occurred, if the Private Partner serves notice to LGU Mangatarem that the insurance proceeds received or to be received or payable by reason of any such damage will be insufficient to cover the costs of the required reconstruction or repair work on the damage to the Facilities, then the Parties shall mutually decide (i) whether the Facilities is gravely damaged that it is not economical to restore the Facilities in which case this CJVA will be terminated, (ii) whether Private Partner can pay the excess costs and recover such costs through extension of the CJV Term or (iii) whether the Parties shall share the excess cost.
- d) In determining whether insurance proceeds received will be insufficient to cover the cost of the required works of reconstruction or repair, any deductible similar amounts payable by the Private Partner shall not be considered as part of the costs of such work. If the Parties mutually decide not to terminate this CJVA and instead elects to extend the CJV Term, the Private Partner shall give notice to the LGU Mangatarem stating the period by which it proposes the CJV Term to be extended. The proposed extension should be sufficient to, but no longer than necessary to, enable the Private Partner to service any debt funding that is required to take out in order to carry out such restoration work.
- e) If within three (3) months after the commencement of negotiations between LGU Mangatarem and the Private Partner in connection with the preceding paragraph, the Parties are unable to agree on a way forward, and the Parties do not agree to extend this three (3) month period, then either Party shall have the right to terminate this CJVA.
- f) If a Force Majeure Event does not cease within two hundred and seventy (270) days after the date of the notice required pursuant to Section 14.03, and the Parties do not agree to extend this period, then either Party shall have the right to terminate this CJVA.
- g) Upon concurrence of both parties to extend the CJV Term, LGU Mangatarem shall assist in the issuance, and obtainment of all Government Authorizations (subject to Private Partner's fulfillment of all Applicable Laws) which may be required or necessary to extend the CJV Term as agreed upon by the Parties.

Section 15.06. Continuous Performance

Upon the occurrence of any Force Majeure Event, the Private Partner shall continue to be responsible for performing its obligations that are still reasonably possible to be performed taking into account safety consideration, whether wholly or partially.

Section 15.07. Termination due to Force Majeure.

- a) If any of the Parties intends to terminate this CJVA on the ground of Force Majeure, it shall give to the other a Notice of Intention to Terminate.
- b) The provisions under Section 11.04, 11.05 and 11.06 shall apply.

ARTICLE XVI MATERIAL ADVERSE GOVERNMENT ACTION

Section 16.01. A "Material Adverse Government Action" means:

- a) any adverse action of the Government;
- b) a Change in Law arising from acts of the Government; and/or

which, in each case:

- i. directly and materially affects the Private Partner's ability to perform its obligations under this CJVA;
- ii. renders the performance by the Private Partner of any or all its obligations under this CJVA illegal, void or unenforceable; and
- iii. which could not have been reasonably foreseen by Private Partner on the date of the CJVA.

A Material Adverse Government Action shall not be deemed to have occurred if such action by the Government is required:

1. as a result of Force Majeure Event; or
2. on the grounds of public safety and security and such action is reasonable in relation thereto.

Section 16.02. Occurrence of Material Adverse Government Action

Upon occurrence of a Material Adverse Government Action, the Private Partner shall provide written notice to the LGU Mangatarem within thirty (30) days of becoming aware of the same with supporting evidence.

Section 16.03. Excused Performance

If the Private Partner is rendered wholly or partly unable to perform its obligations under this CJVA directly as a result of such Material Adverse Government Action, it shall be excused from performance of such obligations to the extent that it is unable to perform on account of such Material Adverse Government Action provided that:

- a) the suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Material Adverse Government Action;
- b) the Private Partner shall make all reasonable efforts to mitigate or limit the effects of the Material Adverse Government Action on its own performance of this CJVA; or
- c) when the Private Partner is able to resume performance of its obligations under this CJVA, it shall give to the LGU Mangatarem written notice to the effect and shall promptly resume performance of such obligations.

Section 16.04. Compensation for Material Adverse Government Action

- a) If any Material Adverse Government Action has caused the Private Partner to incur costs, expenses and losses, the Private Partner shall immediately notify LGU Mangatarem of such fact provided that the Private Partner has taken all reasonable steps to mitigate the effects of such Material Government Action and minimize its costs, expenses or losses arising therefrom. Such notice to LGU Mangatarem shall include sufficient proof or evidence of the costs, expenses and losses incurred.
- b) Within seven (7) days after such notification, the Parties shall meet to discuss in good faith how the Private Partner shall be compensated by LGU Mangatarem as a result of the Material Adverse Government Action or combination of Material Adverse Government Actions in the aggregate. Upon mutual agreement of the Parties, such compensation may include:
 1. Adjustment of the CJV Term; or
 2. relief from any MPSS Penalty Charges arising from the occurrence of the Material Adverse Government Action affecting Operation and Maintenance as may be agreed between the parties or determined by the Independent Consultant (if any).

ARTICLE XVII DISPUTE RESOLUTION

Section 17.01. Amicable Settlement. If any dispute arises in connection with this CJVA, any Party may give thirty (30) days prior written notice to the other Party of the same, whereupon the Parties shall meet promptly and in good faith attempt to reach an amicable settlement.

If the Parties are unable to settle such dispute within thirty (30) days from service of such written notice, the dispute may be submitted for arbitration.

Section 17.02. Arbitration. All disputes arising in connection with this CJVA, which are not settled in an amicable manner, shall be finally settled in accordance with Republic Act No. 9285 (Alternative

Dispute Resolution Act of 2004) by one (1) arbitrator, the appointment of whom shall be sought from the Philippine Dispute Resolution Center Inc. ("PDRCI"). The Parties shall mutually agree on the arbitrator so designated by the PDRCI.

The place of arbitration shall be in Quezon City, Philippines. English shall be the language to be used in the proceedings.

ARTICLE XVIII MISCELLANEOUS PROVISIONS

Section 18.01. Amendments; Waivers. All additions, changes, modifications, revisions, amendments and variations to this CJVA shall be binding only if in writing and signed by duly authorized representatives of each of the Parties.

Pursuant to the PPP Code and its IRR, any amendment to this CJVA before award and signing of this CJVA which deviate from the parameters, terms and conditions set forth in the Tender Documents, which if effected will tend to increase the financial exposure, liabilities and risks of the LGU Mangatarem or any other factors that would cause disadvantage to the LGU Mangatarem and any deviation that will cause prejudice to losing private sector participants, shall undergo approval by the appropriate Approving Authority under the PPP Code. Any amendment to the CJVA after award and signing of this CJVA shall undergo the same approval process by the appropriate Approving Authority. Non-compliance with the corresponding approval process shall render the amendment null and void.

None of the provisions of this CJVA shall be deemed waived by either Party except when such waiver is given in writing. The failure by either Party to insist upon strict performance of any of the provisions of this CJVA shall not be construed as a waiver of any such provisions or the relinquishment of any such rights in the future.

Section 18.02. Successors and Assigns. This CJVA shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the Parties.

Furthermore, the Private Partner shall, subject to the Lock-In Rules prescribed under the Tender Documents, delegate and/or sub-contract any of its rights or obligations under this CJVA but without relieving the Private Partner of its obligations to LGU Mangatarem under the CJVA.

Section 18.03. Financing and Collateral. The Private Partner may secure Financing for its contribution to the Project. The Private Partner shall be permitted to assign, transfer, or create security over the revenues from the Water Tariff, the shares in the SPC, all of its rights and interests to and under this CJVA, except the Project Site, Facilities or any portion thereof, for the loans that the Private Partner shall secure as borrower for the sole and exclusive purpose of financing the Project. Prior to entering into any such loan agreement, the Private Partner shall inform the LGU Mangatarem of the principal commercial terms thereof, including but not limited to the following terms:

- a) Loan principal;
- b) Interest rate;
- c) Repayment period and loan term; and
- d) Collateral.

Section 18.04. Gender, Social, Disability, and Environment Safeguards. The Parties shall implement gender-sensitive, socially inclusive, disability-friendly, and environmentally sustainable practices throughout the Project lifecycle. Compliance with applicable laws, regulations, and international standards relating to gender equality, social inclusion, disability rights, and environmental protection shall be mandatory.

Section 18.05. Entire Agreement. This CJVA, including the Schedules, Appendices, and Annexes attached hereto, represent the entire agreement between the Parties in relation to the subject matter thereof and supersedes any or all previous agreements or arrangements, whether oral or written, between the Parties in respect of the Contractual Joint Venture and other contents of this CJVA.

Section 18.06. Separability. If any part or parts of this CJVA is/are declared by any competent tribunal to be invalid or unenforceable, other parts not affected shall remain valid and enforceable.

Section 18.07. Notices. Any notice, demand or other communication given or made under or in connection with the matters contemplated by this CJVA shall be in writing and shall be delivered by hand or by courier or email or airmail:

If to LGU Mangatarem:

Municipality of Mangatarem
Municipal Hall, Brgy. Calvo, Mangatarem, Pangasinan

Attention:
E-mail Address: As notified to the counterparties

If to Private Partner:

Teresa Waterworks Inc.
2nd Floor ABC Bldg., Teresa Ave, Nepo Center
Angeles City, Pampanga

Attention:
E-mail Address: As notified to the counterparties

and shall be deemed to have been duly given or made as follows:

- a) if delivered by hand or by courier, upon delivery at the address of the relevant Party; and
- b) if sent by electronic mail when actually received by the intended recipient in readable form,

provided that, if in accordance with the above provisions, any such notice, demand or other communication would otherwise be deemed to be given or made after 5:00 p.m. on a Business Day, such notice, demand or other communication shall be deemed to be given or made at 9:00 a.m. on the next Business Day.


A Party must notify the other Parties to this CJVA of a change to its name, relevant addressee, or address for the purposes hereof; provided, that such notification shall only be effective on:

- i. the date specified in the notification as the date on which the change is to take place; or
- ii. if no date is specified or the date specified is less than five (5) Business Days after the date on which notice is given, the date falling five (5) Business Days after notice of any such change has been given.

Section 18.08. Intellectual Property. Each Party shall retain ownership of its own Intellectual Property, technology and consultant reports.


Section 18.09. Governing Law. This CJVA shall be governed and construed in accordance with the laws of the Republic of the Philippines.

IN WITNESS WHEREOF, this CJVA has been executed by the duly authorized representatives of the Parties hereto as of the date and at the place written above.


MUNICIPALITY OF MANGATAREM
By:


HON. RAMIL P. VENTENILLA
Municipal Mayor

TERESA WATERWORKS INC
By:


MARIA RITA JOSEFINA V. CHUA
President

SIGNED IN THE PRESENCE OF:


MR. BENITO JAZMIN
Municipal Agriculturist


JEFFREY NEIL S. NEPOMUCENO

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
MUNICIPALITY OF [PLACE]) S.S.

BEFORE ME, a duly commissioned and qualified Notary Public for and in the above jurisdiction, this [DATE], at [PLACE], personally appeared the following persons:

NAME **ANGELLES CITY** ID No. / Passport No. DATE AND PLACE ISSUED

Municipality of Mangatarem
Represented by:

TERESA WATERWORKS INC
Represented by:
MARIA RITA JOSEFINA V, CHUA P2394517B

Both known to me and to me known/whom I identified by competent evidence of identity to be the same persons who executed the foregoing instrument consisting of 51 pages including this page where the acknowledgement appears, signed by the parties and their instrumental witnesses and they acknowledge to me that the same is their free and voluntary act and deed as well as the corporations they represent.

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

Doc. No. 470
Page No. 102
Book No. III
Series of 2025.

ATTY. KATHLENE P. PINEDA
NOTARY PUBLIC - ANGELES CITY
COMMISSION NO. 24-1178
UNTIL DECEMBER 31, 2028
ROLL NO. 76905
IBP NO. 484598 / 12-18-2024 FOR 2025 / PASIG CITY
PTR NO. AC-2196504 / 12-18-2024 FOR 2025 / ANGELES CITY
MCLE COMPLIANCE NO. VII-0012086 / 04-14-2028 - PASIG CITY
RM. 105 1ST FLR, ABC BLDG., TERESA AVE.
NEPO CENTER, STO. ROSARIO, ANGELES CITY

DEFINITION OF TERMS

In this CJVA, the following terms shall have the meanings set forth below:

"Accession Agreement" means the agreement between MUNICIPALITY OF MANGATAREM, the TERESA WATERWORKS INC and the NEPO WATER INC through which the SPC agrees to assume all the rights, responsibilities and obligations of the Winning TERESA WATERWORKS INC under this CJVA, in the form attached as Annex F (Form of Accession Agreement).

"Accounting Standards" shall mean the Philippine Financial Reporting Standards then in effect.

"Affiliate" shall mean, in respect of any person, any entity which, directly, controls, is controlled by or is under common control with such person, where "control" means the ability to elect a majority of directors to the board of an entity or to exercise the majority of the voting power in the entity or otherwise to direct the management of the entity through shareholding, contract or otherwise.

"Applicable Law" shall mean any requirement, enactment, legislation, statute, act, treaty, instruction, decree, direction, order, regulation, policy, or rule of any Governmental Authority which is legally binding, or which would customarily be observed by a reasonable and prudent owner, or contractor of facilities such as the Project and any modification, extension or replacement thereof from time to time.

"Approving Authority" shall mean such appropriate government agency provided under RA 11966.

"Asset Register" means all of the Project Assets delivered, installed and updated annually by the PSP.

"Board of Investments" shall mean such government agency of the Department of Trade and Industry of the government of the Republic of the Philippines.

"MANGATAREM - LGU" shall mean the MUNICIPALITY OF MANGATAREM.

"MANGATAREM - LGU Event of Default" shall have the meaning in Section 10.02.

"Business Day" shall mean any day on which banks are open for business in MUNICIPALITY OF MANGATAREM

"Change in Law" shall mean the occurrence of any of the following after the date of this CJVA and which the TERESA WATERWORKS INC is legally obliged to comply with:

- (a) a change, amendment, modification of, addition to, or deletion from any Applicable Law;
- (b) an enactment or making of a new Applicable Law;
- (c) a repeal of any Applicable Law;
- (d) a change in the manner in which any Applicable Law are applied, enforced or interpreted; or
- (e) a change in the rate of any Tax which specifically discriminates against the PSP or the Project.

In all cases, Change in Law does not include:

- (a) an increase in local taxes of a general nature that is generally applicable to all persons similarly situated and which does not specifically discriminate against the TERESA WATERWORKS INC or the Project;
- (b) an event, the adverse effect of which can be insured against in accordance with general industry practices and which would generally be insured against by private sector providers of facilities and services similar to those being provided by the TERESA WATERWORKS INC under this CJVA, in the Philippines; or
- (c) the revocation, withdrawal, or failure to grant, maintain, renew or accept any Government Authorizations due to an act or omission of the TERESA WATERWORKS INC.

"CJV Project" or "Project" shall mean the design, financing, construction, operation, and maintenance of a Level III Water Supply Facility for the MUNICIPALITY OF MANGATAREM to be undertaken in accordance with the CJVA to be entered into between MANGATAREM - LGU and TERESA WATERWORKS INC pursuant to the RA11966 and its IRR.

"CJV Term" shall have the meaning under Article IX.

"Commencement Date" shall mean the date on which the TERESA WATERWORKS INC starts the provision of the Water Supply Services to the Consumers.

"Consumers" shall mean any customer for the water supply in the service area of the Project.

"Contractual Joint Venture" or "CJV" shall mean the business relationship and agreement in which the MANGATAREM - LGU and the TERESA WATERWORKS INC have agreed to become co-venturers.

"Contractual Joint Venture Agreement" or "CJVA" shall mean this instrument entered into by the MANGATAREM - LGU and the TERESA WATERWORKS INC effecting the Contractual Joint Venture for the Project.

"DENR" means Department of Environment and Natural Resources.

"Effectivity Date" shall have the meaning in Section 8.02.

"Facilities" means the Level III water supply system facilities enumerated in Annex C.

"Financial Close" means the achievement or fulfillment of all conditions prescribed under the Financing Agreements, and which shall entitle the TERESA WATERWORKS INC to receive the proceeds of such Financing Agreements.

"Financing" means the amounts to be provided by way of loan, lease finance, equity investment or otherwise to the TERESA WATERWORKS INC for the development, establishment, financing, design, construction, testing, commissioning, implementation, operation, maintenance and transfer of the Project and performance of the Services and includes all related financial charges, fees and expenses.

"Financing Agreements" shall mean all documentation or arrangements of whatever kind evidencing any obligation of the TERESA WATERWORKS INC in respect of the Financing or any refinancing for the Facilities and/or the Project or any portion thereof, in each case as amended, supplemented, or otherwise modified from time to time.

"Force Majeure" and "Force Majeure Event" shall have the meanings in Section 14.01.

"Government" shall mean the Government of the Republic of the Philippines.

"Government Authorizations" shall mean any approval, license, permit, consent, authorization, exemption, filing or registration by or with, any Governmental Authority.

"Governmental Authority" shall mean any governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial, quasi-judicial or administrative body in the Republic of the Philippines having jurisdiction over the matter in question.

"Intellectual Property" shall mean all patents, design rights, copyrights, trademarks, service marks, trade names and all other intellectual property rights of any nature whatsoever throughout the world whether registered or unregistered and including all applications and rights to apply for any of the same relating to the Facilities and where applicable, the Services.

"Late Payment Rate" means the two (2) year PHP BVAL published by the Philippine Dealing and Exchange Commission or the equivalent reference rate superseding PHP BVAL, plus a margin of two percent (2%) per annum.

"Lenders" at any time, mean those persons who, at such time, have entered into commitments, upon and subject to the terms and conditions set out in any of the Financing Agreements, to provide any financial accommodation for the purposes of the Project.

"Material Adverse Government Action" has the meaning given to that term in Section 15.01.

"Notice of Award" shall have the meaning set forth in the RA 11966 and its IRR.

"Notice of Intention to Terminate" shall mean written notice issued by one Party to the other Party/ies signifying its intention to terminate prior to the expiration of the CJV Term of this CJVA and citing the basis for such early termination.

"Notice of Termination" shall have the meaning in Section 10.03.

"Parties" means, collectively, the MANGATAREM - LGU and the TERESA WATERWORKS INC , and **"Party"** shall mean any of them as the context may require.

"Performance Security" means the security in Article VI (*Performance Security*), posted by the PSP to secure the faithful performance of its obligations under this CJVA.

"Performance Security Validity Period" means the specified period within which the relevant Performance Security must be in effect as provided in Article VI (*Performance Security*).

"Person" shall mean any individual, company, body corporate or other juridical person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government or political subdivision or any agency, department or instrumentality thereof.

"Philippine Pesos" or "Pesos" or "Php" shall mean the lawful currency of the Republic of the Philippines.

"Private Sector Partner" or "PSP" shall refer to the winning private sector participant after the conduct of the competitive selection process.

"Project Cost" shall mean the total investment, including necessary or incidental expenses, to design, finance, construct and develop the Facilities, including the monetary value of the assets of MANGATAREM - LGU over the Project, all relevant costs of money, interest charges, inflation and foreign exchange.

"Project Site" shall mean the Municipality of Mangatarem service area

"Prudent Industry Practice" means, in relation to any undertaking:

1. the exercise of that degree of skill, diligence, prudence, foresight and care; and
2. those practices, methods, specifications and standards, as may change from time to time;

which would reasonably and ordinarily be expected of an appropriately skilled and experienced person engaged in the same or similar activity, globally or regionally.

"PSP Event of Default" shall have the meaning in Section 10.01.

"Service" or "Services" means the provision of Water Supply Services through the use of the Facilities.

"SPC" shall mean a Special Purpose Company incorporated by the TERESA WATERWORKS INC , under and by virtue of the laws of the Republic of the Philippines, for the purpose of implementation and operation of the Project, in accordance with the Tender Documents and this CJVA.

"Signing Date" means the date of execution of the CJVA.

"Tax" means any tax, duty, surcharge, impost or levy of any nature (whether central, state or local) whatsoever and wherever and whenever charged, levied or imposed together with any interest and penalties in relation thereto.

"Tender Documents" means Instructions to Bidders, Draft Contractual Joint Venture Agreement, and Supplemental Bid Bulletin.

"Termination Date" means the date on which this CJVA is terminated before the end of the CJV Term, as may be indicated in the Notice of Termination, in accordance with the terms hereof.

"Termination Payment" means the applicable payment amount in accordance with Section 10.05

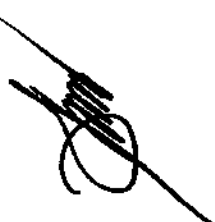
"Turnover" means the turnover by the TERESA WATERWORKS INC of the Project Site, and the Facilities at the end of the CJV Term.

"Warranty Period" shall mean one (1) year after end of the CJV Term.

"Warranty Security" means the security required to be delivered by the TERESA WATERWORKS INC in accordance with Section 6.02.

"Works" means, in respect of the Project all or any part of the works, services and things to be financed, designed, procured, manufactured, supplied, executed, constructed, installed, completed, tested, commissioned, rectified, replaced, made good, carried out and undertaken.

and



P

9.8.1

Annex "A" - WATER SERVICE CHARGE

I. Base Water Charge

- a) The Water Charge for Residential Consumers for the first ten (10) cubic meters shall be fixed initially at Thirty One Pesos per cu.m. (PhP 31.00) (exclusive of VAT), subject to adjustment under Section III (*Water Tariff Adjustment*).
- b) The Water Charge is exclusive of any value added tax and other statutory taxes or levies.

II. Disconnection

- a) At the end of each Billing Month, the NEPO WATER INC., will invoice the Consumer for the Water Charge for that Billing Month, the Service Connection Fee (if any) and Metering Fee (if any), and any other payments due and payable by the Consumer to the NEPO WATER INC. pursuant to this CJVA. Monthly invoices shall be due within thirty (30) days from the end of each Billing Month.
- b) The Consumer's failure to pay an invoice on or before the due date provided in Section II (*Disconnection*) shall render the Consumer liable for penalty interest at the rate of ten percent (10%) per month of delay until the Consumer's water meter has been pulled out by the NEPO WATER INC. in accordance with this Section II (*Disconnection*).
- c) Should the Consumer fail to pay the invoice and penalty interest after the lapse of thirty (30) days from due date, the NEPO WATER INC. may disconnect and pad-lock such Consumer's water meter upon seven (7) days' written notice to the Consumer. If the invoice and penalty interest remains unpaid after the lapse of sixty (60) days from due date, the NEPO WATER INC. may pull-out such Consumer's water meter upon seven (7) days' written notice to the Consumer.
- d) The NEPO WATER INC. shall reconnect the water meter within five (5) days from full payment of the invoice, penalty interest and applicable reconnection fees (equivalent to the corresponding Service Connection Fee and Metering Fee).

III. Adjustment

- a) The Water Tariff shall be adjusted at levels that will permit the NEPO WATER INC. to recover, over the CJV Term, the capital and O&M expenditures it incurred for the Project. The NEPO WATER INC. may apply for an adjustment of the Water Tariff every five (5) years beginning from the issuance of the Final Acceptance Certificate, unless otherwise provided under relevant rules and regulations or as agreed with the MUNICIPALITY OF MANGATAREM
- b) Any adjustments in the Water Tariff shall be determined based on the rules and regulations provided in the *Primer on Tariff Setting and Regulation* issued by the NWRB or as agreed with the MUNICIPALITY OF MANGATAREM.
- c) Subject to the provisions of this Section (*Water Tariff Adjustment*), the NEPO WATER INC. is authorized to adjust the Water Tariff upon (i) compliance with the applicable rules and regulations as issued or may be issued by the NWRB or as agreed with the MUNICIPALITY OF MANGATAREM; and (ii) receipt of written approval of adjustment from the NWRB or the MUNICIPALITY OF MANGATAREM.
- d) The MUNICIPALITY OF MANGATAREM shall incur no liability to the NEPO WATER INC. should NWRB disapprove or fail to approve any such applications for adjustment in Water Tariff nor shall such failure to approve an adjustment by NWRB result in a MUNICIPALITY OF MANGATAREM Event of Default.
- e) Any adjustment of the Water Tariff shall take effect fifteen (15) days after its publication in a local newspaper of general circulation in the MUNICIPALITY OF MANGATAREM and posted at any conspicuous place in the Municipal Hall.

APPENDIX I: FINANCIICAL MODEL

I. Financial Plan

	2026	2027	2028	2029	2030	2031	TOTAL	%
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5		
Total Investments, Current Price	325,624,258	-	-	-	-	-	325,624,258	100%
Internal Cash Generation	130,249,703	-	-	-	-	-	130,249,703	40%
Additional Capital								
New Loan 1	195,374,555	-	-	-	-	-	195,374,555	60%

II. Debt Service Schedule

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Opening Balance	-	188,862,070	175,837,100	162,812,130	149,787,160	136,762,190	123,737,220	110,712,250	97,687,280	84,662,310	71,637,340	58,612,370	45,587,400	32,562,430	19,537,460	6,512,490
Additions	195,374,555	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	6,512,485	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	13,024,970	6,512,490
Loan Balance, End	188,862,070	175,837,100	162,812,130	149,787,160	136,762,190	123,737,220	110,712,250	97,687,280	84,662,310	71,637,340	58,612,370	45,587,400	32,562,430	19,537,460	6,512,490	-
Interest Expense	7,814,982	15,108,966	14,066,968	13,024,970	11,982,973	10,940,975	9,898,978	8,856,980	7,814,982	6,772,985	5,730,987	4,688,989	3,646,992	2,604,994	1,562,997	520,999
Interest Payment	7,814,982	15,108,966	14,066,968	13,024,970	11,982,973	10,940,975	9,898,978	8,856,980	7,814,982	6,772,985	5,730,987	4,688,989	3,646,992	2,604,994	1,562,997	520,999

Interest Rates 8%
Maturity in Years 15
Grace Period 0
First Principal Payment Jul-26

III. Cash Flow Projection

	2026	2027	2031	2036	2041	2046	2051	2056	2061
	Year 0	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
CASH FLOWS FROM OPERATING ACTIVITIES									
Net income (loss)	(11,066,422)	2,168,015	18,758,641	45,022,970	84,365,587	129,700,879	190,220,682	266,056,228	360,105,850
Depreciation Expenses	930,355	7,442,840	16,932,461	16,932,461	12,160,693	12,160,693	12,160,693	6,717,853	6,717,853
Operating income before working capital changes	(10,136,067)	9,610,855	35,691,102	61,955,431	96,526,280	141,861,572	202,381,375	272,774,081	366,823,703
Changes in operating assets and liabilities:									
Decrease (increase) in:									
Accounts Receivable - Water	-	(3,486,529)	(259,019)	(350,425)	(472,786)	(641,153)	(511,880)	(667,047)	(803,835)
Prepaid Expenses	-	(426,795)	(75,482)	(37,339)	(54,544)	(61,590)	(47,277)	(51,342)	(51,644)
Inventories	-	(387,995)	(49,750)	(24,610)	(27,654)	(31,226)	(20,773)	(22,559)	(22,692)
Increase (decrease) in:									
Accounts Payable	-	3,445,542	518,478	302,565	(984,742)	(1,201,874)	(1,577,678)	(1,834,061)	(2,165,145)
Taxes Payable	-	722,671	266,651	896,717	1,195,145	1,353,654	1,106,473	2,904,362	1,917,893
Current Portion of Long-Term Liabilities	13,024,970	-	-	-	(6,512,490)	-	-	-	-
Net cash provided by (used in) operating activities	2,888,903	9,477,749	36,091,980	62,742,339	89,669,209	141,279,383	201,330,240	273,103,434	365,698,280
CASH FLOWS FROM INVESTING ACTIVITIES									
Construction of Facilities and Source Development	(32,562,426)	(130,249,704)	-	-	-	(70,000,000)	-	-	-
Net cash provided by (used in) investing activities	(32,562,426)	(130,249,704)	-	-	-	(70,000,000)	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES									
Long-Term Liabilities	175,837,100	(13,024,970)	(13,024,970)	(13,024,970)	-	-	-	-	-
Net cash provided by (used in) financing activities	175,837,100	(13,024,970)	(13,024,970)	(13,024,970)	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH									
	146,163,577	(133,796,925)	23,067,010	49,717,369	89,669,209	71,279,383	201,330,240	273,103,434	365,698,280
Cash Beginning									
	130,249,703	276,413,280	34,383,848	233,813,202	491,596,295	1,121,448,097	1,972,253,915	3,242,985,259	4,947,914,263
CASH ENDING BALANCE									
	276,413,280	142,616,355	57,450,858	283,530,571	581,265,504	1,192,727,480	2,173,584,155	3,516,088,693	5,313,612,544
Cash as per Balance Sheet Difference									
	276,413,280	142,616,355	57,450,858	283,530,571	581,265,504	1,192,727,480	2,173,584,155	3,516,088,693	5,313,612,544

IV. Water Revenues

	2026	2027	2031	2036	2041	2046	2051	2056	2061
	Year 0	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
Water Revenues	-	41,838,344	98,769,767	137,656,480	191,053,866	264,224,187	360,174,851	469,709,919	611,760,371
New Connection Fees	-	3,022,250	228,500	258,000	290,500	327,000	217,500	236,500	237,500
Other Operating Revenues	-	1,255,150	2,963,093	4,129,694	5,731,616	7,926,726	10,805,246	14,091,298	18,352,811
TOTAL OPERATING REVENUES	-	46,115,744	101,961,360	142,044,174	197,075,982	272,477,913	371,197,597	484,037,717	630,350,682

Required Average Tariff x 365 WD x (ADD per year less NRW)
Increase in yearly connections x 500 Php
3% of Water Revenues

V. Operational Expense

	2026	2027	2031	2036	2041	2046	2051	2056	2061
	Year 0	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
Personnel and Management Fees	999,286.69	4,981,856	12,273,034	14,254,294	16,486,287	18,999,476	21,582,965	23,455,261	25,457,611
Power	856,086.73	8,535,890	21,028,563	24,423,245	28,247,533	32,553,620	36,980,158	40,188,143	43,618,960
Chemicals	-	698,391	1,720,519	1,998,266	2,311,162	2,663,478	3,025,649	3,288,121	3,568,824
Repairs and Maintenance	-	853,589	1,051,428	1,221,163	1,412,377	1,627,681	1,849,008	2,009,407	2,180,948
Fuel, Oil and Gasolines	93,391.28	465,594	1,147,013	1,332,177	1,540,775	1,775,652	2,017,100	2,192,081	2,379,216
Supplies	-	465,594	1,147,013	1,332,177	1,540,775	1,775,652	2,017,100	2,192,081	2,379,216
Overhead and Consumables	46,695.64	232,797	573,506	666,089	770,387	887,826	1,008,550	1,096,040	1,189,608
Bad Debts	-	2,091,917	4,938,488	6,882,824	9,552,693	13,211,209	18,008,743	23,485,496	30,588,019
Annual Water Charge	-	41,838	98,770	137,656	191,054	264,224	360,175	469,710	611,760
Supervision and Regulation Fees	325,624.26	2,305,787	5,098,068	7,102,209	9,853,799	13,623,896	18,559,880	24,201,886	31,517,534
TOTAL OPERATING EXPENSES	2,321,085	20,673,253	49,076,402	59,350,100	71,906,842	87,382,714	105,409,328	122,578,226	143,491,696

Rate/cu.m. No. of WD ADD
1-10

3.21	365	WDP Sheet	32,562,426	0.31	9,992,866.87	999,286.69
5.5	365	WDP Sheet	32,562,426	0.53	17,121,734.51	856,086.73
0.45	365	WDP Sheet	32,562,426	0.04	1,400,869.19	
0.55	365	WDP Sheet	32,562,426	0.05	1,712,173.45	
0.3	365	WDP Sheet	32,562,426	0.03	933,912.79	93,391.28
0.3	365	WDP Sheet	32,562,426	0.03	933,912.79	
0.15	365	WDP Sheet	32,562,426	0.01	466,956.40	46,695.64
*5% of water revenues			32,562,426			
*.01% of water revenues			32,562,426			
*.05% of total revenues			32,562,426			325,624.26
10.46						

VI. Internal Rate of Return

	2027	2028	2029	2030	2031	Total	Average
	Year 1	Year 2	Year 3	Year 4	Year 5		
Property & Equipment, beg	162,812,130	260,499,406	325,624,258	325,624,258	325,624,258		
Accumulated Depreciation	8,373,195	23,258,875	40,191,336	57,123,797	74,056,258		
Net Book Value	154,438,935	237,240,531	285,432,922	268,500,461	251,568,000		
Add: 2-Months Average Cash Operating Expenses (Cash Expense / 6)	3,445,542	5,646,276	7,339,651	7,660,922	8,179,400		
Total Invested Capital Entitled to Return	157,884,477	242,886,807	292,772,573	276,161,383	259,747,400		245,890,528
Maximum Allowable Rate of Return	12%	12%	12%	12%	12%		
Maximum Allowable Net Income	18,946,137	29,146,417	35,132,709	33,139,366	31,169,688		
Operating Expenses							
Personnel and Management Fees	4,981,856	8,351,522	10,913,920	11,391,953	12,273,034		
Power	8,535,890	14,309,460	18,699,863	19,518,923	21,028,563		
Chemicals	698,391	1,170,774	1,529,989	1,597,003	1,720,519		
Repairs and Maintenance	853,589	894,342	934,993	975,946	1,051,428		
Fuel, Oil and Gasolines	465,594	780,516	1,019,993	1,064,669	1,147,013		
Supplies	465,594	780,516	1,019,993	1,064,669	1,147,013		
Overhead and Consumables	232,797	390,258	509,996	532,334	573,506		
Bad Debts	2,091,917	3,506,609	4,582,688	4,783,077	4,938,488		
Annual Water Charge	41,838	70,132	91,654	95,662	98,770		
Supervision and Regulation Fees	2,305,787	3,623,527	4,734,819	4,941,294	5,098,068		
Depreciation	7,442,840	14,885,680	16,932,461	16,932,461	16,932,461		
Revenue Requirement	47,062,230	77,909,753	96,103,078	96,037,357	97,178,551	414,290,969	82,858,194
Less: Non-Water Revenues	4,277,400	2,338,365	3,042,613	3,164,346	3,191,593	16,014,317	
Revenue Requirement net of Non-Water Revenues	42,784,830	75,571,388	93,060,465	92,873,011	93,986,958	398,276,652	
Volume Sold, m3	1,349,624	2,262,328	2,956,573	3,085,856	3,186,122	12,840,503	
Required Average Tariff (Php/cum)	31.70	33.40	31.48	30.10	29.50	31	31.63
Water Revenues	41,838,344	70,132,181	91,653,763	95,661,536	98,769,767		
New Connection Fees	3,022,250	234,400	293,000	294,500	228,500		
Other Operating Revenues (2% of Water Revenues)	1,255,150	2,103,965	2,749,613	2,869,846	2,963,093		
Total Operating Revenues	46,115,744	72,470,546	94,696,376	98,825,882	101,961,360		
Average Return on Investments							
Net Income (Loss) Before Tax, net	17,999,651	23,707,210	33,726,007	35,927,891	35,952,497	147,313,256	29,462,651
Average Water Revenues/m3 Sold	31.00	31.00	31.00	31.00	31.00		
Rate of Return	11.4%	9.8%	11.5%	13.0%	13.8%	12%	12%

Annex B

WINNING BIDDER INDICATIVE PROJECT COST

DETAILED ESTIMATES FOR THE DEVELOPMENT OF WATER SUPPLY SYSTEM FOR THE MUNICIPALITY OF MANGATAREM LEVEL III

I DEVELOPMENT OF SOURCES

A. Drilling of Production Well

Description of Work / Materials	Quantity	Unit	Unit Cost	Amount
A.1 Deep Well Drilling				
Labor	6	units	3,600,000.00	21,600,000.00
Materials	6	units	600,000.00	3,600,000.00
Pumps, Motors, Control, Panel	6	units	1,200,000.00	7,200,000.00
Electro Mechanical	6	units	500,000.00	3,000,000.00
Power Supply	6	units	2,500,000.00	15,000,000.00
				50,400,000.00
A.2 Pipes, Valves and Fittings				
Valves and Fittings	6	units	150,000.00	900,000.00
				900,000.00
A.3 Filtration Facility				
Multi Media Filtration System	6	units	6,000,000.00	36,000,000.00
				36,000,000.00
TOTAL SOURCE DEVELOPMENT:				87,300,000.00

B Bunk House, Chlorination House and Perimeter Fence

B.1 Masonry and Carpentry

Deformed Bar 10mmØ x 6m	350	pcs	200.00	70,000.00
Deformed Bar 12mmØ x 6m	500	pcs	330.00	165,000.00
CHB 5"	3,000	pcs	16.00	48,000.00
Cement	500	bags	300.00	150,000.00
Sand	50	cu.m	2,000.00	100,000.00
Gravel 3/4	28	cu.m	2,500.00	70,000.00
Ordinary Plywood 1/2	120	pcs	650.00	78,000.00
GI Wire #16	50	kgs	120.00	6,000.00
Umbrella Nail 3"	50	kgs	120.00	6,000.00
CWN 3"	35	kgs	120.00	4,200.00
CWN 4"	35	kgs	120.00	4,200.00
Coco lumber 2x2x12	150	pcs	220.00	33,000.00
Coco lumber 2x3x12	150	pcs	300.00	45,000.00
Coco lumber 2x4x12	150	pcs	400.00	60,000.00
Hacksaw Blade	10	pcs	100.00	1,000.00
Blue Corrugated Roof (W=1.22m x L=3m)	44	pcs	1,200.00	52,800.00
Pail Flush Toilet bowl	7	set	2,600.00	18,200.00
Paint	45.00	gal	1,100.00	49,500.00
Windows	7.00	set	3,000.00	21,000.00
Wooden Door w/ Louver 0.7m x 2.1m (Including jamb door Accessories)	7.00	set	5,000.00	35,000.00
PVC Door w/ Louver 0.7m x 2.1m (Including jamb door Accessories)	7.00	set	2,500.00	17,500.00
				1,034,400.00

B.2 Electrical

2.0 mm2 TW stranded wire	7	box	9,000.00	63,000.00
3.5 mm2 TW stranded wire	7	box	9,000.00	63,000.00
#8 TW stranded wire	7	box	16,000.00	112,000.00
12" AMS glode w/ light holder	60	sets	1,200.00	72,000.00
4x4 bulb receptacle (Plastic Type)	80	pcs	80.00	6,400.00
1-1/2" toks w/ metal screw	250	pcs	10.00	2,500.00
1/2" PVC Clamp	250	pcs	15.00	3,750.00
1/2" PVC Pipe	100	pcs	90.00	9,000.00
3/4" PVC Pipe	100	pcs	120.00	12,000.00
3/4" PVC Adaptor w/ locknut	80	pcs	70.00	5,600.00
1/2" PVC Adaptor w/ locknut	80	pcs	50.00	4,000.00
Junction box w/ cover (Plastic Type)	60	pcs	85.00	5,100.00
4x4 square box w/ cover (Plastic Type)	14	pcs	85.00	1,190.00
Utility box (Plastic Type)	60	pcs	85.00	5,100.00
15W ecolum led bulb	80	pcs	185.00	14,800.00
30W ecolum led bulb	14	pcs	600.00	8,400.00
Emergency light (Heavy Duty)	7	units	6,000.00	42,000.00
1 gang switch w/ plate cover	14	sets	200.00	2,800.00
3gang switch w/ plate cover	14	sets	350.00	4,900.00
1gang conv. Outlet w/ plate cover	14	sets	250.00	3,500.00
2gang conv. Outlet w/ plate cover	14	sets	320.00	4,480.00
6 holes circuit breaker panel box (bolt-on type)	7	pcs	13,500.00	94,500.00
60 amps ckt. Breaker (bolt-on type)	7	pair/s	2,500.00	17,500.00
15 amps ckt. Breaker (bolt-on type)	14	pair/s	1,250.00	17,500.00
20 amps ckt. Breaker (bolt-on type)	7	pair/s	1,200.00	8,400.00
30 amps ckt. Breaker (bolt-on type)	14	pair/s	1,350.00	18,900.00
Electrical tape	15	pcs	95.00	1,425.00
Rubber tape	10	pcs	75.00	750.00
1/2" Plastic flexible hose	150	m	400.00	60,000.00
				664,495.00

B.3 Perimeter Fence and Chlorination

B.3.1 Costruction and Structure

CHB 5"	3,000	pcs	18.00	54,000.00
Gravel 3/4"	35	m3	2,500.00	87,500.00
Sand	35	m3	2,000.00	70,000.00
Cement	1,500	bags	300.00	450,000.00
Deformed Bar 10mmØ x 6m	450	pcs	300.00	135,000.00
2" dia. GI Pipe s40, L=6m	150	pcs	2,100.00	315,000.00
1-1/2" Flat bar thk=2mm, L=6m	120	pcs	1,100.00	132,000.00
Welding Rod	75	kg	130.00	9,750.00
2"x2" Steel Matting Dimernsion 4'x8'	150	pcs	1,800.00	270,000.00
Paint	75	gal	1,750.00	131,250.00
GI Wire #16	75	kg	125.00	9,375.00
				1,663,875.00

B.3.2 Perimeter Lighting & Chlorination

Utility box	40	pcs	60.00	2,400.00
1/2" Ø PVC Long Elbow	76	pcs	45.00	3,420.00
1/2" Ø PVC Pipe	60	pcs	75.00	4,500.00
PVC Solvent	14	can	550.00	7,700.00
Electrical tape	21	pc	85.00	1,785.00
10mm Ø x L=6m Deformed Bar	75	pcs	300.00	22,500.00
GI Wire #16	15	kg	150.00	2,250.00
Cocolumber 2"x2"x12'	150	pcs	220.00	33,000.00
Cocolumber 2"x3"x12'	150	pcs	300.00	45,000.00
CWN #3	15	kg	120.00	1,800.00
CWN #4	15	kg	120.00	1,800.00
CWN #2	15	kg	120.00	1,800.00
Ordinary Plywood 4"x8"x thk=3/4'	35	pcs	2,500.00	87,500.00
1/2" Ø x 6m GI Pipe (Super)	14	L	2,200.00	30,800.00
Hacksaw Blade	10	pc	85.00	850.00
5/8" x 3" Bolts & Nuts w/ washer	80	pcs	120.00	9,600.00
1" PVC Pipe (Orange)	15	pcs	175.00	2,625.00
1" PVC Long Elbow (Orange)	15	pcs	95.00	1,425.00
Nail	16	pack	120.00	1,920.00
1" PVC Adaptor w/ Locknut	42	pcs	165.00	6,930.00
1/2" PVC Clamp	7	pcs	11.00	77.00
1" PVC 90° short Elbow	28	pcs	88.00	2,464.00
1/2" PVC Clamp	14	pcs	11.00	154.00
2.0mm2 TW stranded wire	11	box	8,800.00	96,800.00
3.5mm2 TW Stranded Wire	11	box	10,500.00	115,500.00
Rubber Tape	10	roll	50.00	500.00
Electrical tape	21	pcs	70.00	1,470.00
12" AMS Globe Bulb Holder	21	pcs	1,200.00	25,200.00
1/2" dia. PE Tube	150	m	95.00	14,250.00
60 amps, ckt breaker	7	pairs	3,000.00	21,000.00
30 amps, ckt breaker	21	pairs	1,300.00	27,300.00
1" toks w/ metal screw	120	pcs	15.00	1,800.00
Hacksaw Blade	4	pcs	85.00	340.00
1/2" PVC Adaptor w/ locknut	7	pc	40.00	280.00
1/2" PVC 90° short Elbow	7	pc	85.00	595.00
8mm2 TW Stranded wire	7	box	14,000.00	98,000.00
1/2" PVC Pipe	7	pc	120.00	840.00
1" x 1/2" GI bushing	7	pc	80.00	560.00
1/2 PVC Clamp	15	pcs	10.00	150.00
1/2" PVC Adaptor w/ locknut	7	pcs	30.00	210.00
1/2" X 3" GI Nipple	24	pcs	50.00	1,200.00
1/2" Ø GI Solid Plug	7	pc	50.00	350.00
1/2" GI Tee	12	pcs	60.00	720.00
1/2" GI Elbow	42	pcs	60.00	2,520.00
1/2" Stopcock	12	pcs	60.00	720.00
1/2" Union Patente (GI)	12	pcs	60.00	720.00
Faucet	12	pcs	300.00	3,600.00
1/2" GI Coupling	12	pcs	50.00	600.00
1/2" GI Straight Elbow	12	pcs	50.00	600.00
Teflon Tape	42	pcs	60.00	2,520.00
Hacksaw Blade	12	pcs	75.00	900.00
				691,545.00

TOTAL LABOR COST 1,621,726.00

TOTAL CIVIL WORKS ITEM B: P 5,676,041.00

CONVEYANCE FACILITY

A. Pipelines, Valves and Fittings

1	200 mmØ PVC Pipe Class 150	1473	L	8,000.00	11,784,000.00
2	200 mmØ x 90° PVC Elbow	5	pcs	7,298.00	36,490.00
3	200 mmØ x 45° PVC Elbow	25	pcs	5,977.00	149,425.00
4	200 mmØ x 22.5° PVC Elbow	18	pcs	4,902.00	88,236.00
5	200 x 200 mm PVC Tee	2	pcs	8,500.00	17,000.00
6	200 x 150 mm PVC Tee	4	pcs	8,100.00	32,400.00
7	200 x 100 mm PVC Tee	26	pcs	7,900.00	205,400.00
8	200 x 75 mm PVC Tee	8	pcs	7,700.00	61,600.00
9	200 x 50 mm PVC Tee	3	pcs	7,500.00	22,500.00
10	200 mmØ CI Flange Adaptor	12	pcs	18,000.00	216,000.00
11	200 mmØ C.I Gate Valve M/M	10	pcs	27,000.00	270,000.00
12	200 mmØ C.I Valve Box Cover	10	pcs	1,500.00	15,000.00
13	200 mmØ C.I Sleeve type Coupling	20	pcs	21,000.00	420,000.00
14	200 mmØ x 150 mm Ø CI Reducer F/F	4	pcs	25,000.00	100,000.00
15	150 mmØ PVC Pipe Class 150	7077	L	4,000.00	28,308,000.00
16	150 mmØ x 90° PVC Elbow	7	pcs	4,590.00	32,130.00
17	150 mmØ x 45° PVC Elbow	28	pcs	3,489.00	97,692.00
18	150 mmØ x 22.5° PVC Elbow	16	pcs	2,883.00	46,128.00
19	150 x 100 mm PVC Tee	2	pcs	6,500.00	13,000.00
20	150 x 75 mm PVC Tee	8	pcs	6,300.00	50,400.00
21	150 x 50 mm PVC Tee	10	pcs	6,100.00	61,000.00
22	150 mmØ CI Flange Adaptor	20	pcs	7,300.00	146,000.00
23	150 mmØ C.I Gate Valve F/F	16	pcs	17,500.00	280,000.00
24	150 mmØ C.I Valve Box Cover	16	pcs	2,193.00	35,088.00
25	150 mmØ C.I Sleeve type Coupling	20	pcs	8,000.00	160,000.00
26	150 mmØ x 100 mm Ø CI Reducer F/F	4	pcs	8,600.00	34,400.00
27	100 mmØ PVC Pipe Class 150	7100	L	1,967.00	13,965,700.00
28	100 mmØ x 90° PVC Elbow	14	pcs	1,433.00	20,062.00
29	100 mmØ x 45° PVC Elbow	36	pcs	1,285.00	46,260.00
30	100 mmØ x 22.5° PVC Elbow	20	pcs	1,212.00	24,240.00
31	100 x 100 mm PVC Tee	8	pcs	5,500.00	44,000.00
32	100 x 75 mm PVC Tee	23	pcs	5,300.00	121,900.00
33	100 mmØ CI Flange Adaptor	14	pcs	6,500.00	91,000.00
34	100 mmØ C.I Gate Valve F/F	10	pcs	12,000.00	120,000.00
35	100 mmØ C.I Valve Box Cover	10	pcs	2,800.00	28,000.00
36	100 mmØ C.I Sleeve type Coupling	14	pcs	7,200.00	100,800.00
37	100 mmØ x 75 mm Ø CI Split Tee F/F	12	pcs	14,850.00	178,200.00
38	100 mmØ x 100 mm Ø CI Split Tee F/F	12	pcs	17,050.00	204,600.00
39	100 mmØ x 50 mm Ø CI Split Tee F/F	12	pcs	7,840.00	94,080.00
40	100 mmØ x 75 mm Ø CI Reducer F/F	4	pcs	15,000.00	60,000.00
41	75 mmØ PVC Pipe Class 150	9544	L	1,273.00	12,149,512.00
42	75 mmØ x 90° PVC Elbow	14	pcs	882.00	12,348.00
43	75 mmØ x 45° PVC Elbow	20	pcs	790.00	15,800.00
44	75 x 75 mm PVC Tee	2	pcs	7,500.00	15,000.00
45	75 x 50 mm PVC Tee	13	pcs	7,500.00	97,500.00
46	75 mmØ CI Flange Adaptor	14	pcs	5,720.00	80,080.00
47	75 mmØ C.I Gate Valve F/F	10	pcs	19,500.00	195,000.00
48	150 mmØ C.I Valve Box Cover	10	pcs	2,750.00	27,500.00
49	75 mmØ C.I Sleeve type Coupling	14	pcs	6,500.00	91,000.00
50	75 mmØ x 75 mm Ø CI Split Tee M/F	12	pcs	9,350.00	112,200.00
51	75 mmØ x 50 mm Ø CI Split Tee M/F	12	pcs	8,250.00	99,000.00
52	75 mmØ x 50 mm Ø CI Reducer F/F	2	pcs	15,000.00	30,000.00
53	50 mmØ PVC Pipe Class 150	3406	L	850.00	2,895,100.00
54	50 mmØ x 90° PVC Elbow	8	pcs	4,500.00	36,000.00
55	50 x 50 mm PVC Tee	12	pcs	4,500.00	54,000.00
56	50 mmØ CI Flange Adaptor	10	pcs	5,000.00	50,000.00
57	50 mmØ C.I Gate Valve F/F	10	pcs	17,160.00	171,600.00
58	150 mmØ C.I Valve Box Cover	10	pcs	2,750.00	27,500.00
59	50 mmØ C.I Sleeve type Coupling	10	pcs	5,720.00	57,200.00
60	50 mmØ x 50 mm Ø CI Split Tee M/F	20	pcs	8,200.00	164,000.00
61	5/8 x 3 Bolts and Nuts	200	pcs	40.00	8,000.00
62	3/4 x 3 Bolts and Nuts	200	pcs	30.00	6,000.00
63	Niolite Rubber	20	sq.m.	550.00	11,000.00
64	Marpak Grease	100	can	770.00	77,000.00
65	Hacksaw Blade	150	pcs	120.00	18,000.00
					74,281,071.00

B. Hydrants, Blow Off and Air Valves

1	200 mmØ x 100 mm Ø CI Split Tee M/F	30	pcs	31,350.00	940,500.00
2	200 mmØ x 25 mm Ø CI Saddle Clamp	10	pcs	3,000.00	30,000.00
3	150 mmØ x 100 mm Ø CI Split Tee M/F	20	pcs	28,100.00	562,000.00
4	150 mmØ x 25 mm Ø CI Saddle Clamp	10	pcs	2,700.00	27,000.00
5	100 mmØ x 50 mm Ø CI Split Tee M/F	20	pcs	24,800.00	496,000.00
6	75 mmØ x 50 mm Ø CI Split Tee	20	pcs	500.00	10,000.00
7	50 mmØ x 50 mm Ø CI Split Tee M/F	10	pcs	8,500.00	85,000.00
8	100 mmØ GI Pipe Shed 40	25	L	38,500.00	962,500.00
9	100 mmØ C.I Gate Valve F/F	50	pcs	20,200.00	1,010,000.00
10	100 mmØ Steel Ring Flange	100	pcs	1,700.00	170,000.00
11	100 mmØ Hydrant Head	50	pcs	38,500.00	1,925,000.00
12	50 mmØ C.I Gate Valve F/F	30	pcs	13,800.00	414,000.00
13	50 mmØ Brass Gate Valve	50	pcs	1,500.00	75,000.00
14	50 mmØ GI Pipe	25	L	1,800.00	45,000.00
15	25 mmØ Brass Air Valves	20	pcs	16,500.00	330,000.00
16	150 mmØ C.I Valve Box Cover	80	pcs	1,650.00	132,000.00
17	3/4 x 3 Bolts and Nuts	300	pcs	50.00	15,000.00
18	Welding Rod	50	kls	120.00	6,000.00
19	Niolite Rubber	20	sq.m.	550.00	11,000.00

P 7,246,000.00

C. Bridge Crossing Pipe and Support

1	200 mmØ Steel Pipe 6 mm thk	140	L	28221.6	3,951,024.00
2	200 mmØ Steel Ring Flange	16	pcs	2500	40,000.00
3	200 mmØ x 45° Stl Elbow	32	pcs	32000	1,024,000.00
4	200 mmØ CI Sleeve Type Coupling	16	pcs	35000	560,000.00
5	200 mmØ CI Flange Adaptor	16	pcs	18000	288,000.00
6	150 mmØ Steel Pipe 6 mm thk	14	L	13,056.00	182,784.00
7	150 mmØ Steel Ring Flange	10	pcs	2,100.00	21,000.00
8	150 mmØ x 45° Stl Elbow	20	pcs	11,700.00	234,000.00
9	150 mmØ CI Sleeve Type Coupling	10	pcs	22,900.00	229,000.00
10	150 mmØ CI Flange Adaptor	10	pcs	13,750.00	137,500.00
11	100 mmØ Steel Pipe 6 mm thk	85	L	6,228.00	529,380.00
12	100 mmØ Steel Ring Flange	16	pcs	1,500.00	24,000.00
13	100 mmØ x 45° Stl Elbow	32	pcs	5,500.00	176,000.00
14	100 mmØ CI Sleeve Type Coupling	16	pcs	6,500.00	104,000.00
15	100 mmØ CI Flange Adaptor	16	pcs	5,800.00	92,800.00
16	100 mmØ CI Gate Valve	14	pcs	20,900.00	292,600.00
17	100 mmØ Steel Ring Flange	14	pcs	770.00	10,780.00
18	100 mmØ Steel Pipe	4	L	19,800.00	79,200.00
19	25 mmØ GI Pipe	4	L	3,300.00	13,200.00
20	25 mmØ Air Release /Air Vacuum Valve	14	pcs	15,000.00	210,000.00
21	3/4 x 3 Bolts & Nuts	250	pcs	66.00	16,500.00
22	Sand (S1)	500	cu.m.	1,430.00	715,000.00
23	Gravel (G1)	500	cu.m.	1,540.00	770,000.00
24	Portland Cement	1100	bags	260.00	286,000.00
25	Welding Rod	100	kls	100.00	10,000.00

26	10 mmØ def bar	750	pcs	145.00	108,750.00
27	12 mmØ def bar	1320	pcs	205.00	270,600.00
28	1/2 x 4 x 8 ord plywood	100	pcs	890.00	89,000.00
29	2 x 2 x 12 Cocolumber	200	pcs	120.00	24,000.00
30	2 x 3 x 12 Cocolumber	200	pcs	170.00	34,000.00
31	2 x 4 x 12 Cocolumber	200	pcs	230.00	46,000.00
32	CWN #2	25	kls	84.00	2,100.00
33	CWN #3	25	kls	81.00	2,025.00
34	CWN #4	25	kls	81.00	2,025.00
35	GI Tie Wire #16	20	roll	2,700.00	54,000.00
36	Cutting Disc	10	pcs	50.00	500.00
37	Concrete Nail	10	kls	120.00	1,200.00
38	Hacksawblade	30	pcs	70.00	2,100.00
39	QDE	10	gal	600.00	6,000.00
40	Red Oxide	10	gal	400.00	4,000.00
41	Paint Thinner	5	gal	330.00	1,650.00
42	Paint Brush #2	10	pcs	45.00	450.00
43	Paint Brush #1	10	pcs	30.00	300.00
44	I Beam 8mm x 8 x 10	150	L	15,020.00	2,253,000.00
					12,898,468.00

D. Pavement Demolition and Restoration

35,000 LM 390.00 13,650,000.00

E. Labor Cost for Item A,B and C

₱ 37,826,438.65

TOTAL CONVEYANCE FACILITY: ₱ 145,901,977.65

F. Service Connections

10,000.00 units 4500 45,000,000.00

ADMIN BUILDING

A. 120 sq.m. Admin Building

120 sq.mm 35,000.00 **₱ 4,200,000.00**

NON ENGINEERING COST ITEM

A Standby Power

A.1 100 KVA

6 unit 1,000,000.00 6,000,000.00

B Land Acquisition

1000 sq.m. 3,500.00 3,500,000.00

C Construction Supervision

8,642,340.56

D Permits

5,000,000.00

E Overhead Cost

14,403,900.93

Total Non Engineering Cost Item: ₱ 37,546,241.49

Total :Project Cost Phase I: ₱ 325,624,260.14

**ANNEX C: MINIMUM PERFORMANCE STANDARDS AND SPECIFICATIONS AND KEY
PERFORMANCE INDICATORS**

SECTION 1. GUIDING PRINCIPLES

The main purpose of the Minimum Performance Standards and Specifications (MPSS) and Key Performance Indicators (KPIs) is to:

- a. Establish the minimum requirements that the Private Partner must meet through the detailed engineering design, construction, operation and maintenance of the Level III Water Supply System/s that includes the treatment plants, the pumping stations, the reservoirs, the transmission and distribution pipes that will convey the treated water to the Customers in the Service Area ("Facility"), hereinafter referred to as the Project;
- b. Create with certainty for both the LGU Mangatarem and the Private Partner the standards of performance expected of the Private Partner;
- c. Implement a system of KPIs for the Private Partner and a penalty system for non-compliance with those indicators.

This Annex A forms part of the CJVA for the Project.

SECTION 2 PROJECT SCOPE AND SERVICE AREA

2.1 Project Scope

The scope of the Project comprises the: (a) the development of raw water sources; (b) the planning, development, designing, building and commissioning of the Facility; (c) the management, operation and maintenance of the Facility; (d) the supply of the treated water to Customers within the Service Area; (e) metering reading, billing and collection of Water Tariff; and (f) financing of the above activities.

The Facility shall include the following components as described below:

1. Development of Production Well Sources with design capacity of 6 million liter per day (MLD).
2. Pumping Facilities which at the minimum includes a pump house, booster pump and motor (with controller, cable and riser pipes), discharge pipe assembly (including flow meter), distribution transformer and accessories, electrical lines and equipment, and generator sets;
3. Filtration Facilities of the specific type of technology which must be acceptable to the Municipality of Mangatarem.
4. Transmission and Distribution Systems capable of handling the minimum design criteria.
5. Construction of Administration Building. This administration building shall serve as office of the Mangatarem Water System Office.
6. Installation of individual service connections.

2.2 Service Area

The Service Area shall cover the following sixty-two (62) barangays of the Municipality of Mangatarem:

1. Andangin	32. Lopez
2. Arellano	33. Mabini
3. Baracbac	34. Macarang
4. Bedania	35. Malabobo
5. Bogtong Bolo	36. Maravilla
6. Bogtong Bunao	37. Maravilla - Arellano
7. Bogtong Centro	38. Naguilayan East

8. Bogtong Niog	39. Naguilayan West
9. Bogtong Silag	40. Nancasalan
10. Bueno	41. Niog-Cabison-Bulaney
11. Bumalacao	42. Olegario-Caoile
12. Burgos	43. Olo Cacamposan
13. Cabaluyan 1st	44. Olo Cafabrosan
14. Cabaluyan 2nd	45. Olo Cagarlitan
15. Cabarabuan	46. Osmeña
16. Cabayaoasan	47. Pacalat
17. Cabayugan	48. Pampano
18. Calumboyán Norte	49. Paul
19. Calvo	50. Pogon Lomboy
20. Casilagan	51. Quetegan
21. Caturay Norte	52. Quezon
22. Caturay Sur	53. Salavante
23. Caivernesán	54. Sonson Ongkit
24. Dorongan Ketaket	55. Tagac
25. Dorongan Linmasangan	56. Takipan
26. Dorongan Punta	57. Talogtog
27. Dorongan Sawat	58. Torre 1st
28. Dorongan Valerio	59. Torre 2nd
29. General Luna	60. Torres Bugallon
30. Lawak Langka	61. Umangan
31. Linmasangan	62. Zamora

SECTION 3 MINIMUM DESIGN CRITERIA

3.1 Minimum Requirements

The design of the Facility shall comply with the following minimum criteria:

i. Demand Projections

Base Year Population	31,000
Design Life	30 years
Minimum Demand	0.3 x Average Daily Demand (ADD)
Average Day Demand (ADD)	(Design Population x per capita consumption) ÷ 1 – Allowable Non-Revenue Water as specified in Section 7
Maximum Day Demand (MDD)	1.3 x ADD
Peak Hour Demand (PHD)	2.0 x ADD

ii. Per Capita Water Consumption

Domestic	80 liters per capita per day
Institutional	2.0 m ³ /day or actual
Commercial	1.0 m ³ /day or actual

iii. **Development of Raw Water Sources:** At all times during the CJV Term, utilized the production well sources with design capacity of 6 million liters per day (MLD).

iv. **Pumping Facilities Capacity:** MDD/Operating hours

v. **Transmission and Distribution System:** The transmission and distribution pipelines must be designed to handle the PHD compliant with the following:

Minimum pressure at the remotest end of the system	7 m
Maximum velocity of flow in pipes	
i. Transmission Line	3.0 m/s
ii. Distribution Line	2.2 m/s
Minimum velocity of flow in pipes	0.40 m/s

Allowable pressure within the system	7 m (minimum); 70 m (maximum)
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vi. **Filtration Facilities:** The Private Partner shall recommend, for the approval of the LGU Mangatarem, the appropriate treatment facilities (e.g. chlorinating equipment) to be installed. The selection of the best suitable technology should be guided by the following minimum criteria:

1. Life cycle: composed of cost capital cost and O&M cost
2. Flow rate and chlorine demand
3. Operating requirements: complexity in operating a particular type of equipment
4. Hazard/safety: transportation, handling, mixing, storage, exposure, etc.
5. Water quality parameters
6. Systems optimization

vii. **Water Supply Services:** The Private Partner shall offer water supply services to *all* Consumers within the Service Area no later than twenty four (24) months after the Construction of Works.

3.2 Use of Innovative Technologies and Design

- a. The Private Partner shall be required to employ cost and quality management control practices such as Value Engineering (VE) / Value Analysis (VA) which should be able to systematically evaluate the suitable input specifications such as technology, design, materials and operational processes of the Facility for the purpose of achieving the required functions at the lowest total cost of acquisition, ownership and operations and maintenance.
- b. The Private Partner may use a suitable technology or design alternatives provided, the Private Partner undertakes:
 1. to bear the financial consequences of such proposal including the consequences of any Delay; and
 2. that such proposal does not breach the MPSS, Prudent Industry Practice, any Relevant Rules and Procedures, or any Relevant Consent.

SECTION 4 DETAILED ENGINEERING DESIGN (DED)

4.1 Design Requirements

- a. The Private Partner shall prepare the Detailed Engineering Designs (DED) for the Project based on the following:
 1. the Preliminary Engineering Design submitted as part of the Private Partner's Technical Proposal;
 2. the Project Scope and Service Area as described in Section 2 (*Project Scope and Service Area*);
 3. the Minimum Design Criteria as set out in Section 3 (*Minimum Design Criteria*); and
 4. the General Design Basis as set out in Section 8 (*General Design Basis*).
- b. Within one hundred twenty (120) days from the Signing Date (subject to a further period of no more than sixty (60) days), the Private Partner shall submit to the LGU Mangatarem:
 1. the proposed DED;
 2. an explanation, in such detail as is necessary or expedient to enable the LGU Mangatarem fully and efficiently to understand the DED, and in particular, how it complies with the Design Requirements as outlined in this Section; and
 3. such other information as the LGU Mangatarem may reasonably request for the purposes of its consideration of the DED.
- c. The approved DED shall be the basis for the actual construction, operation and maintenance of the Facility.

- d. Notwithstanding the approval by the LGU Mangatarem, the Private Partner shall be solely responsible for the integrity of its DED. The LGU Mangatarem's approval does not diminish the responsibility of the Private Partner, nor does it transfer any part of such responsibility to LGU Mangatarem.

4.2 Documents Comprising the DED

The contents of the DED shall be as follows:

- a. **Technical Studies Report:** This report contains the special design provisions as well as a summary of the design standards, codes and specifications used. Design provisions include, among others, demand requirements, hydraulic analysis, justification for any treatment adopted, soil bearing pressures conditions as a basis for foundation design, distribution system, source description and justification. This shall include all the water source and soil investigation reports such as geo-technical investigations, water geo-resistivity test, geological survey records or the state of well drilling reports (as applicable), geologic maps that shows the general locations of the aquifer as well as the rock formation, among others as may be applicable;
- b. **General Layout:** A plan view showing the location of major facilities and coverage of the pipe network. This shall also include topographic maps that shows surface features and elevations;
- c. **Detailed Plans:** These are the blueprints or working drawings which will show the locations, elevations, schematics and dimensions of all facilities, program of works, and construction schedule. These will include, among others, the electro-mechanical drawings which will show the shop and fabrication details;
- d. **Specifications:** This will refer to a description of either the materials and equipment to be used or the performance required; and
- e. **Bill of Quantities and Cost Estimates:** The bill of quantities will be used to establish the project investment cost.

Drawings submitted to LGU Mangatarem by the Private Partner must be fully validated and signed by the Private Partner's design engineer. The submissions must be supported by analysis and design calculations, brochures, catalogues and test results approved by the Private Partner's design engineer.

SECTION 5. CONSTRUCTION

5.1 Related Construction Planning Inputs

- a. **Control Devices.** Control devices (such as barriers, fences, gates) and appropriate safety structures during construction and operation to control and monitor the site security shall be installed by the Private Partner at all vulnerable locations, including but not limited to construction sites, raw water sources, pumping stations, reservoir, and such others locations as may be identified in the DED.
- b. **Communication with the Local Communities.** The Private Partner shall assist the LGU Mangatarem in providing all necessary communication with the local communities. The Private Partner shall support LGU Mangatarem in their effort to achieve this objective by making available necessary information material such as but not limited to information brochures, posters, maps, reports.
- c. **Existing Environment During Construction.** The existing environment shall be maintained and protected during the construction by the Private Partner following the requirements set out in the Environmental Compliance Certificate (ECC) and Environmental Management and Monitoring Plan (EMMP).

5.2 Process Requirement for Construction

- a. **Project Construction Quality Plan (PCQP).** The Private Partner shall propose, maintain and use a PCQP. This plan shall be approved by LGU Mangatarem and shall be used by both parties to control the quality throughout the construction phase of the Project. The PCQP shall consists of the following minimum requirements, which needs to be described per object separately:
1. Method statement on how the Private Partner will control the quality and provides a transparent work process during the construction phase
 2. Method statement on how the activities will be carried out during the construction phase, including but not limited to:
 - How the Private Partner proves compliance with the MPSS;
 - What specific, measurable, achievable, realistic, and time-bound (SMART) parameters shall be used by LGU Mangatarem to check and finally accept compliance;
 - Risks and connections with other components and activities;
 - Milestones
- b. Supervision observations and all relevant observation and test reports shall be maintained throughout the construction phase and a copy of the records shall be turned over to LGU Mangatarem and be stored for information during future safety inspections.
- c. **Project Construction Verification and Validation Plan (PCVVP).** The Private Partner shall propose, maintain and use a PCVVP as part of the PCQP. This plan shall be approved by LGU Mangatarem and shall be used by both parties to validate all specific parts of the Works. For the PCVVP, the following shall be documented per object:
1. Verification method: a description of the testing / measuring method, the testing / measuring equipment, the measurable parameters, acceptable tolerances, assumptions, conditions the tests can be performed, and other considerations important for the verification method; and
 2. Verification procedure, including the person who carries out the verification and the person who checks and authorizes the verification has been completed.
- d. **Requirements for Construction Materials.** The Private Partner shall undertake tests during construction in accordance with the schedule of minimum testing requirements for items of work and materials covered by the latest version of the DPWH's Blue Book. If any new construction materials proposed by the Private Partner are not covered by the Blue Book, the Private Partner shall provide to LGU Mangatarem technical evidence of their appropriateness for the Works. This requirement shall be applied for, but not limited to, the following list of materials: concrete, concrete reinforcement, road works, rock bolting or grout anchors, steel works, welding, bolting, earth works, slope stability and settlements, soil compaction, electrical and mechanical works, utilities, pipes, and building structures.

5.4 Public Safety and Convenience during Construction

- a. Traffic should be regulated/controlled unless permission has been granted by the proper authority to completely close a road.
- b. The Private Partner should provide and maintain all necessary barricades for the construction and for streets closed to traffic.
- c. A sufficient number of watchmen and traffic flagmen must be available.
- d. Suitable warning signs at places where surfacing ends or where not compacted.
- e. Warning signs one hundred fifty (150) meters in advance of any place on the project where the operations interfere with the use of the road by crosses or coincides with an existing road.
- f. All of the above illuminated at night with lights from sunset to sunrise.

5.5 Completion and Acceptance

Part 1 – Pre-commissioning

During pre-commissioning, the Private Partner should ensure that:

- a. All piping system installations are complete and all the mechanical completion certificates are obtained. No damage should occur between the mechanical completion and pre-commissioning.
- b. The water booster pump, water booster network is hydraulically pressure tested and approved, all piping lines is complete with proper valves, water hammer arrester, drains, vents, strainers, pressure, switches and instruments are in place as per final approved drawings and test packages.
- c. The valve stations are installed in all the area and the by-pass piping is completed and properly supported. All identifications of all the piping network are complete.
- d. The entire system/s is totally cleaned internally and externally and water supply for the whole network is disinfected in line with approved methods.
- e. All water supply pumps are pre-commissioned and commissioned in line with the approved guidelines and procedure.
- f. The installation is in accordance with the specification and drawings.
- g. All equipment are in proper working order.
- h. Programming and settings have been completed and checked.
- i. Rotation of installed pumps is correct.
- j. The Punch list (if applicable) has been complied with.
- k. All facilities needed to be disinfected have been chlorinated appropriately.

Part 2 – Commissioning

During the commissioning of the entire system/s, the Private Partner must:

- a. Ensure that all items in the pre-commissioning checklist is carried out successfully.
- b. Ensure that all water supply system/s shall be completed and tested for proper sequence of operation;
- c. Run the system and test for minimum pressures and chlorine residuals, as specified in Part 3 - Test Guidelines outlined below;
- d. Provide generator load tests;
- e. Provide pump tests to confirm that the finished station meets the design flows; and
- f. Ensure that the pressure of the system/s shall be maintained always at design test pressure as specified.

Part 3 – Test Guidelines

- a. Pipeline Testing
 - 1. Field testing of the piping network system should be carried out to ensure leak tightness. Upon completion of all piping installation the whole system shall be inspected to ascertain that the following guidelines have been followed:
 - Proper usage of materials and equipment installed;

- Correct erection of lines in accordance with all the plans and drawings as per standards and specifications;
 - Correct installation of temporary blind discs or flange to be employed during the testing;
 - The correct application of pre-established pressure;
 - Sectioning of the piping line in correspondence with these materials and / or equipment which are not a part of the test package.
2. All instrumentation, piping system fabricated or assembled in the field shall be tested in the field, irrespective of whether or not it has been pressure tested prior to site fabrication and welded.
 3. Before being put into service, new pipelines must be hydrostatically pressure tested. Only pipelines passing the pressure test should be put into service.
 4. Testing of pipelines should be done in sections, before any permanent resurfacing of the dug-up roadways.
 5. Pressure testing shall be conducted for a maximum length of 500 meters for distribution pipelines and 1,000 meters for a transmission line.
 6. The water necessary to maintain the pressure shall be measured by a meter or through any suitable means. The allowable leakage shall be determined by the formula below:

$$\text{Allowable Leakage (AL)} = \frac{1.85 \text{ liter}}{(\text{pipe diameter in mm})} \text{ per (pipe length in km) per day}$$

7. Where defects are detected, the defective portions of the line should be repaired or replaced with sound material before proceeding.

b. Pipeline Disinfection

a. Pipeline Flushing

- i. Flushing of piping lines shall be done by fresh potable water or dry compressed air wherever water flushing is not desirable to clean of all dirt, debris or loose foreign materials. The supply of compressed air for flushing shall be the responsibility of the Private Partner including the cost involved.
- ii. Also, the Private Partner shall provide all pumping equipment, compressors, water/air hoses and its accessories etc. Wherever required, instruments such as pumps, pressure gauges, safety valves, spool pieces, temporary gaskets, tools and tackles and all other arrangements, equipment, materials and consumables etc. shall be at the expense of the Private Partner.
- iii. Minimum flushing velocity is 0.8 m/s (2.5 fps) to attain proper flushing action.

b. Introduction of Chlorine Solution

- i. Chlorine solution of not more than fifty milligrams per liter (50 mg/l) is pumped at the beginning of a valved-section of pipeline until full.
- ii. Preferred application point is usually at one end of the pipe section through a corporation stop inserted on top of the laid pipe.
- iii. During the 24-hour contact period, chlorinated water should not be allowed to flow into the potable water distribution system
- iv. After a contact period of 24 hours, samples of chlorine residual shall be taken and tested along the entire length of the pipeline. Residual chlorine shall not be less than 25 mg/l, otherwise the treatment procedure shall be repeated until satisfactory results are obtained.

c. Draining and Final Flushing

- i. After draining the chlorine solution through a draw-off valve into a storm sewer pipe, clean water must be used to flush the disinfected pipeline. After flushing, the residual chlorine should be between 0.20 – 0.75 mg/l.

- d. Reservoir Testing and Disinfection (as applicable)
 - i. After construction, the reservoir should be filled up and observed for 30 days to test for leakage. If the water surface drops more than 5.1 cm, the reservoir should be emptied and the cause/s of leakage be repaired.
 - ii. Disinfection should comply with the applicable government standards

SECTION 6. OPERATIONS AND MAINTENANCE SERVICES

6.1 General Obligation regarding the provision of Water Services

The Private Partner shall offer and provide water supply services to the Service Area on or before Operations Start Date. The Private Partner shall ensure the availability of an uninterrupted twenty-four (24) hour supply of water to all Customers in the Service Area, subject to interruptions resulting from the temporary failure of the Facility (where the Private Partner acts promptly to remedy such failure) or required for the repair or construction of the Facility where such repairs or construction cannot be performed without interruption to the supply of water.

At all times, the Private Partner shall provide the highest quality services to its Customers that are practically achievable subject to guidelines issued by the LGU Mangatarem, including, but not limited to:

- a. giving prompt responses to Customer's inquiries and complaints;
- b. giving notices to Customers at least forty-eight (48) hours in advance of any planned interruptions in water supply;
- c. making alternative water supplies available for planned interruptions in service;
- d. effecting urgent restoration of water supplies for any unplanned interruptions in service and informing Customers on progress in making necessary repairs and treatment of potentially contaminated supplies; and
- e. providing invoices to Customers which clearly identify services and charges.

6.2 Service Connections

The Private Partner shall deliver water supply to Customers at the designated Service Connection points in accordance with the performance criteria specified in this Annex A (*Minimum Performance Standards and Specifications and Key Performance Indicators*), and fees prescribed under Section 2.06 of the CJVA.

6.3 Obligation to Supply Water for Public Purposes

The Private Partner shall make available an adequate supply of water for fire-fighting and other public purposes as the barangays comprising the Service Area may reasonably request. The Private Partner shall not assess a charge for such water used for fire-fighting purposes but may charge for all other water used for public purposes.

6.4 Provision of Water Other Than Through a Water Main

The Private Partner shall make a supply of water available to Customers other than through a water main in circumstances where (i) supplies through a water main have been or will be interrupted for more than twenty four (24) hours, or (ii) supplies through a water main have been or will be subject to contamination.

The charges for these services shall not exceed the approved water tariff for piped water supplies. In circumstances where no connection to a water main exists, the Private Partner may make a supply of water available to Customers other than through a water main at a fee equal to the costs reasonably and efficiently incurred by the Private Partner in supplying such water.

6.5 O&M Manual

The Private Partner must submit an O&M Manual prior to being issued the Acceptance Certificate or Provisional Acceptance Certificate as well as all brochures of equipment used in the system. The O&M Manual must include, among others, disinfection procedures, preventive maintenance protocols, pump operations, chlorinator operation & maintenance, water quality monitoring

schedules, reservoir maintenance (as applicable), production meter maintenance, financial systems and control, emergency response plan, and asset data sheets.

6.6 Business Plan

Coinciding with the period for Water Tariff Adjustment, the Private Partner shall prepare and submit to LGU Mangatarem a copy of the Business Plan following the NWRB Guidelines. The said Business Plan should contain, among other things, the following details:

- a. *Report on existing service performance and the target service levels:* This is to present the existing service levels of the Facility as well as the performance targets or planned service level targets for the next five (5) year period. Service levels pertain to KPIs outlined in Section 7 (*Key Performance Indicators*) hereof; and
- b. *Demand and supply projections:* This aspect contains an estimate of the projected demand (or target service connections) as well as details on how the Facility will be able to meet such targets (e.g. development of new water sources). For the avoidance of doubt, the supply projections should cover, among others, an analysis of the status, viability and sustainability of the existing water sources.

The first Business Plan for the Project, which shall account for the first five (5) years of the JV Term shall be submitted by the Private Partner as part of its Technical Proposal as described in Annex TP-7a – ITB.

6.7 Protection of Water Sources and Sites

As part of the Business Plan, the Private Partner shall look at the future viability of its water sources, ensure that extractions are well within the limits of safe yields, and ensure that potential pollution threats are mitigated. Following the approval of the Business Plan, and upon prior consent from LGU Mangatarem, both the Private Partner and LGU Mangatarem may jointly be responsible in carrying out and enforcing the strategies, directions, and activities identified in the Business Plan aimed mitigating threats to the future viability of the water sources.

6.8 Tampered Meters and Illegal Connections

Disconnections/reconnection of water service connection due to tampering, bypass and other illegal connection shall be subject to Republic Act No. 8041 otherwise known as the “National Water Crisis Act of 1995”, its implementing rules and regulations, and such other applicable laws.

SECTION 7 KEY PERFORMANCE INDICATORS (KPIs)

The Key Performance Indicators (KPIs) and corresponding details are outlined below:

Part 1 – Primary KPIs

KPI Charges will be imposed if the Private Partner fails to meet the requirements of the Primary KPIs outlined below. The imposition of the corresponding KPI Charges shall commence after the Operation Start Date. Payments for the KPI Charges shall be settled in accordance with Section [] (*KPI*) of the CJVA.

KPI 1 – Supply Availability	
Definition	Number of hours that water is available for consumption
Benchmark	Target supply availability of twenty-four hours per day
Measurement Frequency	Daily
Conditions Warranting KPI Charges	This criterion is not met and penalty may be awarded in case it is established, through reporting by the Private Partner or after investigation by LGU Mangatarem, that more than four (4) hours of unannounced service interruption with no provision for alternative means of water supply (e.g. water delivery through tankers) have been experienced by consumers.

KPI 1 – Supply Availability	
	All planned and pre-announced service interruptions shall require prior coordination with and approval from LGU Mangatarem. The permitted period of service interruption, as well as the requirement for the Private Partner to provide an alternative means of water supply, shall be determined on a case to case basis and shall be stipulated in and become part of such LGU Mangatarem's approval.
KPI Charge Calculations	<p>The KPI Charge for Supply Availability violation ($KPIC_1$), in Philippine Peso, shall be computed as follows:</p> $KPIC_1 = C_o \times SU \times PR_{kpi1}$ <p>Where:</p> <p>C_o - Number of connections affected;</p> <p>SU – Recorded number of hours exceeding four (4) hours of unannounced service interruption with no provision for alternative means of water supply (e.g. water delivery through tankers) experienced by consumers, OR in the case of planned service interruption, the number of hours that the conditions stipulated in the LGU Mangatarem's approval for such planned service interruption are breached;</p> <p>PR_{kpi1} – Penalty rate for KPI-1, which should be equivalent to the average domestic charge per hour, calculated as follows:</p> $PR_{kpi1} = \text{minimum water charge for residential customer for the first 10 cu.m} \div (30 \text{ days} \times 24 \text{ hours per day})$

KPI 2 – Minimum Line Pressure	
Definition	Adequacy of pressure within the systems
Benchmark	No lower than the Minimum Line Pressure (MLP) of seven (7) meters head, measured at the farthest distribution line water tap.
Measurement Frequency	Monthly
	Both LGU Mangatarem and Private Partner will select an agreed number of sampling points per barangay. KPI Charges will be imposed if it is determined that the Average Line Pressures (ALP) is below the MLP of 7 meters head.
	ALP is equal to the sum of all the pressure readings taken from all the sampling points, divided by the total number of sampling points.
Conditions Warranting KPI Charges	This criterion is not met and penalty may be awarded in case it is established, through reporting by the Private Partner or after investigation by LGU Mangatarem, that the MLP requirement within the system are not being meet.
KPI Charge Calculations	<p>The KPI Charge for MLP violation ($KPIC_2$), in Philippine Peso, shall be computed as follows:</p> $KPIC_2 = C_{obgy} \times APSF \times PR_{kpi2}$ <p>Where:</p> <p>C_{obgy} – total number of connections in the affected area or sector of the system;</p>

KPI 2 – Minimum Line Pressure	
	<p>APSF – Average pressure shortfall, calculated by deducting the ALP from MLP (which is currently set at 7 meters head). P_f shall be deemed to be equal to zero when ALP is equal to, or greater than, 7 meters.</p> <p>PR_{kpi2} – Penalty rate for KPI-2, which should be equivalent to the average domestic tariff per cubic meter, calculated as follows:</p> <p>PR_{kpi2} = minimum water charge for residential customer for the first 10 cu.m, divided by 10 (or PhP 31.00).</p>

KPI 3 – Water Quality																									
Definition	<p>The percentage of water samples that meet or exceed the Permissible Limits for all the Mandatory Parameters as specified by the Philippine National Drinking Water Standards (PNSDW). Mandatory Parameters shall include the following:</p> <table> <tr> <th>Parameters</th><th>Sample Locations</th></tr> <tr> <td>Thermotolerant Coliform</td><td>Treatment Plant Outlet / Source and Consumers' Taps</td></tr> <tr> <td>E. Coli</td><td>Treatment Plant Outlet / Source and Consumers' Taps</td></tr> <tr> <td>Arsenic (As)</td><td>Treatment Plant Outlet / Source</td></tr> <tr> <td>Cadmium (Cd)</td><td>Consumers' Taps</td></tr> <tr> <td>Lead (Pb)</td><td>Consumers' Taps</td></tr> <tr> <td>Nitrate (NO₃)</td><td>Treatment Plant Outlet / Source</td></tr> <tr> <td>Color (apparent)</td><td>Treatment Plant Outlet / Source and Consumers' Taps</td></tr> <tr> <td>Turbidity</td><td>Consumers' Taps</td></tr> <tr> <td>pH</td><td>Treatment Plant Outlet / Source and Consumers' Taps</td></tr> <tr> <td>Total Dissolved Solids</td><td>Treatment Plant Outlet / Source</td></tr> <tr> <td>Disinfectant Residual</td><td>Treatment Plant Outlet / Source and Consumers' Taps</td></tr> </table>	Parameters	Sample Locations	Thermotolerant Coliform	Treatment Plant Outlet / Source and Consumers' Taps	E. Coli	Treatment Plant Outlet / Source and Consumers' Taps	Arsenic (As)	Treatment Plant Outlet / Source	Cadmium (Cd)	Consumers' Taps	Lead (Pb)	Consumers' Taps	Nitrate (NO ₃)	Treatment Plant Outlet / Source	Color (apparent)	Treatment Plant Outlet / Source and Consumers' Taps	Turbidity	Consumers' Taps	pH	Treatment Plant Outlet / Source and Consumers' Taps	Total Dissolved Solids	Treatment Plant Outlet / Source	Disinfectant Residual	Treatment Plant Outlet / Source and Consumers' Taps
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Disinfectant Residual	Treatment Plant Outlet / Source and Consumers' Taps																								
Benchmark	100% of samples should be within the Permissible Limits specified by the PNDWS as published by the Department of Health (DOH) and prevailing at such time; provided, that the LGU Mangatarem, shall have the discretion to consent to a phase-in of compliance with these standards.																								
Measurement Frequency	Monthly for all parameters																								
Conditions Warranting KPI Charges	If the percentage of water samples that falls below the Permissible Limits specified by the PNDWS is below 100%.																								
KPI Charge Calculations	<p>The KPI Charge for Water Quality violation ($KPIC_3$), in Philippine Peso, shall be computed as follows:</p> $KPIC_3 = \left(\frac{WQS}{WQT} \times 100 \right) \times PR_{kpi3}$ <p>Where:</p> <p>WQS – Number of water quality samples that meet the specified potable water stadards in the month (in number per month). All parameters of the quality standards should be met. The sample cannot be deemed to have been met the standard when at least one parameter standard is not met.</p> <p>WQT – The total number of water samples that are taken for testing</p>																								

KPI 3 – Water Quality	
	in the months. Sample should be drawn from the locations as specified above.
	PR_{kpi3} = Penalty rate for KPI-3, which should be equivalent to the average domestic tariff per cubic meter, calculated as follows:
	PR_{kpi3} = minimum water charge for residential customer for the first 10 cu.m, divided by 10 (or Php 31.00).

KPI 4 – Service Coverage	
Definition	Percentage (%) of actual service connections versus target service connections, per approved Business Plan (BP)
Benchmark	For the 5 th year: not less than 40% of BP projections For the 10 th year: not less than 50 % of BP projections For the 15 th year: not less than 70% of BP projections For the 20 th year: not less than 95% of BP projections.
Measurement Frequency	Annually
Conditions Warranting KPI Charges	Benchmarks are given every five (5) years. KPI Charges are due if the Private Partner fails to achieve 90% of benchmark.
KPI Charge Calculations	KPI Charge = number of connections unserved as of every 5 th year x 5 cu.m x average domestic tariff per cu.m* x 2 years *Average domestic tariff per cu.m = minimum water charge for residential customer for the first 10 cu.m ÷ 10

Part 2 - Secondary KPIs

This Secondary KPI compliance requirements are intended as a proactive mechanism that does not seek to penalize but rather identify areas of non-compliance that should trigger remedial actions by the Private Partner. The KPI Charges described for each of the Secondary KPIs described below shall not be levied against the Private Partner but shall become part of the calculations for the cost threshold that can trigger the Private Partner's Event of Default, as specified in Section 11.01 of the CJVA.

KPI 5 – Non-Revenue Water (NRW)	
Definition	Percent of NRW = (Volume of Water Produced - Billed Volume) ÷ Volume of Water Produced
Benchmark	Allowable NRW of 20% all throughout
Measurement Frequency	Monthly
Conditions Warranting KPI Charges	If NRW exceeds below the benchmark
KPI Charge Calculations	Failure to attain average NRW % within a year per system will be penalized as follows: KPI Charge = (Number of connections per system x minimum domestic charge* x % pts over the Benchmark x 12) ÷ 2 *Minimum domestic charge is the water charge for residential customer for the first 10 cu.m

Part 3 – KPI Performance Monitoring Protocol

- The Private Partner shall develop procedures by which all desired KPIs can be monitored and measured (the "KPI Performance Monitoring Protocol"). The Private Partner shall provide LGU Mangatarem the said KPI Performance Monitoring Protocol as part of the O&M Manual. The Private Partner shall likewise provide LGU Mangatarem all necessary resources to effectively perform such measurements for validation and monitoring purposes.

- b. KPI performance measurements will be a fundamental task to be practiced by the Private Partner. The Private Partner will adopt standards, systems and processes for:
 - Identifying and tracking KPI performance against targets;
 - Identifying opportunities for improvement
- c. The Private Partner will follow a '*Plan – Do – Check – Act*' cycle to:
 - ensure KPI requirements are continuously being met;
 - provide visibility and a "scoreboard" for monitoring KPI performance level; and
 - highlight KPI performance problems and determine areas for priority attention.
- d. The Private Partner shall maintain professional organizational units to cover the following operational aspects:
 - Monitoring and reporting. All relevant aspects of the performance of the systems shall be monitored as required. The organization shall provide periodic reports to LGU Mangatarem on the performance of all operational KPIs.
 - Service desk. The service desk shall be available during service operating hours.
 - Incident management. There shall be either online or offline incident management system in which authorized staff of both LGU Mangatarem and the Private Partner can enter, prioritize and review any incidents.
 - Performance analysis. The Private Partner and LGU Mangatarem shall perform a joint and detailed analysis of KPI performance, problem occurrences and problem solving on a periodic basis (as may be required) view to continuously improve any relevant system elements;
- e. The LGU Mangatarem, by itself or through a third party panel of expert(s), shall have the right to audit, review and validate the KPI performance report submitted by the Private Partner once per year.

SECTION 8: GENERAL DESIGN BASIS

8.1 General Design and Construction Guides

The Design of all facilities and equipment for the Project shall be based on the latest national and international codes and standards existing at the time of the signing of the CJVA, which includes, but not limited to the following:

- National Building Code (PD 1096);
- National Structural Code of the Philippines (NSCP);
- Fire Code of the Philippines (RA 9514);
- Philippine Electrical Code (RA 7920);
- Uniform Plumbing Code of the Philippines;
- Mechanical Engineering Code of the Philippines;
- Clean Air Act (RA 8749);
- Clean Water Act (RA 9275);
- Solid Waste Management Act (RA 9003);
- Toxic Substances and Hazardous and Nuclear Wastes Control (RA 6969);
- Philippine National Standards;
- Environmental Code of the locality;
- Philippine Environmental Laws and Standards;
- Prudent Industry Practice;
- all Relevant Rules & Procedures and applicable regulations/norms/standards;
- all Relevant Consents.

For areas not covered by national codes and standards, international codes and standards commonly used in the country will serve as reference and design basis.

In the event of any inconsistency between the provisions of this Annex A and any provision of the relevant national and international codes and standards, the provisions of the relevant codes and standards shall govern, subject to LGU Mangatarem's confirmation.

8.2 Structural Design

The Structural Design Criteria contains loading assumptions and allowable stresses for the design of buildings and concrete reservoirs. Design methods and analysis are based on the following standards, specifications and references:

- American Concrete Institute ACI 318 Building Code requirements for Reinforced Concrete Structures;
- American Concrete Institute ACI 315 Manual of Standard Practice for Details and Detailing of Concrete Reinforcement;
- American Concrete Institute ACI 350R Environmental Engineering Concrete Structures;
- Structural Design Manual Specifications, latest edition;
- National Structural Code of the Philippines (NSCP), latest edition;
- Philippine National Standards (PNS);
- Steel Constructional Manual (AISC) latest edition;
- American Water Works Association (AWWA) Manual for Pipe Design.



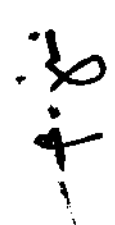

8.3 Electro Mechanical Works

The basis of the design of the mechanical works shall comply with the latest requirements of the local and other international codes and standards as enumerated hereunder. In case there is any discrepancy on requirements or regulations, the local codes shall govern unless otherwise mandated by higher authorities.

- National Building Code of the Philippines (NBC);
- Philippine Electrical Code (PEC);
- National Electric Code (NEC);
- National Electrical Manufacturer's Association (NEMA);
- Institute of Electrical and Electronics Engineers;
- Other internationally accepted standards.

ANNEX D

TURNOVER REQUIREMENTS

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- a) The Private Partner shall manage the maintenance of the Facility and ensure that is in good condition and performing at operating level efficiencies in accordance with Annex A at the end of the CJV Term.
 - b) At least twelve (12) months prior to the Turnover Date, the Private Partner shall conduct an independent assessment of the residual life through an independent agency/ consultant together with the LGU Mangatarem.
 - c) In case that the Facility does not comply with the performance operating level and efficiencies, the Private Partner shall do all the required replacement, repair and maintenance necessary for maintaining the operating level efficiencies of the Facility with three (3) months.

ANNEX E

FINANCIAL CONSEQUENCES OF TERMINATION

1. Terms and Definitions

Notation	Definition
BV_{td}	The incremental costs incurred by the Private Partner, during interval t , for Works in Progress and Works it has undertaken and completed. This includes (but not limited to) the following: <ul style="list-style-type: none"> Any capitalized interest, financing costs, and related acquisition costs; and Costs of any approved LGU Mangatarem initiated Variation which have already been executed, and net of any incremental compensation for costs for the LGU Mangatarem initiated Variations or for FM Restitution Amount from the Grantor, as at time t
CAP_{td}	Cap on Cost Overruns. This is calculated as 1 or the ratio between Approved Capex Benchmark, which is based on the approved Detailed Engineering Design, divided by the BV of the Capex actually spent, whichever is lower.
CA_{td}	CA_{td} is the aggregate amount of the following items held by the Private Partner, as of td : <ol style="list-style-type: none"> Cash-on-hand; Credit balances of any deposit, money market, reserve or securities accounts maintained with any bank or financial institution; Accounts receivable less accounts payable; and other forms of current assets, including any unpaid insurance proceeds due as of td. <p>* Amounts that are purely attributable to Commercial Assets shall be excluded.</p>
Dep_{td}	Accumulated amount of depreciation as of td , computed using the straight-line method over the period from the issuance of the Final Acceptance Certificate to the Turnover Date as may be extended in accordance with the <i>CJVA</i> .
$Dist_t$	Distribution to shareholders. This includes dividends Interest/redemptions of paid in capital and shareholder lending.
D_{td}	Outstanding Senior Debt as of td . It will not include shareholder lending preferred shares or mezzanine debt.
6-month $EIRR_t$	$EIRR_t$ is the semi-annual return on equity of [---] (to be filled in at Signing Date based on winning Private Partner's IRR).
E_t	Incremental Equity Infusion at time = t . This includes shareholder lending, preferred shares or mezzanine debt.
Lev_{td}	The lesser between: <ol style="list-style-type: none"> The Net Leverage Ratio = $\frac{D_{td} - CA_{td}}{(D_{td} - CA_{td} + E_{td})}$ 80% <p>Provided that the Net Leverage Ratio shall be deemed to equal 0 if: $(D_{td} - CA_{td}) \leq 0$.</p>
L_{td}	Private Partner's unpaid Liquidated Damages to LGU Mangatarem
RW	Total cost of rectification works, and net of insurance proceeds (assuming that the required insurance in the <i>CJVA</i> is obtained) used to bring the Facilities to their condition prior to the occurrence of the Force Majeure Event.

t	Index denoting a specific six-month interval (where $t = 1$ for the 1 st six-month interval and $t = d$ for the last six-month interval, which may be shorter than six months)
td	Termination Date
T_{gov}	Any and all reasonable breakage costs assessed, incurred or sustained by or against LGU Mangatarem resulting from the suspension, breach and/or termination of this <i>CJVA</i> . Provided, none of the above costs or expenses shall be paid twice, and that T_{gov} may not exceed a percentage and a half (1.5%) of BV_{td}
T_{prop}	The aggregate of (1) the necessary, reasonable and documented costs of early termination of any contracts with approved Subcontractors and (2) any prepayment or early termination costs payable by the Private Partner to the Lenders and providers of hedges, swaps and the like, subject in each case to the Private Partner mitigating all such costs to the extent reasonably possible and subject to there being no double counting of costs payable. Provided that T_{prop} may not exceed a percentage and a half (1.5%) of BV_{td}
TP_{td}	Termination Payment calculated as of td .
UGC_{td}	Unpaid amounts due to PSP from LGU Mangatarem as of td as per <i>CJVA</i> .

2. Grantor Default Events

$$TP_{td} = [(D_{td} \times CAP_{td}) + \sum_{t=1}^{td} [([E_t \times CAP_{td}] - Dis_t) \times (1 + 6 - month \ EIRR_{td})^{td-t}] + [(T_{prop} + UGC_{td} - L_{td} - CA_{td})]$$

3. PSP Default Events

$$TP_{td} = [(BV_{td} - Dep_{td}) \times CAP_{td} \times Lev_{td}] + [(UGC_{td} - T_{gov} - L_{td} - CA_{td})]$$

4. Force Majeure Event

$$TP_{td} = [(BV_{td} - Dep_{td}) \times CAP_{td}] + \left[\left(\frac{T_{prop}}{2} - \frac{T_{gov}}{2} \right) + UGC_{td} - L_{td} - \frac{RW}{2} - CA_{td} \right]$$

ANNEX F: FORM OF ACCESSION AGREEMENT

This Accession Agreement is made and entered into this 26th day of May, 2025 at Mangatarem, Pangasinan, by and between:

MUNICIPALITY OF MANGATAREM, PANGASINAN, a local government unit with corporate powers granted under Republic Act No. 7160, otherwise known as the Local Government Code of 1991, with principal business address at Municipal Hall, Brgy. Calvo, Mangatarem, Pangasinan, represented by its **MAYOR, HON. RAMIL P. VENTENILLA**, who is duly authorized and empowered for this purpose under and by virtue of the Sangguniang Bayan Resolution No. _____, series of 2025, a copy of which is hereto attached as Annex "A" and made an integral part hereof.

TERESA WATERWORKS INC., a corporation duly organized and existing under Philippine laws, with office address at 2nd Floor ABC Bldg, Teresa Ave., Nepo Center, Angeles City, Pampanga, represented herein by its President, **MARIA RITA JOSEFINA V. CHUA** herein referred to as the "Private Partner".
and

NEPO WATER INC., a corporation duly incorporated under the laws of the Philippines and having its registered office at Royal Palm Center Building, Brgy. Pogon-lomboy (Pob), Mangatarem, Pangasinan represented by **MARIA RITA JOSEFINA V. CHUA**, hereinafter referred to as "SPC".

RECITALS:

- and*
- SPC*
- 2.8*
- A. This Accession Agreement is supplemental to the Contractual Joint Venture Agreement dated May 26, 2025 (CJVA) executed between Municipality of Mangatarem and TERESA WATERWORKS INC, whereby the Parties have agreed to be co-venturers to undertake the CJVA Project.
 - B. NEPO WATER INC., is a Philippine corporation formed by the TERESA WATERWORKS INC as a special purpose corporation specifically to accede, perform, and exercise all the rights and have all the obligations of the TERESA WATERWORKS INC under the CJVA.
 - C. It is a condition under the CJVA that TERESA WATERWORKS INC, a corporation as TERESA WATERWORKS INC has to incorporate a special purpose corporation to implement the Project, and it shall enter into this Accession Agreement.

THEREFORE, IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

Clause 1. Interpretation

- 2*
- (a) Terms defined in the CJVA shall bear the same meaning herein.
 - (b) This Accession Agreement shall take effect upon its execution ("Accession Date").
 - (c) The provisions of Section 1.02 (*Interpretation*) of the CJVA shall apply to this Accession Agreement and must be read as if specifically incorporated in this Accession Agreement.

Clause 2. Accession of TERESA WATERWORKS INC

- (a) The NEPO WATER INC shall, on and from the Accession Date, become a party to the CJVA and shall perform and enjoy all the rights and comply with all the obligations and warranties of the TERESA WATERWORKS INC under the CJVA. All the existing and accrued rights and obligations of the TERESA WATERWORKS INC shall be assigned to the NEPO WATER INC and the TERESA WATERWORKS INC shall be released of all obligations.

(b) The NEPO WATER INC hereby:

(i) makes each representation and warranty of the TERESA WATERWORKS INC under Article V Sub-Section 5.01 and 5.03 of the CJVA in favor of and for the benefit of MANGATAREM, as at the Accession Date;

(ii) represents and warrants for the benefit of MANGATAREM that it has not engaged in any other business or activity prior to the Accession Date and will not engage in any other business or activity other than undertaking the Project pursuant to the CJVA.

(c) All references to the TERESA WATERWORKS INC in the CJVA shall be construed to be referenced to the NEPO WATER INC to the full extent necessary to give effect to the foregoing.

(d) By virtue of this Accession Agreement, the TERESA WATERWORKS INC ceases to become a party to the CJVA. The NEPO WATER INC shall perform all obligations on its part under the CJVA as if the NEPO WATER INC were named in the CJVA as a party thereto and the NEPO WATER INC shall be entitled to all the rights, benefits and interests under the CJVA as if it were named as a party thereto including (without limitation) the benefits of all warranties and undertakings on the part of MANGATAREM in the CJVA.

(e) Subject only to the above provisions, the CJVA and the respective rights and obligations of the Parties thereto shall continue in full force and effect.

Clause 3. Reference in the CJVA

As of the Accession Date, any reference in the CJVA to "this Accession Agreement" and any reference whether express or implied, to a Section or provision of the CJVA shall be deemed to be reference to the CJVA and to an article or provision thereto as hereby supplemented and amended.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above-written.

For and on behalf of NEPO WATER INC

By:

MARIA RITA JOSEFINA V. CHUA

President, NEPO WATER INC

For and on behalf of TERESA WATERWORKS INC

By:

MARIA RITA JOSEFINA V. CHUA

President, TERESA WATERWORKS INC

For and on behalf of MUNICIPALITY OF MANGATAREM

By:

HON. RAMIL M. ANTENILLA

Mayor, MUNICIPALITY OF MANGATAREM

ANNEX F: FORM OF ACCESSION AGREEMENT

This Accession Agreement is made and entered into this 26th day of May, 2025 at Mangatarem, Pangasinan, by and between:

MUNICIPALITY OF MANGATAREM, PANGASINAN, a local government unit with corporate powers granted under Republic Act No. 7160, otherwise known as the Local Government Code of 1991, with principal business address at Municipal Hall, Brgy. Calvo, Mangatarem, Pangasinan, represented by its **MAYOR, HON. RAMIL P. VENTENILLA**, who is duly authorized and empowered for this purpose under and by virtue of the Sangguniang Bayan Resolution No. _____, series of 2025, a copy of which is hereto attached as Annex "A" and made an integral part hereof.

TERESA WATERWORKS INC., a corporation duly organized and existing under Philippine laws, with office address at 2nd Floor ABC Bldg, Teresa Ave., Nepo Center, Angeles City, Pampanga, represented herein by its President, **MARIA RITA JOSEFINA V. CHUA** herein referred to as the "Private Partner".
and

NEPO WATER INC., a corporation duly incorporated under the laws of the Philippines and having its registered office at Royal Palm Center Building, Brgy. Pogon-lomboy (Pob), Mangatarem, Pangasinan represented by **MARIA RITA JOSEFINA V. CHUA**, hereinafter referred to as "SPC".

RECITALS:

- Handwritten: back*
- A. This Accession Agreement is supplemental to the Contractual Joint Venture Agreement dated May 26, 2025 (CJVA) executed between Municipality of Mangatarem and TERESA WATERWORKS INC, whereby the Parties have agreed to be co-venturers to undertake the CJVA Project.
- Handwritten: [Signature]*
- B. NEPO WATER INC., is a Philippine corporation formed by the TERESA WATERWORKS INC as a special purpose corporation specifically to accede, perform, and exercise all the rights and have all the obligations of the TERESA WATERWORKS INC under the CJVA.
- Handwritten: p. 8*
- C. It is a condition under the CJVA that TERESA WATERWORKS INC, a corporation as TERESA WATERWORKS INC has to incorporate a special purpose corporation to implement the Project, and it shall enter into this Accession Agreement.

THEREFORE, IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

Clause 1. Interpretation

- Handwritten: 9*
- (a) Terms defined in the CJVA shall bear the same meaning herein.
- (b) This Accession Agreement shall take effect upon its execution ("Accession Date").
- (c) The provisions of Section 1.02 (*Interpretation*) of the CJVA shall apply to this Accession Agreement and must be read as if specifically incorporated in this Accession Agreement.

Clause 2. Accession of TERESA WATERWORKS INC

- (a) The NEPO WATER INC shall, on and from the Accession Date, become a party to the CJVA and shall perform and enjoy all the rights and comply with all the obligations and warranties of the TERESA WATERWORKS INC under the CJVA. All the existing and accrued rights and obligations of the TERESA WATERWORKS INC shall be assigned to the NEPO WATER INC and the TERESA WATERWORKS INC shall be released of all obligations.

(b) The NEPO WATER INC hereby:

- (i) makes each representation and warranty of the TERESA WATERWORKS INC under Article V Sub-Section 5.01 and 5.03 of the CJVA in favor of and for the benefit of MANGATAREM, as at the Accession Date;
 - (ii) represents and warrants for the benefit of MANGATAREM that it has not engaged in any other business or activity prior to the Accession Date and will not engage in any other business or activity other than undertaking the Project pursuant to the CJVA.
- (c) All references to the TERESA WATERWORKS INC in the CJVA shall be construed to be referenced to the NEPO WATER INC to the full extent necessary to give effect to the foregoing.
- (d) By virtue of this Accession Agreement, the TERESA WATERWORKS INC ceases to become a party to the CJVA. The NEPO WATER INC shall perform all obligations on its part under the CJVA as if the NEPO WATER INC were named in the CJVA as a party thereto and the NEPO WATER INC shall be entitled to all the rights, benefits and interests under the CJVA as if it were named as a party thereto including (without limitation) the benefits of all warranties and undertakings on the part of MANGATAREM in the CJVA.
- (e) Subject only to the above provisions, the CJVA and the respective rights and obligations of the Parties thereto shall continue in full force and effect.

Clause 3. Reference in the CJVA

As of the Accession Date, any reference in the CJVA to "this Accession Agreement" and any reference whether express or implied, to a Section or provision of the CJVA shall be deemed to be reference to the CJVA and to an article or provision thereto as hereby supplemented and amended.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above-written.

For and on behalf of NEPO WATER INC

By:

MARIA RITA JOSEFINA V. CHUA

President, NEPO WATER INC

For and on behalf of TERESA WATERWORKS INC

By:

MARIA RITA JOSEFINA V. CHUA

President, TERESA WATERWORKS INC

For and on behalf of MUNICIPALITY OF MANGATAREM

By:

HON. RAMIL P. YENTENILLA

Mayor, MUNICIPALITY OF MANGATAREM



Republic of the Philippines
MUNICIPALITY OF MANGATAREM
Province of Pangasinan

OFFICE OF THE SANGGUNIANG BAYAN

SB RESOLUTION NO. 167-2025

APPROVING THE NOTICE OF AWARD FOR THE PPP PROJECT: "DEVELOPMENT OF WATER SUPPLY SYSTEM FOR THE MUNICIPALITY OF MANGATAREM - LEVEL III" IN FAVOR OF THE WINNING JOINT VENTURE PARTNER TERESA WATERWORKS INC. AND TO GIVE AUTHORITY TO THE LOCAL CHIEF EXECUTIVE, AS THE HEAD OF THE IMPLEMENTING AGENCY, TO ENTER AND SIGN THE CONTRACTUAL JOINT VENTURE AGREEMENT IN BEHALF OF THE MUNICIPALITY OF MANGATAREM

WHEREAS, the need for access of potable water are major issues and concern that are being raised by the citizens of Mangatarem;

WHEREAS, Section 17.2.viii (Basic Services and Facilities) of Republic Act (RA) No. 7160 - An Act Providing for a Local Government Code of 1991 provides: "Infrastructure facilities intended primarily to service the needs of the residents of the municipality and which are funded out of municipal funds including, but not limited to, municipal roads and bridges; school buildings and other facilities for public elementary and secondary schools; clinics, health centers and other health facilities necessary to carry out health services; communal irrigation, small water impounding projects and other similar projects; fish ports; artesian wells, spring development, rainwater collectors and water supply systems; seawalls, dikes, drainage and sewerage, and flood control; traffic signals and road signs; and similar facilities";

WHEREAS, on January 23, 2025, the Sangguniang Bayan of Mangatarem passed and approved SB Resolution No. 31-2025 entitled "Approving the Public-Private Partnership Project and All Documents Thereto (Feasibility Study, Information Memorandum and Advertisement) for the Development of a Comprehensive Water Supply System - Level III for the Municipality of Mangatarem";

WHEREAS, the Municipality of Mangatarem, thru Honorable Mayor Ramil P. Ventenilla as the Head of the Implementing Agency, approved the posting of the Invitation to Submit Eligibility Documents and Bid Proposal on February 19, 2025 for the proposed PPP Project;

WHEREAS, on April 14, 2025, only Teresa Waterworks Inc. (TWI) submitted the required documents as stipulated in the Instruction to Bidders issued by the Municipality of Mangatarem;

WHEREAS, after thorough evaluation and deliberation by the members of the PPP - PBAC, the body declared TWI as lone/single complying bidder and Issue to the Head of the Implementing Agency the Recommendation to Award the PPP Project to TWI via PPP - PBAC Resolution No. 06 series of 2025;

WHEREAS, on April 25, 2025, the Local Chief Executive, as Head of the Implementing Agency, request for the approval and issuance of the Notice of Award of the PPP Project - Development of Water Supply System for the Municipality of Mangatarem - Level III (DWSSMM L-III) in favor of Teresa Waterworks Inc.;

WHEREAS, on the letter dated April 25, 2025, the Head of the Implementing Agency further request for the approval of the Sangguniang Bayan of Mangatarem the authority to enter and sign the Contractual Joint Venture Agreement in behalf of the Municipality of Mangatarem;

WHEREAS, Section 100 of RA 11966 - the PPP Code of the Philippines and its IRR provides that the approval of the Approving Body for the Notice of Award must be secured prior to the issuance of such;

WHEREAS, Section 107 of RA 11966 - the PPP Code of the Philippines and its IRR provides that the approval of the Approving Body must be secured before the Head of the Implementing Agency can enter and sign the Contractual Joint Venture Agreement;

NOW THEREFORE, on motion by HON. HARLEY G. PARAGAS, UNANIMOUSLY seconded, Be It Resolved by the Sangguniang Bayan of Mangatarem, Pangasinan, to approve the following pertaining to the development of a comprehensive water supply system for the Municipality of Mangatarem:

- To approve the PPP - PBAC recommendation declaring Teresa Waterworks Inc. as the winning Joint Venture Partner
- To approve the PPP - PBAC Recommendation to Award the PPP Project DWSSMM L-III in favor of Teresa Waterworks Inc.
- To approve the issuance of the Notice of Award by the Local Chief Executive to Teresa Waterworks Inc. in accordance with Section 100 of the PPP Code of the Philippines and its IRR



Republic of the Philippines
MUNICIPALITY OF MANGATAREM
Province of Pangasinan

OFFICE OF THE SANGGUNIANG BAYAN

Page 2 of 2 (SB Resolution No. 167-2025)

RESOLVED FURTHER, to authorize the Local Chief Executive, as Head of the Implementing Agency, to enter and sign the Contractual Joint Venture Agreement by and between the Municipality of Mangatarem and Teresa Waterworks Inc. in accordance with Section 107 of RA 11966 - the PPP Code of the Philippines and its IRR;

FINALLY RESOLVED, to furnish copies hereof all concerned authorities for their information, reference and guidance.

PASSED, APPROVED & ADOPTED this 28th day of April, 2025 in Mangatarem, Pangasinan, Philippines.

CERTIFIED CORRECT:

HON. MICHAEL MON R. PUNZAL
Vice Mayor/Presiding Officer

CONCURRED:

SANGGUNIANG BAYAN MEMBERS

HON. RONNIE C. PALISOC

HON. HARLEY G. PARAGAS

HON. RICARDO B. PASTOR, JR.

HON. JANE E. PEREZ

HON. ANDREA X. CRUZ

HON. CONRADO T. BUDIAO

HON. JOEL M. CRUZ

HON. EFREN A. DE VERA, SR.

HON. RICHARD C. PALISOC (ABC Pres.)

HON. JASPER RAY G. UNAY (SK Fed. Pres.)

ATTESTED:

JENNIFER KATE J. GONZALES
Secretary to the Sanggunian

SECRETARY'S CERTIFICATE

I, **HAZEL P. CRUZ**, of legal age, Filipino, married, with office address at HTCC Law Offices Ground Floor, Angeles Business Center, NEPO Center, Angeles City, being the Incumbent Corporate Secretary of **TERESA WATERWORKS, INC.**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with address at Don. Juan D. Nepomuceno Avenue cor. Teresa Avenue, NEPO Center, Angeles City (the "Corporation"), after having been duly sworn in accordance with law, do hereby certify that:

1. In a Special Meeting of the Board of Directors of the Corporation held on April 3, 2025, at which meeting a quorum was present and acting throughout, the Board of Directors approved the following resolution:

"RESOLVED, that **TERESA WATERWORKS, INC.** (the "Corporation") be, as it is hereby, authorized to enter into a Contractual Joint Venture Agreement (CJVA) relative to the **Development of Water Supply System for the Municipality of Mangatarem Level III (DWSSMM L-3)**, pursuant to the Notice of Award (NOA) issued on May 19, 2025, by the Office of the Municipal Mayor, under such terms and conditions most advantageous to it."

"RESOLVED, FURTHER, that the Corporation's President, **MARIA RITA JOSEFINA V. CHUA**, acting singly, be, as she is hereby, authorized, on behalf of the Corporation, to sign and/or execute any and all deeds, instruments, agreements, and/or documents, including but not limited to a Memorandum of Agreement, and to perform any and all acts and things, as may be necessary to implement the foregoing resolution."

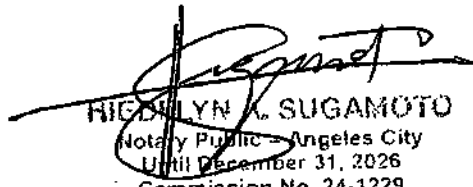
2. The above-quoted resolution is in full force and effect and has not been revoked, amended, nor in any manner modified, and accordingly, the same may be relied upon until written notice to the contrary is issued by the Corporation.

IN WITNESS WHEREOF, I have hereto affixed my signature this 23 May 2025 at Angeles City.


HAZEL P. CRUZ
Corporate Secretary

SUBSCRIBED AND SWORN to me before this 23 May 2025 at Angeles City, affiant having exhibited to me her Passport No. P1519860C, valid until 1 September 2032, who has satisfactorily shown to me that she is the same person who personally signed the foregoing Secretary's Certificate before me.

Doc. No. 328;
Page No. 093;
Book No. II;
Series of 2025.


RIEVELYN L. SUGAMOTO
Notary Public - Angeles City
Until December 31, 2026
Commission No. 24-1229
Roll of Attorneys No. 77671
IBP Member No. 490167/12.31.24
PTR No. AC-2197530/01.02.25
Hipolito Tuazon Cruz Chipeco Law Offices
Ground Floor, Angeles Business Center
NEPO Center, Angeles City