Republic of the Philippines
CIVIL AVIATION AUTHORITY OF THE PHILIPPINES

Contract Agreement
For
LEASE OF FLIGHT INSPECTION SYSTEM AND AIRCRAFT FOR CAAP-FICG FLIGHT OPERATIONS MISSION NATIONWIDE – RADIO NAVIGATIONAL AIDS CHECKS

OSCAR B. DEMETILLO, JR.

THIS AGREEMENT entered into this DEC 17 2024 in Pasay City, Metro Manila, Philippines between:

the **CIVIL AVIATION AUTHORITY OF THE PHILIPPINES,** created under Republic Act No. 9497, with office address at Old MIA Road corner Ninoy Aquino Avenue, Pasay City 1300, hereinafter called "CAAP" and represented herein by **CAPTAIN MANUEL ANTONIO L. TAMAYO** in his capacity as **Director General,** on the one part:

CAPT. ROBERTO ANDRES A. MORICO

and, **ASIAN AEROSPACE CORPORATION,** a corporation organized and existing by virtue of law and with office address at Gate 8, Clark Civil Aviation Complex, Clark International Airport, Pampanga, Philippines hereinafter called "the Supplier or Service Provider," and represented herein by **PIERO KRISTOFFER T. RODRIGUEZ** in his capacity as Vice President, on the other part.

WHEREAS, the CAAP conducted an open, public bidding for the provision of certain goods and ancillary services, particularly the **Lease of Flight Inspection System and Aircraft for CAAP-FICG Flight Operations Mission Nationwide 2024 – Radio Navigational Aids Check** and has accepted the Bid/Quotation by the Supplier for the supply of those goods in the sum of **FIFTY-FIVE MILLION SIX HUNDRED EIGHTY THOUSAND PESOS ONLY (Php55,680,000.00)** hereinafter called "the Contract Price";

NOW THIS AGREEMENT WITNESSTH AS FOLLOWS:

PIERO KRISTOFFER T. RODRIGUEZ

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

2. The following documents shall be deemed to form, be read, and construed as part of this Agreement, viz:

(2.1) CBA (CMOOE) No. 2024-01-073 dated 19 January 2024
(2.2) Pre-Procurement Conference dated 15 April 2024
(2.3) Bid Bulletin No. 1 dated 17 May 2024
(2.4) Bid Bulletin No. 2 dated 24 May 2024
(2.5) Bid Bulletin No. 3 dated 04 June 2024
(2.6) Financial Component and Technical Component
(2.7) Terms of Reference/ Technical Specification (Bidding Documents)
(2.8) Opening of Bids dated 19 June 2024
(2.9) BAC TWG (Bravo) Bid Evaluation Report dated 21 June 2024
(2.10) BAC TWG (Bravo) Post-Qualification Report dated 17 July 2024
(2.11 BAC Resolution No. 2024-0212-124 (Bravo) dated 30 July 2024
(2.12) Secretary's Certificate dated 04 October 2024
(2.13) Notice of Award dated 08 October 2024
(2.14) Performance Bond dated 15 October 2024

CAPTAIN MANUEL ANTONIO L. TAMAYO

TERMS OF REFERENCE

1. **INTRODUCTION:**

The Civil Aviation Authority of the Philippines bears the country's obligation to provide air navigation services to international civil aviation, arising from our State's concurrence to the Convention on International Civil Aviation (the Chicago

Convention) of 1944, stating among the duties and responsibilities of the Director General of the CAAP, the following:

> (b) To designate and establish civil airways, to acquire, control, operate and maintain along such airways, navigation facilities and to chart such airways and arrange for their publication including the aeronautical charts or maps required by the international aeronautical agencies...;
>
> (g) To inspect, classify and rate any air navigation facilities and aerodromes available for the use of aircraft as to its suitability for such use and to issue a certificate for such...;

and the prerogatives stating:

> (k) To acquire and operate such aircraft as may be necessary to execute the duties and functions of the Authority prescribed in this Act;
>
> (o) To participate actively... in the international standardization of practices... important to safe, expeditious, and easy navigation, and to implement as far as practicable the international standards, recommended practices and policies...;

2. FLIGHT INSPECTION MANDATE:

As the CAAP provides air navigation services in our flight information region (FIR), it also has the obligation to ensure the safety of these aviation services through the *airborne inspection and calibration of* ***Communication, Navigation and Surveillance (CNS) systems and facilities; the validation, and certification*** of associated ***Air Traffic Management (ATM) systems and services***, and the regular evaluation of ***airspace*** and ***aerodromes*** nationwide.

The CAAP Flight Inspection & Calibration Group (FICG) guarantees the safety of air navigation services with ***regular and periodic flight inspections,*** in accordance with ICAO Annex 10 and 14, ICAO Document 8071, and the Philippine CAR for ANS, and other local laws, industry standards and international treaties. The mandate requires the necessary use of a ***suitably equipped and technologically capable SPECIAL-MISSION AIRCRAFT,*** for the CAAP-FICG to carry out its inspection functions, and foster safety in civil aviation.

3. PROGRAM OBJECTIVE:

3.1 The objective of this program/ project is the Lease of Flight Inspection System and Aircraft for CAAP-FICG Flight Operations Mission Nationwide, for the Flight Inspection of Radio Navigational Aids and Associated ATM IFPs, Using an Aircraft with a Flight Inspection System, Flight Management System and Radio Altimeter System;

3.2 The program follows the mandate of the CAAP for the inspectorate responsibilities of the CAAP-FICG, and such other flight activities that the Director General may determine to be essential to the safety of air navigation service provision;

3.3 The special-mission aircraft refer to the combination of the aircraft, as a platform, and the corresponding On-board Flight Inspection System (FIS), the Ground/ Position Reference System (GRS), and the Flight Validation Equipment (FVE). The incorporation of FIS, GRS and FVE makes the aircraft suitable and technologically capable for CAAP-FICG inspection activities;

4. CONTRACT PERIOD:

4.1 In consideration of the payments to be made by the CAAP, the Supplier hereby covenants to provide the goods and services for a period of one (1) year, commencing on the day of issuance of the Notice to Proceed

4.2 In the exigency of public service, the contract shall, by mutual preference, extend beyond the contract period, if the total allotted block time has not yet been fully utilized, or if the total funding allotted for the contract has not yet been fully consumed;

4.3 The contract may be terminated when the allotted funds have been exhausted before the completion of the contract period, or by mutual agreement of both parties, or otherwise in accordance with the government procurement laws applicable;

5. APPROVED BUDGET FOR THE CONTRACT and LEASE COST OF THE *FLIGHT INSPECTION SYSTEM AND AIRCRAFT (FIS-AIRCRAFT)*

5.1. The total budget of the contract shall be Fifty-Five Million Six Hundred Eighty Thousand Pesos (P55,680,000.00), for One Hundred Ninety-Two (192) Hours of Flight Time, at an hourly rate of Two Hundred Ninety Thousand Pesos (P290,000.00) per hour.

6. PROGRAM SCOPE OF WORK and GENERAL CONDITIONS:

6.1 The CAAP shall lease a Flight Inspection System (FIS), mounted on one (1) primary Aircraft for the CAAP-FICG radio navigational aids flight inspection operations;

6.2 The primary aircraft shall be a multi-engine, turbine-powered jet platform in the PANS-OPS Category "C" classification for radio navigational aids flight inspection;

6.3 The project shall cover the lease for AT LEAST One Hundred Ninety-Two (192) Hours of block time for the flight inspection of radio navaids;

6.4 The **Flight Inspection System and Aircraft (FIS-Aircraft)** is an airborne laboratory, to be operated by CAAP-FICG Flight Inspection Pilots and Flight Inspection Engineers;

6.5 The FIS-Aircraft shall be flown to airports and air navigation facilities in the Philippines, the final schedules for which shall be communicated on a monthly notice to the service provider. (The table in the initial Terms of Reference: "FICG Flight Inspection Program – Part 1. Annual Flight Inspection Schedule," is for general planning purposes and identification of facilities only);

6.6 The aircraft type to be used, facility to be inspected, scope of flight, and other required equipage shall be communicated on a monthly notice to the service provider;

6.7 The payable flight time shall be the actual block time consumed in each segment/ leg, but not to exceed the allotment in the table of the initial Terms of Reference: "FICG Flight Inspection Program – Part 2. Flight Time Allotment";

6.8 In the event that the primary aircraft becomes unavailable or unusable, a replacement aircraft of the same of capabilities for the mission, subject to the determination of the CAAP-FICG, shall be provided by the aircraft service provider within a reasonable period of time, without missing out on the flight inspection schedule;

6.9 Where a replacement aircraft having a lesser capability and equipage is used for any flight mission, its corresponding Lease cost shall also be equitably reduced in favor of the CAAP;

6.10 Where, after one (1) month of unavailability of any of the Primary FIS-Aircraft, and public safety may be compromised for failing to conduct vital flight check, the contract may be autonomously suspended by the CAAP, and a replacement service provider be sought immediately thereafter; payments to the substitute shall be taken from the contract funding approved for the principal provider, subject to the applicable government processes and procedures;

6.11 All other delays shall be subject to prevailing provisions of the Procurement Laws.

6.12 The total aircraft utilization time for any type of aircraft may be adjusted by the CAAP, but shall be limited within the budget or funds allocated for the whole project;

6.13 The aircraft must be able to accommodate at least two (2) CAAP Flight Inspection Pilots, three (3) Flight Inspectors-Engineers, and the ground reference system as cargo;

6.14 During calibration, the two (2) CAAP Flight Inspector-Engineers shall be dedicated for the operation of the FIS, accumulation of data, interpretation and analysis of measured parameters and corrective feedback to the facility, while one (1) other Flight Inspector-Engineer is in the ground facility to direct the adjustments and operate the Ground Reference Station);

6.15 The cockpit crew shall consist of at least two (2) CAAP Flight Inspection Pilots, having been duly trained and rated in the aircraft type, at least one (1) of whom shall manipulate the aircraft flight controls, steer the aircraft movement/positioning, directly execute flight inspection run profiles and flight sequence, adhere to air traffic control instructions, facilitate ATC clearances, and perform such other maneuvers required for the flight inspection mission

6.16 All flight crew, pilots, flight inspectors, and passengers, in an official flight inspection mission, shall be covered by an appropriate life and/or accident insurance that is acceptable to the CAAP-FICG;

6.17 All maintenance and operating costs shall be at the expense of the service provider, including labor (of non-CAAP personnel), trainings (of all personnel involved in flight operations), spare parts, fuel, oil, and lubricants, as well as aerodrome operational charges, where applicable;

6.18 The aircraft service provider shall ensure the availability and provision of all the logistical requirements in all flight operation mission;

6.19 Aircraft pre-flight maintenance inspections, including aircraft airworthiness release, shall be the responsibility of the service provider, and conducted in accordance with PCAR and aircraft manufacturer's maintenance specifications;

6.20 The aircraft service provider shall, whenever necessary, provide the flight crew, other than the CAAP Flight Inspection Pilots, who may be needed for any flight mission;

6.21 The aircraft crew (Pilot In-command, Co-Pilot, Flight Inspectors, Aircraft Mechanic) shall comply with all Philippine Civil Aviation Regulations requirements;

7. SPECIFIC AIRCRAFT OPERATION AND EQUIPMENT REQUIREMENTS:

7.1 The FIS-Aircraft shall be used to calibrate radio navigation (including GNSS), communication and surveillance facilities, to set/ measure their prescribed physical and scientific parameters;

7.2 The FIS-Aircraft shall be used to validate instrument flight procedures, including continuous surveillance and communication efficiency along IFPs, visual procedures, air traffic control areas/ zones, and all en-route airways;

7.3 As flight inspections are conducted, the aircraft shall be operated and maneuvered by Flight Inspection Pilots at unusual altitudes and attitudes; positioned in the airspace to gather data, measure critical parameters, determine clearances from obstacles; used to identify and evaluate airport obstruction surfaces; used to check aerodrome areas; used to verify other topographic data and obstruction information for accuracy and navigational usefulness; and used to ensure that all airspace involved in civil aviation is generally safe for aircraft flight;

7.4 The FIS-Aircraft must be of reasonably wide speed range, capable of low, medium and high-attitude (above FL350) flights, capable of demanding climbs, steep descents and high-performance maneuvers required for flight inspection; capable of extensive flight at as low as 1000 feet above mean sea level or 500 feet height above near-aerodrome terrain, and repeated missed approaches and low passes at 50 feet over the runway;

7.5 The aircraft service provider shall provide the qualification trainings for the CAAP Flight Inspection Pilots for the aircraft type used in flight inspection, in compliance with Philippine CARs on Personnel Licensing and Operation of Aircraft, and in accordance with the aircraft manufacturer's requirements and insurance policy conditions;

7.6 All training expenditures shall be borne by the service provider and at no further cost to the government, including the travelling and subsistence expenses of the trainees, which shall adhere to government policies and guidelines for such activities;

7.7 The FIS-Aircraft shall be especially equipped with an independent communication and navigation antennas/ sensors, electric power supplies/ sources, and autonomous position reference systems;

7.8 The FIS-Aircraft shall have a Flight Management System coupled to the Auto-Flight System, with regularly updated database and programmable with temporary user waypoints; an approved RADAR altimeter; and an approved GNSS Receiver (TSO'd to C129 or equivalent specifications);

7.9 The FIS-Aircraft shall be equipped with Pilot (cockpit) - Engineer (cabin) communication and Pilot-FIS signal interface;

7.10 The FIS-Aircraft must be capable of an endurance of at least 3.0 hours flight inspection time, between refueling;

7.11 The aircraft environmental control and air conditioning should be acceptable to the CAAP-FICG as being adequate for flight crew and electronic equipment operating in low-altitude as well as high-altitude flight operations;

8. REQUIREMENTS FOR THE ON-BOARD FLIGHT INSPECTION SYSTEM (FIS):

8.1 The aircraft shall be equipped with a Flight Inspection System (FIS) acceptable to the CAAP-FICG to meet flight inspection standards;

8.2 The FIS shall be capable of gathering data and evaluating the radiated signals in the calibration of Instrument Landing Systems Category I (ILS I), Doppler and Conventional VHF Omnidirectional Range (VOR) (including multi-station Alignment Check), Distance Measuring Equipment (DME) with multi-facility capability for DME-DME RNAV Check, Non-Directional Beacon (NDB), Satellite Navigation (GNSS) (particularly interference), Air Traffic Control Surveillance (RADAR) and Communication systems;

8.3 The FIS shall be equipped with an independent multiple mode receiver capable of multiple-navigation/facility tuning;

8.4 The FIS shall be capable of automatic differential positioning for measuring relative distances, bearings and vertical glide slope angles;

8.5 The FIS shall be capable of recording GPS parameters and tracks for Instrument Flight Procedures validation;

8.6 All data from the fight inspection system shall be stored in a digital medium and be accessible at any time for review, analysis, and printing;

8.7 The FIS shall have a set of contemporary test instruments for evaluating radiated signals-in-space, such as a multi-channel oscilloscope, a digital spectrum analyzer and a printer;

8.8 The FIS shall have a position-fixing reference system based on either ground reference equipment, aircraft inertial reference equipment, differential global positioning system (DGPS), theodolite-tracking radio-telemetry system or any combination thereof;

8.9 The FIS shall have a programmed quarterly calibration and a periodic update of the application software, acceptable to the CAAP-FICG, based on the manufacturer's maintenance program;

8.10 The FIS operationality, its maintenance and repair shall be the responsibility of the service provider. However, equipment inspections and tests on the FIS and the FMS shall be conducted by the CAAP-FICG before each flight inspection mission to ensure suitability of the necessary systems for the flight check. The aircraft shall be prepositioned at the CAAP Hangar for such purpose;

8.11 Only duly trained CAAP Flight Inspector-Engineers shall operate the Flight Inspection system during any mission;

8.12 The aircraft service provider shall provide for the operational trainings for the CAAP flight inspection engineers operating the Flight Inspection System (FIS), in accordance with inspector competency in ICAO Document 8071 Par. 1.12.4.a. (flight inspection) and 9906 Vol. 6, Par. 1.1.3 (flight validation);

9. DELIVERY DOCUMENTATION & UTILIZATION FLEXIBILITY:

9.1 The delivery of the primary FIS-Aircraft required by the CAAP-FICG, or its substitute where necessary, shall be made by the Supplier in accordance with the Monthly Schedule and such other Supplemental Schedules that the CAAP determines, particularly for priority flight inspection involving the safety of the flying public, to be regularly communicated by the CAAP-FICG to the Supplier;

9.2 Schedule of flights shall be confirmed through a weekly coordination memorandum containing the flight route plan, which shall be timely submitted by the CAAP-FICG to the Supplier for Flight planning and logistical coordination;

9.3 Due to the significance on public safety of this project, the Supplier must accommodate any flight inspection mission within five (5) days from notification;

9.4 Any Party can terminate or call off a flight inspection schedule based on unsuitability of the aircraft for the flight inspection, airworthiness issues, operational restrictions, and inclement weather conditions;

9.5 If circumstances, discrepancies, or squawks affecting the safety of flight, or if any flight inspection mission issue not attributable to the CAAP arises, the Supplier shall have a maximum of two (2) days to resolve such issues or provide a replacement aircraft, without incurring any delay;

9.6 In case of delay in the provision of the aircraft and FIS, Section 68 of the R.A 9184 IRR shall be applied;

9.7 The Flight Inspection Schedule may be adjusted and the aircraft to be utilized may be changed by the CAAP, as the necessity for the flight inspection mission arises; such changes shall be communicated in writing by the CAAP-FICG;

9.8 In all cases, the usable flight time shall be limited to fit within the approved funds allocated for the whole project;

10. SUPPORT AND INCIDENTAL SERVICES:

The Supplier shall provide all the following services, including incidental services, and shall not relieve the Service Provider of any warranty obligations under this Contract;

10.1 The necessary crew, whenever necessary, other than the CAAP personnel authorized;

10.2 All logistical requirements involved in flight/ aircraft operations, such as, but not limited to aircraft maintenance and airworthiness release; flight planning dispatch and flight following; petroleum, oil, and lubricants (POL's); aircraft ground handling hangarage and parking; parking; entry/exit and overnight permits; and customs, immigration, and quarantine (CIQ) coordination;

10.3 Provision of tools and spare parts required for assembly and or maintenance of the FIS-Aircraft, furnishing of detailed operations and maintenance manuals, supervision of maintenance and / or repair, etc.;

10.4 Essential trainings of the CAAP personnel, as applicable;

10.5 Periodic update and calibration of the FIS, all navigational equipment and FMS database;

10.6 The Contract price shall include all the costs incurred by the Supplier for support and incidental services.

11. COST AND TERMS OF PAYMENT:

11.1 The cost rate of the aircraft to be leased shall be specific to the type of aircraft and equipment provided, and its price is so stated above;

11.2 For inspections NOT requiring specialized equipment (i.e., the FIS, or the GRS or the Differential Positioning System), the cost of the aircraft utilization shall be reduced proportionately;

11.3 Intervening flights initiated by the service provider, not attributable as flight inspection activities, such as "return to base for urgent repairs", maintenance test flights, aircraft repositioning for sheltering, location preference for "remain-

overnight" flights, or other such circumstances, shall not be payable by the CAAP, even if it occurs in the middle of a multi-leg flight inspection mission;

11.4 The flight time allotment for each flight inspection mission may change, subject to the prioritization by the CAAP of the facilities requiring flight check and the aircraft type used;

11.5 Payments shall be only for the actual block time consumed by the CAAP in each billing claim in the contract period.

11.6 In all cases, the total project cost shall be limited to fit within the budget or funds allocated for the whole project;

11.7 Monthly progress payments may be made, subject to provisions of the R.A 9184, to cover the partial cost, equivalent to the consumed aircraft block time or the cumulative value of the work already delivered;

11.8 The Service Provider shall submit a statement of services rendered or progress billing, and the corresponding request for progress payment, showing the amount that it considers itself to be entitled for the billing period, as well as a copy of the Operational Flight Plan and Daily Flight Report duly signed by the service provider's Pilot and certified by the CAAP Flight Inspection Pilot as verification of block time consumed/ utilized;

11.9 Progress payments are subject to the retention money specified by law, to ensure the timely delivery of services, continuous equipment capability and compliance with other contractual requirements;

IN WITNESS whereof, the parties hereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first above written.

SIGNED:

CIVIL AVIATION AUTHORITY OF THE PHILIPPINES
BY:

CAPTAIN MANUEL ANTONIO L. TAMAYO
Director General

ASIAN AEROSPACE CORPORATION
BY:

PIERO KRISTOFFER T. RODRIGUEZ
Vice President

WITNESSES

OSCAR B. DEMETILLO, JR.
Chief Procurement Division

Capt. ROBERTO ANDRES A. MORICO
Chief, Flight Inspection and Calibration Group

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF) **S.S.** MANILA

BEFORE ME, a Notary Public for and in, MANILA this 27 DEC 2024 day of ______________ appeared the following person presenting to me their respective identifications, to wit:

Name	Competent Evidence of Identity	Date and Place of Issue
CAPTAIN MANUEL ANTONIO L. TAMAYO Civil Aviation Authority of the Philippines	CAAP ID No. 0001	Pasay City
PIERO KRISTOFFER T. RODRIGUEZ Asian Aerospace Corporation		

Known to me known to be the same persons who executed and voluntarily signed the foregoing Contract which they acknowledge before me as their own free and voluntary act and deed and with full authority to sign in that capacity.

This instrument refers to the Contract entitled *Lease of Flight Inspection System and Aircraft for CAAP-FICG Flight Operations Mission Nationwide – Radio Navigational Aids Check* with *Reference No. C.A. No. G-2024-145* and consisting of nine (9) pages including this page where the acknowledgement is written, duly signed by the parties and their instrumental witnesses thereof.

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

Notary Public
ATTY. JOHN EDWARD TRINIDAD ANG
Notary Public for City of Manila- Until 12-31-2024
Notarial Commission No. 2024-091
2nd Floor Midland Plaza Hotel, A. Mabini St., Ermita, Mla
Until 31 December 20__
PTR No: ______________
Issued at: ______________
Issued on: ______________
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