



Republic of the Philippines
City of Bago
Office of the Sangguniang Panlungsod

ORDINANCE NO. 21-08

AN ORDINANCE AUTHORIZING, APPROVING, CONFIRMING, RATIFYING AND APPROPRIATING THE PROPOSED BORROWING OF THE CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL IN THE AMOUNT OF PESOS: ONE HUNDRED TWELVE MILLION PESOS (P112,000,000.00) ONLY, PHILIPPINE CURRENCY, TO FINANCE VARIOUS PROJECTS INCLUSIVE OF DOCUMENTARY STAMP TAX, SERVICE FEE, APPRAISAL FEE, AND OTHER RELATED FEES AND TAXES.

On motion of SP Member Ruben E. Balboa, unanimously second by SP Members present, BE IT ENACTED, as it is hereby ENACTED by the Sanggunian Panlungsod of the CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL in Session that:

- Section 1. Title – This Ordinance shall be cited as, “An ordinance authorizing, approving, confirming and ratifying the proposed borrowing of the CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL in the amount of PESOS: ONE HUNDRED TWELVE MILLION PESOS (P112,000,000.00) ONLY.
- Section 2. The City Mayor, HON. NICHOLAS M. YULO in representation of the CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL hereinafter referred to as the “CITY”, is hereby authorized to enter into a Loan Agreement with the Philippine Veterans Bank (PVB) in accordance with Section 297 of Republic Act No. 7160 or the Local Government Code, in the amount of PESOS: ONE HUNDRED TWELVE MILLION PESOS (P112,000,000.00), Philippine Currency, under the terms and conditions herein set forth and such other terms and conditions as may be agreed upon with any person, corporation or entity for the purpose of funding priority projects and subject to the requirements under Section 123 of Republic Act No. 7653 as implemented by the Bangko Sentral ng Pilipinas Circular No. 796, 819 and 926. In this connection, the City Mayor and his successor shall have full power and authority to represent the City in negotiating the terms and conditions for the said borrowing and in signing, executing, delivering and amending such agreements, contracts, deeds, papers and other documents as may be necessary and proper for the full and total implementation of the authority herein granted;
- Section 3. The said priority project herein specified in Section 4.3 is hereby certified to be a socio-economic development project in accordance with the approved local development plan and public investment program for the period January 1, 2020 – December 31, 2020 or the public investment program for the year 2020 of the CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL, which is hereby approved under Sanggunian Panlungsod Resolution No. 197 dated July 29, 2020.
- Section 4. Consistent with the covering loan contract, deeds and assignment and such other agreements as may be entered into by the City in connection with the borrowing, the features, terms and conditions shall be as follows and are hereby approved:
 - 4.1. BORROWER – CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL
 - 4.2. FACILITY - Term Loan Facility
 - 4.3. PURPOSE – To Finance the following projects inclusive of DST and other financing charges

TERM LOAN 5: Construction of Sanitary Landfill	50.0M
TERM LOAN 6: Construction of Hospital Building	21.0M
TERM LOAN 7: Construction of Market Blocks at Brgy. Ma-ao Public Market	12.0M
TERM LOAN 8: Construction of Administrative Building	24.0M
TERM LOAN 9: Acquisition of Brand new fully Equipped Trauma Ambulance	5.0M
TOTAL	P112.0M

- 4.4. PN TERM – **TERM LOAN 5,6,7 & 8:** 10 years from initial drawdown date per Term Loan facility
TERM LOAN 9: 5 years from initial drawdown date per Term Loan facility
- 4.5. INTEREST RATE – Shall be based on 91 days BVAL reference rate plus a spread of 2% p.a. or a floor rate of 4.00% whichever is higher. GRT shall be for the account of the Borrower. Interest shall be repriced quarterly and paid monthly in arrears starting at the end of the 1st month from date of initial drawdown.
- 4.6. AMOUNT – Up to PESOS: ONE HUNDRED TWELVE MILLION PESOS (P112,000,000.00) only, Philippine Currency, inclusive of DST and other applicable financing charges shall be for the account of the BORROWER

- 4.7. PROMISSORY NOTES (PN) MATURITY DATE- Term 5,6,7 & 8: 10 years from initial drawdown date per Term Loan facility; TERM LOAN 9: 5 years from initial drawdown date per Term Loan facility
- 4.8. SECURITY – Deed of Assignment of the portion of the Internal Revenue Allotment (IRA) and other local revenues until the loan is fully paid, subject to the 20% annual maximum debt service capacity.
- 4.9. FEES - Validation Fee: based on actual cost
Documentation Fee: ₱10,000.00
Prepayment in whole or in part is allowed subject to payment of all required interest and other charges/ taxes (e.g., GRT and other applicable percentage taxes) all at the end of any interest period, subject to certain conditions as follows:
- a. Prepayment penalty of 3% of the amount pre-paid shall be charged;
 - b. Pre-payment shall only be done on payment due dates with thirty (30) days prior notice;
 - c. Any pre-payment shall be applied in inverse order or maturity
- 4.10. AVAILABILITY – TERM LOAN 5, 6, 7 & 8: Two (2) years availability period from Bank’s approval date. TERM LOAN 9: One (1) year availability period from Bank’s approval date.
- 4.11. DRAWDOWN – Multiple drawdowns.
- Section 5. The CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL hereby appropriates the entire proceeds of the borrowing as stated in Section 4.6 exclusively to finance the project/s stated in Section 4.3 inclusive of fees, and applicable taxes
- Section 6. The project/s stated in Section 4.3 is made part of the Annual Investment Plan for CY 2020;
- Section 7. The Approved Budget of the Contract (ABC) each project as defined in R.A. 9184 is shown below:
- Section 8. The Bids and Awards Committee (BAC) is hereby authorized to conduct public bidding on the awarding of the project stated in Section 4.3 with the developers/ contractors to be paid from the loan proceed. The procedure of such bidding shall be done in accordance with applicable Philippine Laws usual auditing and accounting rules and regulations and such other rules and procedures which the BAC may deem necessary in the implementation of the project. The City Treasurer shall issue the corresponding Certificate of Funds Availability out of the proceeds of the loan.
- Section 9. Pursuant to Article 303 of Republic Act No. 7160 or the Local Government Code of 1991 and Art 401 of the Implementing Rules and Regulations of Republic Act 7160, the City Sangguniang shall appropriate in its annual budget such amounts as are sufficient to pay the loan and that failure to provide the appropriations herein required shall render the annual budget inoperative.
- Section 10. The CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL shall inform the PVB should there be any borrowings from other banks/financial institutions while its loan is still outstanding;
- Section 11. Philippine Veterans Bank (PVB) shall be the Issue Manager and shall be allowed to sell down to other interested Financial Institution up to the full amount of the approved credit facility.
- Section 12. PVB is allowed to execute a Facility Agency Arrangement with PVB-Trust Management Group (Facility Agent) for subsequent Lenders in the event of Promissory Note (PN) sell down.
- Section 13. The obligation of the CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL with PVB shall be binding and shall not be subject to recall by the Sanggunian concerned for the entire term of the obligation regardless of any change in the composition of the Sanggunian thereafter, if any;
- Section 14. The City's obligation with PVB shall be entered in the City's book of accounts and in the approved local development plan and public investment program;
- Section 15. The City shall not contract other loans with other creditors/banks if the said loan will exceed the City debt service capacity as certified by the Department of Finance-Bureau of Local Government Finance (DOF-BLGF);
- Section 16. Amortization payment shall be subject to automatic offsetting from CA/SA account maintained with Philippine Veterans Bank;
- Section 17. PVB shall be authorized to withhold further loan releases in the event of change in management to avoid succession issues;
- Section 18. Certifying that the City does not have any other borrowings, other than those already disclosed. Any misinterpretation or breach shall be an event of default and may result in the loan being called in default and appropriate legal remedies applied.

Section 19. Pursuant to the provisions of Sections 2 and 3 of Republic Act No. 1405 and other laws relating to the secrecy of bank deposits, the City is waiving its rights to confidentiality of information by authorizing the Philippine Veterans Bank and all other banks or financial institutions with which the City has transactions, to disclose to the Bangko Sentral ng Pilipinas (BSP) all information pertaining to the deposits, investments, loans or other transactions including the history or status of the City's dealings with said banks or financial institutions and for the BSP to make inquiries as may be necessary regarding the same. The BSP is likewise authorized to disclose and share any such information furnished or obtained from said banks or financial institutions to the Department of Finance in relation to the performance by said Department of its functions;

Section 20. Any Ordinance or parts thereof, inconsistent with this enactment is hereby repealed or amended accordingly;

Section 21. AUTHORITY - That this Ordinance is pursuant to R.A. 7160, The Local Government Code of 1991;

Section 22. EFFECTIVITY - This Ordinance shall take effect upon its publication and compliance with all procedures required under Republic Act. No. 7160 of an ordinance for its validity, including the affixation of signatures of the Sanggunian Panlungsod members, in concurrence thereto, composing at least a majority thereof out of the total of 13 members, on all the pages of this Ordinance.

SO ORDAINED/ ENACTED

Resolved Further, that copies of this Ordinance be furnished the Honorable City Mayor, City Accountant, and the City Auditor, all of CITY GOVERNMENT OF BAGO, NEGROS OCCIDENTAL and the Bangko Sentral ng Pilipinas for their information and appropriate actions.

Adopted this 24th day of February, 2021

Sanggunian Members	Signature
HON. RAMON D. TORRES	_____
HON. ANDREW MARTIN Y. TORRES	_____
HON. MARINA JAVELLANA-YAO	_____
HON. MA. FEMMY A. MARTIR	_____
HON. JORGE AGUSTIN A. ARANETA	_____
HON. VICTOR MICHAEL A. JAVELLANA	_____
HON. DANILO U. FAMOSO	_____
HON. JOSEPH J. COLMENARES	_____
HON. CLEO F. GAUDITE	_____
HON. JOZSEF MARK DEXTER M. SOMCIO	_____
HON. RUBEN E. BALBOA	_____
HON. SERGIO T. PIANSAY	_____
HON. CARL BENEDICT Y. BAYLON	_____

I hereby certify to the correctness of the foregoing Ordinance which was duly enacted by the Sangguniang Panlungsod during its Regular Session held on February 24, 2021.

(SGD.) VICENTE D. MESIAS
City Environment and Natural Resources Officer II
Secretary to the Sangguniang Panlungsod-Designate

ATTESTED:

(SGD.) RAMON D. TORRES
City Vice Mayor-Presiding Officer

Approved this 26th day of February, 2021.

(SGD.) NICHOLAS M. YULO
City Mayor