Republic of the Philippines
BATANGAS CITY
Office of the Sangguniang Panlungsod
Tel. No. 723-2175

ORDINANCE NO. 11 S.2017

AN ORDINANCE CONFIRMING AND RATIFYING THE PHP 650 MILLION STAND-BY TERM LOAN AGREEMENT OF THE CITY GOVERNMENT OF BATANGAS WITH THE LAND BANK OF THE PHILIPPINES COVERING CONSTRUCTION OF THE CITY MARKET, COLEGIO NG LUNGSOD NG BATANGAS AND OFFICE OF THE CITY ENGINEER

AUTHOR : COUN. SERGIE REX M. ATIENZA
Acting Chairman
SPONSORED BY : COMMITTEE ON LAWS, RULES AND REGULATIONS

WHEREAS, the City Government has entered into a Php 650M Standby Term Loan Agreement with the Land Bank of the Philippines;

WHEREAS, the City Government was authorized by the Sangguniang Panlungsod to charge the cost of the construction of the City Market, the Colegio ng Lungsod ng Batangas building and the Office of the City Engineer of this City from the Php 650M Standby Term Loan;

WHEREAS, it is required that the Loan Agreement be confirmed and ratified by the Sangguniang Panlungsod.

NOW THEREFORE, the Sangguniang Panlungsod in session assembled, hereby promulgates and decrees to confirm and ratify the Loan Agreement dated August 17, 2017 executed by and between the City Mayor Beverley Rose A. Dimacuha and the Land Bank of the Philippines for the construction of the City Market, the Colegio ng Lungsod ng Batangas and the Office of the City Engineer entered as Doc.No.416; Page No.84; Book No. XV entered in the Notarial Register of Teodulfo A. Deguito, Notary Public for and in the City of Batangas.

EFFECTIVITY - This Ordinance shall take effect immediately upon approval of the City Mayor.

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Continuation of Ordinance No. 11 S. 2017

AN ORDINANCE CONFIRMING AND RATIFYING THE PHP 650 MILLION STAND-BY TERM LOAN AGREEMENT OF THE CITY GOVERNMENT OF BATANGAS WITH THE LAND BANK OF THE PHILIPPINES COVERING CONSTRUCTION OF THE CITY MARKET, COLEGIO NG LUNGSOD NG BATANGAS AND OFFICE OF THE CITY ENGINEER

ENACTED by the Sangguniang Panlungsod this 14th day of September, 2017.

ATTY. OLIVA D. TELEGATOS
Secretary
Sangguniang Panlungsod

ATTESTED:

EMILIO FRANCISCO A. BERBERABE, JR.
Presiding Officer

APPROVED:

BEVERLEY ROSE A. DIMACUHA
City Mayor

Date Approved: Sept. 20, 2017

REPUBLIC OF THE PHILIPPINES
BATANGAS CITY

OFFICE OF THE SANGGUNIANG PANLUNGSOD

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION HELD BY THE MEMBERS OF THE SANGGUNIANG PANLUNGSOD OF BATANGAS CITY ON SEPTEMBER 14, 2017 AT THE SANGGUNIAN SESSION HALL

PRESENT:

Hon. Emilio Francisco A. Berberabe Jr.,	Presiding Officer
Hon. Aileen Grace A. Montalbo,	Councilor
Hon. Glenn M. Aldover,	"
Hon. Sergie Rex M. Atienza,	"
Hon. Hamilton G. Blanco,	"
Hon. Oliver Z. Macatangay,	"
Hon. Armando C. Lazarte,	"
Hon. Karlos Emmanjuel A. Buted,	"
Hon. Julian B. Villena,	"
Hon. Gerardo A. Dela Roca,	"
Hon. Nestor E. Dimacuha,	"
Hon. Nelson J. Chavez,	"

ABSENT:

Hon. Alyssa Renee A. Cruz, (Study Leave)	Councilor
Hon. Angelito "Dondon" A. Dimacuha,	ABC-Rep.

"On motion of Councilor Atienza seconded by Councilor Lazarte, the following Resolution was Adopted:

RESOLUTION NO. 266 S.2017

ADOPTING THE REPORT OF THE COMMITTEE ON LAWS, RULES AND REGULATIONS AND APPROVING THE ORDINANCE CONFIRMING AND RATIFYING THE PHP 650M STANDBY LOAN AGREEMENT DATED AUGUST 17, 2017 ENTERED INTO BY THE CITY GOVERNMENT OF BATANGAS WITH LAND BANK OF THE PHILIPPINES

RESOLVED, to adopt the report of the Committee on Laws, Rules And Regulations and to approve the Ordinance Confirming And Ratifying the Php 650M Standby Loan Agreement dated August 17, 2017 entered into by the City Government of Batangas with Land Bank of the Philippines covering construction of the City Market, the Colegio ng Lungsod ng Batangas and the Office of the City Engineer.

UNANIMOUSLY APPROVED."

Continuation of Resolution No. 266 S. 2017

ADOPTING THE REPORT OF THE COMMITTEE ON LAWS, RULES AND REGULATIONS AND APPROVING THE ORDINANCE CONFIRMING AND RATIFYING THE PHP 650M STANDBY LOAN AGREEMENT DATED AUGUST 17, 2017 ENTERED INTO BY THE CITY GOVERNMENT OF BATANGAS WITH LAND BANK OF THE PHILIPPINES

I hereby certify that the foregoing Resolution No. 266 S. 2017 was approved by the Sangguniang Panlungsod of Batangas City during its Regular Session held on September 14, 2017.

GERARDO M. DIMAANO
Board Secretary I
Sangguniang Panlungsod

NOTED:

ATTY. OLIVA D. TELEGATOS
Secretary
Sangguniang Panlungsod

ATTESTED:

EMILIO FRANCISCO A. BERBERABE, JR.
Presiding Officer

ODT/GMD/ystingchuy...

Republic of the Philippines
BATANGAS CITY

Office of the Sangguniang Panlungsod

Tel. No. 723-2175

COMMITTEE REPORT

SUBMITTED BY : COMMITTEE ON LAWS, RULES AND REGULATIONS

SUBJECT : Ordinance Confirming and Ratifying the Php 650M Standby Loan Agreement dated August 17, 2017 entered into by the City Government of Batangas with Land Bank of the Philippines covering construction of the City Market, the Colegio ng Lungsod ng Batangas and the Office of the City Engineer.

COMMENTS / RECOMMENDATIONS:

Referred to the Committee on Laws, Rules is the above request for study, comment and recommendation.

A hearing was conducted on September 11, 2017 by the Committee attended by its members and with the presence of other members of the Sangguniang Panlungsod. Also present were Atty. Teodulfo A. Deguito of City Legal Office, Ms. Nila Patronila R. Olivario from the City Treasurer Office, Mrs. Elizabeth Q. Delos Reyes from the City Budget Office, Engr. Januario B. Godoy of the City Planning and Development Office, Ms. Sherryl B. Bool from the City Accounting and City Administrator Atty. Narciso Macarandang.

In connection with the Php 650M stand-by Loan Agreement dated August 17, 2017 entered into by the City Government of Batangas with the Land Bank of the Philippines covering construction of the City Market, the Colegio ng Lungsod ng Batangas and Office of the City Engineer, the terms of the Loan Agreement require the confirmation and ratification of the Sangguniang Panlungsod through an ordinance.

Finding that the required confirmation and ratification would be beneficial to the City Government and its constituent, the Committee recommends:

(a) the adoption of this Committee Report and
(b) The approval of the required Ordinance hereto attached.

Respectfully submitted, September 12, 2017.

THE COMMITTEE ON LAWS, RULES AND REGULATIONS

COUN. SERGIE REX M. ATIENZA
Acting Chairman

COUN. ARMANDO C. LAZARTE

COUN. JULIAN B. VILLENA

SP

CLASS B

LOAN AGREEMENT

This **AGREEMENT,** made and executed on this ____ day of AUG 17 2017, 2017 in the _____, Province of Batangas, Philippines, by and between:

LAND BANK OF THE PHILIPPINES (LBP), a government banking institution duly organized and existing under and by virtue of the provisions of R.A. No. 3844, as amended, with principal office at Land Bank Plaza, 1598 M.H. del Pilar cor. Dr. Quintos Streets, Malate, Manila, Philippines, and with branch/lending office at Laurel National Highway, Brgy. Marauoy, Lipa City, Batangas represented in this Act by its President & CEO, **ALEX V. BUENAVENTURA**, thru its Southern Luzon Lending Group (SLLG) FVP/Head, **LUCILA E. TESORERO**, hereinafter referred to as the **"LENDER/LBP";**

- and -

City Government of Batangas, a local government unit (LGU) existing within the territory and jurisdiction of the Republic of the Philippines, with principal office at Poblacion, Batangas City, represented herein by its City Mayor, **HON. BEVERLY ROSE A. DIMACUHA-MARIÑO hereinafter referred to as the "BORROWER/LGU";**

- WITNESSETH: That -

WHEREAS, the **BORROWER/LGU** has applied with the **LENDER/LBP** for the Extension of the Availment of originally approved Omnibus Term Loan Facility in the total amount of Philippine **PESOS: SIX HUNDRED FIFTY MILLION ONLY (₱ 650,000,000.00)** to finance the various projects listed in the approved Annual Investment Plan / Local Development Plan and the **LENDER/LBP** is agreeable to grant the said loan extension applied for.

WHEREAS, the **BORROWER/LGU** has applied with the **LENDER/LBP** for Term Loan 2, 3, and 4 in the total amount of Philippine **PESOS: TWO HUNDRED TWENTY NINE MILLION ONLY (₱ 229,000,000.00)** to finance the following projects and the **LENDER/LBP** is agreeable to grant the said loan applied for:

- Term Loan 2 – Construction of City Public Market III
- Term Loan 3 – Construction of Colegio ng Lungsod ng Batangas
- Term Loan 4 – Construction of City Engineer's Office

NOW, THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants and stipulations hereinafter mentioned and provided, the parties hereto have agreed, as they hereby agree, to enter into this Loan Agreement (the Agreement), subject to the following specific terms and conditions:

Section 1. ***Amount*** - The **LENDER/LBP** hereby grants, under the terms and conditions set forth in this Agreement and other related documents, contracts, instruments or papers Term Loan 2, 3, and 4 in the principal sum of **PESOS: TWO HUNDRED TWENTY NINE MILLION ONLY (₱ 229,000,000.00)** Philippine Currency, or actual contract price, whichever is lower, hereinafter called the "LOAN".

Section 2. ***Purpose of the Loan*** – To finance the following projects:

TL Nos.	Project Descriptions	Amount *(In Million Pesos)*
TL 2	Construction of City Public Market III	110.00

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Sherry B. Bool

Marisa A. Serrano

Jennifer P. Marasigan

Section 3. ***Tenor*** - Ten (10) years, inclusive of 1 year grace period on principal payment.

Section 4. ***Availability*** - Availability period shall be within one (1) year from date of loan signing.

Section 5. ***Interest Rate*** –

If Variable: At prevailing LANDBANK lending rate at the time of availment subject to quarterly repricing based on the tenor of the benchmark rate used.

If Fixed: Based on two year PDST R2 rate at the time of availment, fixed for the first two years subject to repricing every two years thereafter.

The LGU shall have a one-time option to change interest pricing from fixed to variable rate or vice versa.

Section 6. ***Fees and Charges*** - 1% Handling Fee based on the approved amount.
½ of 1% Commitment Fee for unavailed amount.
2% Prepayment fee of the outstanding balance of loan shall be waived except when taken-out by other financial institutions.

Section 7. ***Repayment*** - ***Principal*** – payable in thirty six (36) equal quarterly payments to start at the end of the 5th quarter from the date of initial release.

Interest – payable quarterly in arrears to start at the end of the first quarter from the date of initial release.

Section 8. ***Mode of Release*** – Loan proceeds shall be directly credited to the LGU's deposit account maintained with LBP based on the following:

- First release shall be equivalent to 15% of the approved amount or actual contract price whichever is lower, upon compliance to all pre-release requirements.
- Succeeding releases shall be in tranches depending on the percentage of completion as certified by the contractor and accepted by the borrower/LGU, subject to validation by LBP-PVCID.
- Final release equivalent to a minimum of 10% of the approved amount or actual contract price, whichever is lower upon submission of the Certificate of Acceptance by the borrower/LGU's authorized signatory signifying their acceptance of the fully completed project and Appraisal Report issued by LBP-PVCID showing 100% project completion.
- In case of separate contract for the Detailed Engineering Design and construction supervision, releases shall be based on the approved separate contracts.

Section 9. ***Collaterals*** – The "LOAN" is secured by the Deed of Assignment of 20% of Internal Revenue Allotment (IRA).

Section 10. ***Pre-release requirements:*** Release shall be subject to submission of the following:

a) *Ordinance* passed by the Sanggunian, expressly:

JOAN ROVIH. SINAS

CHRISTOPHER YVES A. ABILA

Maria Sta A. Serrano

- Authorizing the mortgage/assignment of certain personal and/or real properties and declaring that the properties offered as collaterals are patrimonial and not actually devoted to public use and prohibiting the conversion of said properties to public use or service;
- Authorizing the assignment of the Internal Revenue Allotment (IRA) and other income, revenues and collection as collateral/security to the loan obtained and declaring them to be available and not restricted by law or its other obligations;
- Directing the LGU Treasurer and Accountant to enter the loan in the appropriate books of the LGU;
- Designating the LBP as the LGU's official depository bank for IRA and major depository bank for its other deposits, revenue and collections which designation shall not be revoked while the loan obligations remain outstanding and directing the LGU Secretary to provide a copy of this Resolution to DBM or other IRA administering office;
- Appropriating the amount for loan repayment in the LGU's annual budget until the loan, interest and other charges are fully paid;
- Authorizing LBP to deduct for set-off and/or deduct amounts from general funds or SEF of the LGU with LBP and apply the same to the payment of the loan or any portion thereof, or interests and penalties thereon as may be deemed necessary by the LBP; and
- Waiving the confidentiality of information on investment/bank deposit.

b) Seal of Good Housekeeping (except for Barangays);

c) BLGF Certificate of Net Borrowing Capacity;

d) Monetary Board Opinion;

e) Provincial validation of the municipality/city ordinance or municipality/city validation of the barangay ordinance, if applicable;

f) Certification by the Budget Officer, Accountant and Treasurer noted by the LCE that:

- The amounts for equity, repairs and maintenance of the project and equipment, insurance premium and the repayment on principal, interest and other charges on the loan have been fully appropriated and that full provisions have been made;
- The sources of repayment are available and not restricted by law or other obligations;
- The contractual obligations shall be or has been entered into the appropriate books of accounts of the LGU;
- The loan shall be used exclusively to finance the Construction of City Public Market III, Construction of Colegio ng Lungsod ng Batangas, and Construction of City Engineer's Office;
- The City Government of Batangas shall annually submit to Landbank a certification on the said appropriation;

g) Joint Certification by the BAC Chair and by the LCE that the LGU has complied with RA 9184 as well as COA rules and regulations;

h) Certification from concerned agencies (e.g., DPWH, DA, DepEd, etc.) that the object of financing is not included in their budget;

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CHRISTOPHER YVES A. ABILA

Marissa A. Serrano

Sherry B. Bool

P. Marasigan

Term Loan 3 – Construction of Colegio ng Lungsod ng Batangas

a) Submission of Local School Board (LSB) Resolution authorizing the Local Chief Executive/Mayor to apply, negotiate and contract a loan from LBP to finance the construction of school building and that the source of repayment will come from the 20% Development Fund and not from the Special Education Fund (SEF);

Rationale: The City Government of Batangas decided not to use the SEF, since under R.A. 5447, proceeds/appropriations coming from SEF are only for elementary and secondary schools.

b) DepEd certification that the project/school building to be financed are not included in the agency's budget;

c) Proof of LGU's ownership of the site/location of the school building or any document that may officially establish that the properties belong to the LGU.

Term Loan 4 – Construction of City Engineer's Office

a) LGU certification that the source of funds for the repayment of the loan will come from locally sourced income and not from the 20% development fund.

Section 11. ***Post Release Requirements:***

The LGU shall annually submit certification that the proposed sources of repayment are available and not restricted by law and its obligations are appropriated in their respective budget.

Section 12. ***Common Terms and Conditions:***

1. Initial release shall be subject to submission and compliance of the following:
   a. Environmental Compliance Certificate (ECC) or Certificate of Non Coverage (CNC) whichever is applicable per project;
   b. Sanggunian Resolution approving the contract prior to issuance of notice to proceed;
   c. Bill of materials, specifications and program of works duly approved by the LGU.
2. Cost overrun shall be for the account of the LGU.
3. The financed project shall be covered by Contractor's All Risk Insurance (CARI) duly endorsed in favor of LBP, during the construction period. Once completed, the project shall be insured with GSIS at its full appraised value and shall be endorsed in favor of LBP.
4. LANDBANK shall have the right to debit the LGU's deposit account with the Bank to cover loan payment, insurance premium, advances and interest thereon and other charges as they fall due.
5. The LGU shall give its consent to LANDBANK to disclose credit information about the LGU to other banks, financial institutions, the Bankers Association of the Philippines-Credit Bureau (BAP-CB) and other credit bureaus or institutions.
6. All other terms and conditions of the approved Credit Facility Proposal with Control No. 2014-SLLG-CFP-044 dated 05 December 2014 and Special Transaction Offering Ticket with Control No. 2016-SLLG-BTGLC-STOT-040 dated 10 October 2016 not inconsistent herewith shall remain in full force and in effect.

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CHRISTOPHER YVES A. ABILA

Marissa A. Serano

Other Terms and Conditions:

1. The LGU shall not sell, convey, dispose or mortgage the object of financing for as long as the loan is outstanding.

2. The bank reserves the right to withhold loan releases should there be:

   2.1. A case filed against the LGU or its officials involving the project to be financed;

   2.2. Adverse findings on the project or object of financing; or

   2.3. Withdrawal of the Sanggunian Panglungsod the authority given to the Local Chief Executive to contract loan.

3. BIR, SSS, Philhealth and other government remittances shall be coursed thru LBP, if applicable.

Section 13. ***Delayed Payment Penalty*** - In case the principal, interest and other charges on the loan or any amortization is not paid on their due dates (including those that may be due by acceleration), the **BORROWER/LGU** shall be charged a **penalty of twenty-four percent (24%) per annum** to accrue immediately on the day following the due date of the loan amortization up to the date of actual settlement. The basis for the computation of the penalty charge shall be the overdue principal portion of the loan, interest and other amounts due under this Agreement.

Section 14. ***Place of Payment*** - All payments to be made by the BORROWER/LGU under this Agreement or any promissory note/s or any other evidence of indebtedness in connection herewith shall be made to the LENDER/LBP at its **BATANGAS CITY Branch, Poblacion, Batangas City** or at any other office which the LENDER/LBP may designate in writing to the BORROWER/LGU from time to time.

Section 15. ***Venue in Case of Litigation*** - The venue of any action that may arise hereunder or in connection with this Agreement, the Promissory Note and related documents shall be exclusively in the jurisdiction of the proper courts of Manila, where the LENDER's/LBP's Head Office is located and/or in the **Province of Batangas** where the LENDER's/LBP's Branch Office/Lending Center where the loan was transacted and/or where the mortgaged property is located, at the option of the LENDER/LBP.

Section 16. ***General Terms and Conditions***

16.1 **Disbursement/Releases of the Proceeds of the LOAN** - The proceeds of the LOAN shall be disbursed/released after compliance by the BORROWER/LGU with all the documentary and legal requirements of the LOAN including those on the collaterals, if any, and subject to the auditing and accounting rules and regulations of the LENDER/LBP, as well as that of the Commission on Audit (COA).

Likewise, drawdown(s) shall be subject to the prevailing and applicable rules and regulations of the Bangko Sentral ng Pilipinas (BSP) and the Banker's Association of the Philippines (BAP).

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Marissa A. Serrano

16.2 **Promissory Notes and Evidences of Indebtedness** - Drawdowns on the LOAN shall be evidenced by promissory notes or other evidence of indebtedness covering such drawdowns, in the form, tenor and substance acceptable to the LENDER/LBP and consistent with the provisions of the repayment clauses under the Loan Agreement and the other pertinent provisions thereof, the existing laws, rules and regulations on the matter and of the lending and credit policies of the LENDER/LBP hereinafter referred to, singly and collectively as the "NOTE."

16.3 **Payments in Case of Extraordinary Inflation and Deflation** - In case an extraordinary inflation or deflation on the currency stipulated should supervene, the provisions of the Civil Code of the Philippines, more particularly Art. 1250, shall apply.

16.4 **Application of Payment** - The **LENDER/LBP** is hereby authorized to make application of the payment/s on the **LOAN** in the following manner and order:

16.4.1. Litigation/Foreclosure and other similar costs of collection, plus interest therefore, if any;
16.4.2. Attorney's Fees;
16.4.3. Advances for realty taxes, insurance premiums, repairs for the preservation and improvements etc. on the collateral plus interest thereof, if any;
16.4.4. Other advances, assessments and levies paid by the LENDER/LBP for the account of the BORROWER/LGU and/or third party Mortgagor, if applicable, plus interest;
16.4.5. Penalties;
16.4.6. Service and other charges;
16.4.7. Interests;
16.4.8. Loan Principal;
16.4.9. Other obligations owing by the BORROWER/LGU to the LENDER/LBP.

16.5 **Lien in favor of the LENDER/LBP over the BORROWER's/LGU's Property/Assets** - The LENDER/LBP hereby establishes and creates a first and superior lien on the property/assets, bank deposits, securities, credits and other property rights and assets which the BORROWER/LGU may have with the LENDER/LBP, or is/are under the control of the LENDER/LBP. For this purpose and in accordance with the provisions of par. 16.10.10 below, the LENDER/LBP is hereby authorized to debit said bank deposits, securities, credits, bonds, monies and other properties of the BORROWER/LGU with or under the control of the LENDER/LBP up to such amount that may be appropriate and sufficient to be applied to the payment of the LOAN, interest and other charges or any other amount that may be due the LENDER/LBP from the BORROWER/LGU under the Loan Agreement and the NOTE

16.6 **Right of Lender to Assign Rights** - The LENDER/LBP shall have the right to encumber, assign or sell to any person or entity any right which it may have under the Loan Agreement and the NOTE and/or any mortgage, pledge, lien or encumbrances constituted by the BORROWER/LGU pursuant to the provisions thereof, if any. The consent herein granted is recognized and acknowledged by the BORROWER/LGU as a waiver, to all intents and purposes, of whatever right it may have to notice of actual encumbrances.

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16.7 **Insurance Coverage** - The BORROWER/LGU shall, at all times during the effectivity of the LOAN and while the drawdown/s is/are outstanding, take out and maintain at its own expense and with a financially sound and reputable insurance company, satisfactory and acceptable to and duly accredited by the LENDERLBP, insurance coverage over the encumbered/mortgaged property, if any, with the loss payable clause/s in favor of the LENDER/LBP, as its interests may appear.

The LENDER/LBP shall be the assignee of the insurance in case the perils insured against occur, and the LENDER/LBP shall have the authority to settle, compromise or liquidate all claims pertaining to any such insurance coverage. The policies together with the necessary loss payable clause/s and official receipt/s evidencing payment of the annual premium shall be submitted to the LENDER/LBP.

It is understood that should the BORROWER/LGU insure the property put up as security for additional amounts, with or without the consent of the LENDER/LBP, then the policies of such additional insurance shall be deemed, by these presents, automatically assigned to the LENDER/LBP and subject to the provisions of this Agreement; provided, that if the peril insured against occurs, then the proceeds of the said policies shall be applied in satisfaction of all outstanding obligations under this Agreement and the NOTE and any excess shall be turned over to the BORROWER/LGU.

In case of non-payment by the BORROWER/LGU of any premium due on required insurance, the LENDER/LBP may advance the same and said advance shall bear interest at the same interest rate per annum as the interest rate of the LOAN, and shall also be secured by the collaterals of the LOAN.

16.8 **Substitute or Additional Collaterals** - In the event of the loss, destruction, impairment or diminution in value for whatever cause, of the property mortgaged to the LENDER/LBP or any other property encumbered or any security interest created as security/collateral for the LOAN or any other obligation payable under this Agreement and the NOTE remain unpaid or the LENDER/LBP determines that there is danger of such loss, destruction, impairment or diminution in value or that the mortgaged/encumbered property or security interest are or have become insufficient or inadequate as collaterals for the LOAN, or if a patrimonial property of the BORROWER's mortgaged with the LENDER/LBP has become public land, or devoted to public use or service, the LENDER /LBP shall have the right to require the substitution of such property/security interest with others and/or the execution of additional mortgage/pledge/assignment of other property satisfactory to the LENDER/LBP and the BORROWER/LGU will comply within 60 banking days; otherwise, the LOAN shall become due and demandable without need of notice or demand.

16.9 **Payment of Taxes, Assessments, etc. if any on the Mortgage/Encumbered Property** - All taxes, assessments, levies, imposts, fees, etc. if any, that the National Government or any of its political subdivisions and instrumentalities and other authorities may impose on the mortgaged/encumbered real, as well as personal property, will all be for the account of the BORROWER/LGU, and the BORROWER/LGU agree/s to promptly pay for all of them as soon as the same become/s due and payable and to submit to the LENDER/LBP immediately upon compliance with this obligation, sufficient proof of the

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Evelyn B. Bool

D. Mariano

at the same interest rate as that of the LOAN from the date of the advances until fully paid, and the BORROWER/LGU obligates to pay the same. These advances will likewise be secured by the collaterals of the LOAN.

16.10 **Affirmative Covenants** - The BORROWER hereby agrees and undertakes with the LENDER/LBP that as long as the LOAN or any part thereof, or any interest, charges, or any other sum payable under the Loan Agreement and the NOTE shall remain outstanding, it shall;

16.10.1. Furnish the LENDER/LBP, as soon as possible, and in any event, not beyond 90 calendar days after the end of each quarter of every fiscal year, copies of its complete financial statements for such quarter duly certified by a responsible officer of the BORROWER/LGU.

16.10.2. As soon as possible, but not later than 150 calendar days after the end of each fiscal year, to furnish the LENDER/LBP a copy of its complete financial statements for such fiscal year prepared in accordance with the generally accepted accounting principles together with the audit report thereon by the Commission on Audit or its duly authorized representative assigned to the BORROWER/LGU.

16.10.3. Submit to the LENDER/LBP any information or any document, duly certified by a responsible officer of the BORROWER/LGU regarding its financial condition or business which may be required by the LENDER/LBP from time to time.

16.10.4. Diligently and properly maintain its books of accounts and corporate records sufficient enough to reflect the true and fair financial position and the results of its operations in conformity with generally accepted accounting and auditing principles consistently applied.

16.10.5. Execute such documents, contracts, agreements, and instruments as may be required or requested by the LENDER/LBP from time to time, to give effect to all the obligations and undertakings of the BORROWER/LGU under the Loan Agreement; any or all contracts or undertakings modifying, amplifying, complementing or supplementing the Loan Agreement or any provision therein, shall form part of its obligations, covenants and undertakings as fully, to all intents and purposes, as if actually provided therein.

16.10.6. To the fullest extent permitted by law, the BORROWER/LGU shall pay/reimburse the LENDER/LBP for all costs, losses and expenses incurred in connection with (i) the negotiation, preparation and execution of the Loan Agreement and the documents and instruments to be delivered hereunder or contemplated thereby; and (ii) the administration and enforcement thereof.

16.10.7. Maintain adequate insurance on its insurable properties and assets, with a solvent and reputable insurance company, accredited by the LENDER/LBP and keep itself adequately insured against liability on account of damage to person or property, which would materially affect its business operations.

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Marisa A. Serrano

Sherry B. Cool

upon it, its properties, assets, business and insurance premiums, if any, unless the tax or other impositions is being contested in good faith in appropriate proceedings.

16.10.9. Maintain at all times, its properties in good order and condition and from time to time make all necessary and appropriate repairs, replacements, extensions, additions, betterments and improvements thereto so that its business may be carried on and conducted in accordance with sound business management.

16.10.10. Open and maintain or endeavor to increase its existing current account deposit and/or other deposit accounts with the LENDER/LBP at its Branch. Such deposit or deposit balances may be debited by the LENDER/LBP and applied to the payment of the LOAN or to any other obligations of the BORROWER/LGU when due and payable under this Loan Agreement and the NOTE and that the LENDER/LBP is authorized to do so by the BORROWER/LGU by virtue of this Agreement.

16.10.11. Endeavor to promptly inform the LENDER/LBP of any suit brought against the BORROWER/LGU including details of the case.

16.10.12. Comply and abide by all conditions and requirements in the insurance policies over the insured properties so as not to avoid said policies.

16.10.13. Immediately notify the LENDER/LBP of the damage by fire or any other insured risk of the insured collaterals in order that the necessary claim could be filed on time.

16.10.14. Endeavor to maintain/course thru the LENDER/LBP a reasonable amount of collateral business.

16.10.15. Undertake to use the proceeds of the LOAN for the purposes specified in the Loan Agreement.

16.10.16. Honor and acknowledge, at all times, rights and obligation existing and/or arising out of this Agreement. The rights and obligation arising out of this Agreement or any other source of prestation shall be governed by terms and conditions of this Agreement in force at the time such rights were vested.

16.10.17. Appropriate the following amounts in the BORROWER/LGU's annual budget until the loan, interest and other charges are fully paid.

16.10.17.1. loan repayment until the principal, interest and other charges are fully paid;

16.10.17.2. the required BORROWER/LGU equity;

16.10.17.3. the repairs and maintenance of the projects and

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CHRISTOPHER YVES A. ABILA

Marissa A. Serrano

Sherryl B. Bool

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16.10.17.5. other statutory and contractual obligations.

16.10.18. Designate the LENDER/LBP as the BORROWER/LGU's sole depository bank for its Internal Revenue Allotment (IRA) and major depository bank for its other deposits which designations shall not be revoked while the loan obligations remain outstanding and directing the BORROWER/LGU Secretary to provide a copy of this Resolution to the Department of Budget and Management (DBM) and other IRA-administering office.

16.11 **Negative Covenants** –For as long as the LOAN or any other sum or balance that may be due or outstanding in relation thereto, have not been duly paid and performed, the BORROWER/LGU shall not, without the prior written consent of the LENDER/LBP, perform or allow any of the following:

16.11.1. Make any loan to or investment in or any guarantee for or otherwise provide credit or financing for any other company, business or person which may impair its paying capacity to the LENDER/LBP.

16.11.2. Contract other loans/credits with other creditors/banks as to impair the BORROWER/LGU's paying capacity for the duration of the LOAN.

16.12. **Representations and Warranties** - The BORROWER/LGU hereby represents and warrants that:

16.12.1. It is a local government unit duly organized and existing under and by virtue of the laws of the Philippines, with full and absolute power and authority to own its property, to carry on its business as it is now being conducted, and to incur any obligation and other indebtedness provided for in this Loan Agreement and any Promissory Note, evidence of indebtedness and to perform and observe all of the terms and conditions of this Loan Agreement and the NOTE and other evidences relative to the Loan Agreement.

16.12.2. The Loan Agreement and the NOTE and other evidences of indebtedness and instruments when issued hereunder are and shall constitute a valid, binding and enforceable obligation of the BORROWER/LGU and none of these will be, or any of the provisions therein are, in contravention of or is illegal, void, voidable, prohibited, or unenforceable under the laws of the Republic of the Philippines and the rules or regulations issued/adopted pursuant thereto.

16.12.3. The execution and delivery by the BORROWER/LGU of the Sanggunian Resolution/s and or Ordinance/s relating to this transaction has/have been duly authorized by its Sanggunian and the LENDER/LBP may give full faith and credence on its/their authenticity, validity, enforceability as well as the representations and authorizations given therein.

16.12.4. No law, rule, regulation and policy of the Government of the Republic of the Philippines or any of its agencies and any other

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Sherry B. Bool

Agreement, the NOTE and any of the relevant and pertinent documents, contracts and instruments.

16.12.5 There is/are no legal proceeding/s pending or known to the BORROWER/LGU or threatened before any court or administrative agency which would materially and adversely affect the financial condition, governance and operation of the BORROWER/LGU.

16.12.6. In applying for and obtaining the LOAN from the LENDER/LBP, the BORROWER confirms its representations to the LENDER/LBP that it has made full disclosure of all material facts concerning its assets and liabilities, actual or contingent, its financial condition and its business operations. The financial statements submitted to the LENDER/LBP present fairly the BORROWER/LGU's financial condition as of the date appearing therein, all in conformity with generally accepted accounting principles applied on a consistent basis. Since the date of said financial statements, there has been no material adverse change in such financial condition that has not been disclosed to the LENDER/LBP.

16.12.7. The BORROWER/LGU has filed true, complete and timely tax returns and has paid all taxes due in respect of the ownership of its assets or the conduct of its operations except to the extent that the payment of such taxes is being contested in good faith by the BORROWER/LGU, and that adequate reserves have been provided for the payment thereof.

16.13 **Conditions Precedent** - The BORROWER/LGU shall not be entitled to any drawdown on the LOAN unless the BORROWER/LGU shall have submitted to the LENDER/LBP, in such form, tenor and substance satisfactory and acceptable in all respects to the LENDER/LBP, documentary requirements referred under Section 10 and 12 of this Loan Agreement. The LENDER/LBP reserves the right to impose other documentary requirements from the BORROWER/LGU;

16.14 **Conditions Concurrent** - At the time of disbursement/drawdown on the LOAN and concurrent therewith, the BORROWER/LGU shall submit and turn over to the LENDER/LBP the pertinent promissory note/s, disclosure statement/s, deed of assignment, and other special requirements that may be required by the LENDER/LBP or the Bangko Sentral ng Pilipinas (BSP).

16.15 **Additional Conditions** - That the LENDER/LBP reserves the right to impose additional conditions upon prior written notice to the BORROWER/LGU pursuant to such pertinent provisions that may be embodied in subsequent general orders, letter of instructions, decrees, executive orders, laws, rules and regulations, etc. governing the management and implementation of the LOAN, Loan Agreement and the NOTE.

16.16 **Events of Default** - The happening of any of the following events shall constitute default;

16.16.1 ***Payment Default*** - If the BORROWER/LGU fails to pay any

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Marissa A. Serrano

and payable under the terms and conditions of the Loan Agreement and of the NOTE and/or other evidences of indebtedness and contracts, documents, etc.

16.16.2. ***Covenants Default*** - If the BORROWER/LGU shall fail in the due performance and observance of any of the terms and conditions, covenants, obligations, representations, warranties or provisions contained in the Loan Agreement and other related documents, contracts and instruments, including amendments and addenda thereto.

16.16.3. ***Representation Default*** - If (i) there is any misrepresentation of facts or error with respect to, or violation of any of the representations and warranties set forth in the Loan Agreement and the related contracts, documents and instruments executed in connection with this LOAN; such as the NOTE, Assignments and other collateral documents; (ii) the proceeds of the LOAN has been employed without the prior written approval of the LENDER/LBP for purposes other than those agreed upon with the LENDER/LBP and provided for in the Loan Agreement.

16.16.4. ***Insolvency Default*** - If the BORROWER/LGU shall (i) become insolvent, bankrupt, or if the BORROWER/LGU shall make general assignment of its property and assets for the benefit of creditors or shall have an insolvency petition filed by or against it or shall be put into forced or voluntary liquidation or insolvency except for the purpose of reconstruction/re-organization not involving a realization of asset previously approved by the BORROWER/LGU; (ii) apply with any court/quasi-judicial body/administrative agency for the appointment of a receiver, administrator or liquidator for the BORROWER/LGU; (iii) be unable or admit in writing its inability to pay its debts as they mature.

16.16.5. ***Seizure Default*** - If any governmental authority shall have taken any action to condemn, seize or appropriate substantial portion of the BORROWER/LGU's property or assets or business (either with or without payment of compensation) which adversely affects the BORROWER/LGU's ability to pay its indebtedness hereunder.

16.16.6. ***Cross Default*** - The BORROWER/LGU fails to pay any amount due under any other agreement, from foreign or domestic banking creditors or financial institutions (whether written or not), or document evidencing/securing, guaranteeing or otherwise relating to any other indebtedness of the BORROWER/LGU under such Agreement or document for borrowed money and other similar forms of financial obligations, the effect of which is to accelerate or to permit acceleration of the maturity of such indebtedness.

16.16.7. ***Legal Process Default*** - If the LENDER/LBP receives a writ of execution or notice of garnishment and/or preliminary attachment or any other legal process against the property, business and assets of the BORROWER/LGU which will materially/adversely affect its business operations and same is not lifted within thirty (30) days from date or notice thereof.

16.16.8. ***Judgment Default*** - Any judgment or decree for money

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Marissa A. Serrano

Cherry B. Bool

16.17. **Consequences of Default** - The following shall be the consequences of default, whether singly, concurrently or in succession;

16.17.1. In any of the events of default, the LENDER/LBP, by written notice to the BORROWER/LGU, may declare to be forthwith due and payable the entire amount of the LOAN then outstanding and all interest, charges, fees, advances, etc. thereon and all other amounts payable under the Loan Agreement, the NOTE, and related documents.

16.17.2. In the event of the happening of any of the events enumerated under Section 16.16, the BORROWER/LGU shall pay the penalties mentioned in Section 13 of the Loan Agreement hereof in addition to the agreed interest of the Loan.

16.17.3. Without prejudice to the foregoing, the BORROWER/LGU shall indemnify and hold the LENDER/LBP free from/against any losses, costs, charges and expenses which the LENDER/LBP may sustain or incur as a consequence of any default in the payment of the principal amount of the LOAN or any portion thereof, of the interests and charges accrued thereon or any other amount payable under the Loan Agreement, the NOTE and other related documents. The losses or costs referred to shall include interests or fees paid or payable on account of funds borrowed to carry or maintain an unpaid account.

16.17.4. Upon the happening of any default, the LOAN shall be considered automatically canceled and shall be subject of liquidation and all unreleased amount/s not drawn shall no longer be available to the BORROWER/LGU.

16.17.5. The LENDER/LBP shall have the right to institute and pursue any legal and/or administrative action/s against the BORROWER/LGU and its property and assets for the enforcement of this Agreement the laws, rules and regulations.

16.17.6. The LENDER/LBP will adopt any other legal, convenient and appropriate actions or measures to protect its interest.

16.18. **Right of LENDER to Inspect or Visit Premises of the Project of the BORROWER** - The LENDER/LBP reserves the right to send its representative/s to visit and enter the premises of the Project of the BORROWER/LGU at reasonable time and subject to the BORROWER/LGU's security measures, to inspect its records, properties and operations and to recommend such measure/s necessary to help assure the success of the Project and/or the governance of the BORROWER/LGU.

16.19 **Right of Compensation** - The LENDER/LBP, may, at its option, apply the principle of compensation as a mode of extinguishment of obligation and, for this purpose, the LENDER/LBP is hereby authorized to debit the deposit and other accounts/credits/securities of the BORROWER/LGU under the control or possession of the LENDER, to be applied as partial/full payment of the BORROWER/LGU's obligation under the occurrence of all the elements and requisites of compensation.

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Sheryl B. Bool

Atty. P. Macasian

to the Loan Agreement upon violation of any condition therein shall be construed to be a waiver thereof, or an acquiescence of such violation, nor shall the action of the LENDER/LBP in respect of any default or violation shall affect or impair any right, power or remedy of the LENDER/LBP in respect of any other or subsequent default or violation.

16.21 **Changes in the Laws, Etc.** - In case there are amendments, modifications or changes in the laws or regulations, or in the interpretations and implementations thereof by the Government or any other authority or body thereof, which will change the basis of taxation to the LENDER/LBP of the principal or interest (except taxes on income of the LENDER/LBP), impose or subject the LENDER/LBP to any tax, imposts, fees, etc. on the accommodations under the LOAN and impose additional reserve requirements on LENDER/LBP's assets and deposit liabilities, and the effect of the same would be to increase the cost of funds to the LENDER/LBP or reduce the principal, interest, service charges or other payments to be received by the LENDER/LBP, then the BORROWER/LGU will, upon demand, from time to time, indemnify the LENDER/LBP for such additional costs or losses.

16.22 **Effect of a Provision that May Be Declared Unlawful/Void** - In the remote possibility that any one or some of the provisions of this Agreement and any other contracts, documents, instruments, etc. executed by either or both parties pursuant thereto is/are declared to be unlawful/void by any competent authority; it is understood and agreed upon that the same will not render void/unlawful the entire Agreement and the transactions contracted pursuant thereto.

16.23 **Termination of the Loan** - In the event that the entire principal amount of the LOAN its interest, service charges, penalties, advances, etc. and all other accounts payable and refundable by the BORROWER/LGU to the LENDER/LBP under the Loan Agreement and any other contract, document or instrument, etc. exceed pursuant thereto have been fully paid, and the BORROWER/LGU shall have complied or will and truly comply with every condition, covenants, representations, stipulations herein, then this Agreement and other related documents, contracts, etc. and the obligations of the BORROWER/LGU shall forthwith terminate, otherwise, this Agreement shall remain in full force and effect and shall be binding upon the parties and their successors-in-interest.

16.24 **Damages/Penalties in Case of Violation of any Provision Hereof** - In the event that the BORROWER/LGU violates any stipulations, etc. it shall be liable to pay the LENDER/LBP, in addition to the consequence of default, a sum equivalent to 10% of the total amount due, as liquidated damages.

16.25 **Out-of-Pocket Expenses** - The BORROWER/LGU shall pay to the LENDER/LBP, on demand, all reasonable expenses incurred by the LENDER/LBP, including fees and expenses of counsel, communications, travel and all other out-of-pocket expenses in connection with the preparation, notarization and registration of documents, contracts, papers and all other related documentation of this LOAN.

16.26 **Non-Subordination of the LOAN** - This LOAN is not and will never be subordinated to any other existing or future obligations, loans or credit

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Marissa A. Serrano

16.27 **Compliance with Law** - The BORROWER/LGU is conducting its governance and operations in compliance with applicable laws and directives of governmental authorities having the force of law and is in compliance with all guidelines and policy statements applicable to the BORROWER/LGU whether or not having the force of law. The BORROWER/LGU has filed true, complete and timely tax returns and has paid all taxes due to respect of the ownership of its assets or the conduct of its operations except to the extent that the payment of such taxes is being contested in good faith by the BORROWER, with adequate reserves having been provided for the payment thereof.

16.28 **Effect of the Rules and Regulations Circulars, etc. of the BSP** - All present and future rules and regulations, circulars-letters, memoranda and other issuances of the Banko Sentral ng Pilipinas (BSP) pertinent to the Loan Agreement and other documents executed pursuant thereto are deemed incorporated into this Agreement by reference and must have to be strictly followed and complied with by both the LENDER/LBP and the BORROWER/LGU insofar as the implementation of any of the transactions resulting from the LOAN as if the same rules and regulations, circular, etc. were in effect provided for herein. If the implementation of any of the transactions involved in the LOAN will result in violation of the same rules and regulations, circulars, issuances, etc. of the BSP, the BORROWER/LGU could not compel the LENDER/LBP to enforce the same and that the LENDER/LBP will not be liable to the BORROWER/LGU for any liability, damages, penalties, etc. for non-compliance or breach of contract.

16.29 **Attorney's Fees** - Should the LENDER/LBP be compelled to refer the LOAN or any portion thereof to an Attorney-at-Law for collection or to enforce any right hereunder or under the law against the BORROWER/LGU or avail of any remedy under the law and this Agreement, the BORROWER/LGU, shall, in addition to the sums/amounts revocable under the actionable documents and this Agreement, pay an amount equivalent to 20% of the indebtedness for and as attorney's fees aside from the cost of litigation or the expenses in pursuing such remedy and such other expenses, penalties and damages as the laws may entitle the LENDER/LBP to recover from the BORROWER/LGU.

IN WITNESS WHEREOF, we hereby sign this Agreement at the place and on the date first above- written.

LAND BANK OF THE PHILIPPINES
(Lender/LBP)

by: **ALEX V. BUENAVENTURA**
President & CEO

CITY GOVERNMENT OF BATANGAS
(Borrower/LGU)

by: **HON. BEVERLY DIMACUHA-MARINO**
City Mayor

Thru:

FVP LUCILA E. TESORERO
Head, SLLG

CLASS B

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Province of Batangas)S.S.

In the City Government of Batangas, Province of Batangas Philippines, on this AUG 17 2017 day of _____ at personally appeared the following persons:

NAME	IDENTIFICATION PRESENTED	DATE/PLACE/AGENCY
LUCILA E. TESORERO		
HON. BEVERLY DIMACUHA-MARIÑO	Phil. Passport No. EB7552947	DFA Manila 3/15/13 Date Issued

both known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed, as well as the free and voluntary act and deed of the principal they respectively represent.

This instrument refers to a Loan Agreement consisting of sixteen (16) pages including this page where the acknowledgment is written, all of which have been signed by the parties and witnesses.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above-written.

Doc. No. 416;
Page No. 84;
Book No. XV;
Series of 2017;

TEODULFO A. DEGUITO
NOTARY PUBLIC
ADMIN. MATTER NO. 2017-01 Until Dec. 31, 2018
ATTORNEY'S ROLL NO. 25749
IBP O.R. NO. 1052831 01/03/17
PTR NO. 2800485 01/03/17 BATS. CITY
MCLE COMPLIANCE NO. V-0009551 APRIL 14, 2013
BATANGAS CITY, PHILIPPINES

HON. BEVERLY DIMACUHA-MARIÑO
City Mayor

FVP LUCILA E. TESORERO
Head, SLLG

JOHN AXEL E. MELENDRES
DM/Head, Batangas LC

Marissa A. Serrano

JOAN ROSH H. SINAS

CHRISTOPHER YVES A. ABILA