



December 2, 2014

DCN: IAE-UPC-2342

Mr. Giuseppe Quarta
Grupo Unidos por el Canal, S.A.
Building 22B, Brujas Road
Cocoli, Republic of Panama

Reference: Contract No. CMC-221427, Design and Construction of the Third Set of Locks,
Panama Canal

Subject: Numbering of Variations

Dear Mr. Quarta:

The Employer refers to a number of determinations, as listed below, which have resulted in changes to the Contract Price. For administrative purposes, the Employer has assigned variation numbers to each determination as shown in the table below. This is not intended to have any defining, modifying or other effect on the contents of the letters referred to.

ITEM	REFERENCE	DATE	VO NUMBER
Range Tower No. 2	IAE-UPC-1201	13-Aug-2012	122
Claim No. 10 Fiscal Law 8	IAE-UPC-1202	13-Aug-2012	123
On-Site Testing	IAE-UPC-1203	13-Aug-2012	124
Transition Walls	IAE-UPC-2119	25-Jun-2014	125
Gate Drive Mechanism	IAE-UPC-2122	25-Jun-2014	126
Claim No. 66 Increase in Wages	IAE-UPC-2127	2-Jul-2014	127
VDS Semaphores	IAE-UPC-2156	24-Jul-2014	128
Claim No. 96 - Labor Strike	IAE-UPC-2192	6-Aug-2014	129
Maintenance Closure System	IAE-UPC-2199	8-Aug-2014	130
Fingerprint Readers	IAE-UPC-2217	26-Aug-2014	131

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The Employer attaches a variation form in respect of each of the items above. The Contractor's Representative's signature is not required.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Jorge de la Guardia', with a stylized flourish at the end.

Jorge de la Guardia

Employer's Representative

Locks Project Management Division

PANAMA CANAL AUTHORITY	VARIATION	PAGE 1 OF 1
1. REQUEST FOR PROPOSAL No.: RFP-76161	2. CONTRACT No.: CMC-221427	3. DATE: December 2, 2014
		4. VARIATION No.: 131

5. ISSUED BY:

PANAMA CANAL AUTHORITY
Employer's Representative
Locks Project Management Division
Building 740, Corozal
Panama, Republic of Panama

6. NAME AND ADDRESS OF CONTRACTOR (INCLUDE PHYSICAL & POSTAL ADDRESS) Grupo Unidos por el Canal, S.A. Building 22B, Brujas Road Cocoli, Republic of Panama	7. CONTRACTOR'S TELEPHONE NUMBER: 507-316-9900
	8. CONTRACTOR'S FACSIMILE NUMBER:

9. VARIATION:

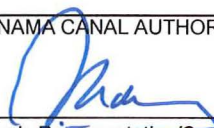
- ☒ The contract referred to in item No. 2 is hereby varied as set forth in item 10, entitled "DESCRIPTION OF VARIATION".
☐ YES. ☒ NO. The contractor shall send a copy, duly signed, of this Variation to the Employer's Representative/Contracting Officer.

	9 A. THIS VARIATION IS EXECUTED ON THE BASIS OF: (Specify the legal authority). THE VARIATION DESCRIBED IN ITEM 10 IS HEREBY INCORPORATED AND MADE A PART OF THE CONTRACT.
	9 B. THE CONTRACT REFERRED TO IN ITEM NO. 2, IS VARIED TO INCORPORATE ADMINISTRATIVE CHANGES (such as the paying office, account numbers, etc.).
	9 C. THIS BILATERAL AGREEMENT IS SIGNED AND INCORPORATED INTO THE CONTRACT REFERRED TO IN ITEM NO. 2 OF THIS FORM, ON THE BASIS OF: (Specify the legal authority)
X	9 D. OTHER. (Specify manner and the legal authority). Refer to the Employer's Representative's Determination in letter IAE-UPC-2217 dated August 26, 2014
	9 E. ACCOUNT NUMBER (If required):

10. DESCRIPTION OF THE VARIATION (List in accordance with the order of the Contract. If additional space is required, use blank sheets).

See attached

Except for the variation(s) herein specified, all other terms and conditions of the Contract remain unchanged.

11. NAME AND TITLE OF THE PERSON AUTHORIZED TO SIGN (Type or print)	12. NAME AND TITLE OF THE EMPLOYER'S REPRESENTATIVE/CONTRACTING OFFICER (Type or print) Jorge de la Guardia, Employer's Representative
13. CONTRACTOR	14. DATE:
 (Authorized signature)	15. PANAMA CANAL AUTHORITY  (Employer's Representative/Contracting Officer's signature)
	16. DATE: 2/11/2014



August 26, 2014

DCN: IAE-UPC-2217

Mr. Giuseppe Quarta
Grupo Unidos por el Canal, S.A.
Building 22B, Brujas Road
Cocoli, Republic of Panama

Reference: Contract No. CMC-221427, Design and Construction of the Third Set of Locks,
Panama Canal

Subject: Employer's Representative Determination for Fingerprint Readers Instead of Card
Readers in Some Access Control Systems Locations

Dear Mr. Quarta:

By letter IAE-UPC-2118 dated June 25, 2014 the Employer instructed the Contractor to execute a Variation relating to the security systems for the new locks, involving the replacement of 18 card readers with biometric units.

It has been agreed between the Parties that there will be no modification of the Time for Completion, of any Milestone Dates or any other time-related obligation as a consequence of this Variation.

The following adjustments to the Contract Price have been agreed.

Additional Cost for each biometric reader	\$2,950.00
Total for 18 additional readers	\$53,100.00
Profit @ 5%	\$2,655.00
Total	\$55,755.00

However, no agreement has been reached in relation to the Contractor's entitlement to additional overhead costs. The Employer considers that it is unlikely that the Parties will reach agreement and now attaches a determination by the Employer's Representative.

The determination has had to be carried out without the benefit of any supporting information from the Contractor in relation to overheads. This was the Contractor's deliberate choice. Nonetheless, if the Contractor decides to contribute any information in support of its overhead claim, this will be considered.

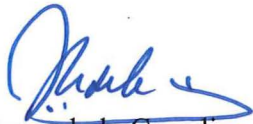
August 26, 2014

The Contractor will note that the determination states that the Contractor is entitled to an increase in the Contract Price in respect of overheads of \$7,838 with a total increase (direct costs, overheads and profit) of \$63,985 as follows:.

Additional Cost for each biometric reader	\$2,950.00
Total for 18 additional readers	\$53,100.00
Overheads	\$7,838.00
Sub-total	\$60,938.00
Profit @ 5%	\$3,047.00
Total	\$63,985.00

The Employer will make payment at the appropriate time, consistent with the documented progress of this work.

Sincerely yours,



Jorge de la Guardia
Employer's Representative
Locks Project Management Division

FINGERPRINT READERS
EMPLOYER'S REPRESENTATIVE DETERMINATION

August 21, 2014

BACKGROUND

1. By letter IAE-UPC-2118 dated June 25, 2014, the Employer instructed the Contractor to execute a Variation relating to the security systems for the new locks, involving the replacement of 18 card readers with biometric units. It has been agreed between the Parties that there will be no modification of the Time for Completion, of any Milestone Dates or any other time-related obligation as a consequence of this Variation. Adjustments to the Contract Price have been agreed between the Parties. However, no agreement has been reached, or is likely to be reached, in relation to the Contractor's entitlement to additional overheads.

DETERMINATION PROCESS

2. The Employer's Representative makes this determination as to the Contractor's entitlement to additional overhead costs in accordance with Sub-Clause 13.3 [Variation Procedure] and Sub-Clause 3.5 [Determinations] of the Conditions of Contract.

HISTORY

3. By letter GUPC-IAE-1965 dated June 10, 2013 the Contractor offered to supply and install Morpho Access VP-Bio fingerprint readers for the new locks. The Contractor proposed a price of \$4,150 USD plus profit and overheads for each unit, which would be reduced to \$2,950 plus profit and overheads to the extent that the biometric units were in replacement of card readers.
4. The Contractor was asked to submit a complete proposal including setting out the amount of overheads and profit which the Contractor required. There was further correspondence between the parties as a result of which the necessary changes to the Employer's Requirements were agreed, a profit figure of 5% was agreed and it was further agreed that there would be no time or cost implications to the locks contract of executing the Variation.
5. The Contractor's letter GUPC-IAE-2237 dated November 1, 2013 proposed that the overheads should be 33.13% of the direct cost paid to its subcontractor and this remains the Contractor's position. No explanation has been given by the Contractor as to the breakdown or calculation of this amount, despite a request for substantiation in the Employer's letters IAE-UPC-1852 dated January 10, 2014.
6. The Employer's letter IAE-UPC-2118 dated June 25, stated that the question of overheads would be resolved by a determination, and requested the Contractor to keep detailed records and to provide any additional information that it considered would be relevant to such determination. No further information has been received.

August 26, 2014


ASSUMPTIONS

7. In relation to the fingerprint readers, some additional overhead resource deployment is due and a reasonable estimate has been made for this, based on the assumptions below.
 - (a) The installation of fingerprint readers is a change to the Employer's Requirements relating to the security systems for the new locks, introducing biometric reader technology with the replacement of 18 card readers with biometric units.
 - (b) The original design proposed will not be used for the fingerprint readers, therefore new or updated designs are required to implement the new technology
 - (c) Additional overhead costs incurred by the Contractor would involve coordination between design teams involving the Contractor's Electronic and Communications Engineer (Project Integration Office) and CICIP's Electronic and Communications Engineer (design interface verification).
 - (d) Overheads would also include additional work for the Contractor's legal/commercial team relating to the subcontract with a supplier for the new technology, the management of CICIP's contract to account for the modification and support in developing and agreeing this modification with the Employer.
 - (e) No additional overhead or indirect cost is foreseen to support the installation of the fingerprint reader technology.

DETERMINATION

8. The calculation of overheads costs forming part of this determination is set out in the attached table. The increase in the Contract Price in respect of overheads is to be \$7,838 with a total increase (direct costs, overheads and profit) of \$63,985.

SIGNED



Jorge de la Guardia
Employer's Representative

APPENDIX 1

FINGERPRINT READERS - VARIATION

QUANTUM CALCULATIONS DETAIL FOR OVERHEAD COSTS

A. COSTS RELATED DIRECTLY TO THE FINGERPRINT READERS VARIATION

INDEX	DIRECT COSTS	QTY	UNIT COST	% ALLOCATED AMOUNT	TOTAL UNIT COST	DURATION (months)	TOTAL DIRECT COST
I.	TOTAL DIRECT COSTS						\$ 53,100

B. COSTS TO SUPPORT THE FINGERPRINT READERS VARIATION

II. INDIRECT MANAGEMENT	QTY	MONTHLY SALARY + BENEFITS	% ALLOCATED AMOUNT	TOTAL UNIT COST	DURATION (months)	TOTAL INDIRECT COST
Design Manager (Atlantic and Pacific)	1	\$ 20,582	20%	\$ 4,116.39	0.25	\$ 1,029
Contractor's Representative	1	\$ 30,000	5%	\$ 1,500.00	0.25	\$ 375
Electromechanical Engineer (PIO)	1	\$ 25,000	20%	\$ 5,000.00	0.25	\$ 1,250
Electromechanical Engineer - Design Interface (CICP)	1	\$ 25,000	20%	\$ 5,000.00	0.25	\$ 1,250
SUBTOTAL	4					\$ 3,904

III. EXPAT BENEFITS	Qty	MONTHLY UNIT COST	% ALLOCATED AMOUNT	TOTAL	DURATION (months)	TOTAL INDIRECT COST
HOUSING	4	\$ 4,000	20%	\$ 3,200.00	0.25	\$ 800
MEALS	4	\$ 300	20%	\$ 240.00	0.25	\$ 60
TRAVEL	4	\$ 333	20%	\$ 266.67	0.25	\$ 67
CELL PHONE	4	\$ 100	20%	\$ 80.00	0.25	\$ 20
CAR	4	\$ 1,863	20%	\$ 1,490.11	0.25	\$ 373
SUBTOTAL		\$ 6,596		\$ 5,276.78		\$ 1,319

IV. ADMINISTRATIVE SUPPORT		MONTHLY SALARY + BENEFITS	% ALLOCATED AMOUNT	TOTAL	DURATION (months)	TOTAL INDIRECT COST
Administrative for Drawings submittals	1	\$ 2,000	20%	\$ 400.00	0.25	\$ 100
Submittal coordinator	1	\$ 2,600	20%	\$ 520.00	0.25	\$ 130
Legal	1	\$ 39,000	20%	\$ 7,800.00	0.25	\$ 1,950
Contract Specialist	3	\$ 2,900	20%	\$ 1,740.00	0.25	\$ 435
SUBTOTAL	6					\$ 2,615
V. TOTAL INCREMENTAL INDIRECT COSTS						\$ 7,838

VI. TOTAL COST (DIRECT COST + INDIRECT COST)						\$ 60,938
VII. PROFIT MARGIN	5%					\$ 3,047
VIII. ESTIMATED REASONABLE COST						\$ 63,985