



Republic of the Philippines
 Province of Davao Oriental
OFFICE OF THE SANGGUNIANG PANLALAWIGAN
 SP Complex, Government Center, Dahican
 CITY OF MATI



EXCERPTS FROM THE MINUTES OF THE 139TH REGULAR SESSION OF THE 16TH SANGGUNIANG PANLALAWIGAN OF DAVAO ORIENTAL, HELD ON WEDNESDAY, FEBRUARY 23, 2022, AT THE CITY OF MATI, THIS PROVINCE.

PRESENT:

Hon. Niño Sotero L. Uy, Jr. Vice Governor – Presiding Officer

Regular Members:

District I

Hon. Nelson R. Dayanghirang, Jr.
 Hon. Dante M. Caubang
 Hon. Marietta D. Palmera
 Hon. Laureano B. Taya

District II

Hon. Louis N. Rabat
 Hon. Anacleto P. Macatabog
 Hon. Lemuel Ian M. Larcia
 Hon. Enrico M. Antopuesto

Ex-Officio Members:

Hon. Rabsalon M. Lamarin
 Hon. Rustan R. Castellones
 Hon. Charlie S. Ambasan

President, Philippine Councilor's League
 President, Liga Ng Mga Barangay
 Indigenous Peoples' Mandatory
 Representative

ABSENT:

Hon. Dennis V. Roflo, Jr.
 Hon. Joselito B. Villademoso
 Hon. Ronald T. Lara, Jr.

SP Member, District II – *Filial Leave*
 SP Member, District I
 Sangguniang Kabataan Provincial
 Federation President – *Filial Leave*

PROVINCIAL ORDINANCE NO. 16-83-02-2022

Author : Hon. Anacleto P. Macatabog
 Sponsor : Hon. Anacleto P. Macatabog

AN ORDINANCE APPROVING AND RATIFYING THE TERMS AND CONDITIONS OF THE TERM LOAN AGREEMENT AND DEED OF ASSIGNMENT WITH HOLD-OUT, SIGNED AND ENTERED INTO, BY AND BETWEEN THE PROVINCE OF DAVAO ORIENTAL, REPRESENTED BY THE LOCAL CHIEF EXECUTIVE, HONORABLE GOVERNOR NELSON L. DAYANGHIRANG, AND THE DEVELOPMENT BANK OF THE PHILIPPINES (DBP), REPRESENTED BY ITS LENDING HEAD, MGR. AMELITA B. PINANDAY, WITH THE LOAN AMOUNT OF ONE BILLION NINE MILLION THREE HUNDRED NINETY THOUSAND PESOS (P1,009,390,000.00) TO FINANCE VARIOUS DEVELOPMENT PROJECTS OF THE PROVINCE.

WHEREAS, local government units have been mandated to ensure and promote general welfare of its inhabitants or constituents. It shall endeavor to be self-reliant, and to exercise such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provisions of the basic services and facilities;

7. **MANAGEMENT INFORMATION SYSTEM (MIS) UPGRADE AND DEVELOPMENT**
8. **CONSTRUCTION OF STORAGE FACILITY FOR SERVER AND DATABASE**
9. **PROCUREMENT OF LABORATORY AND MEDICAL SUPPLIES FOR PROVINCIAL HOSPITAL AND MEDICAL CENTERS**

WHEREAS, local government units have been mandated to ensure and promote general welfare of its inhabitants or constituents. It shall endeavor to be self-reliant, and to exercise such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provisions of the basic services and facilities;

WHEREAS, Section 296 of the Local Government Code (LGC) empowered the Local Government Units (LGUs) to create indebtedness, and avail of credit facilities to finance the construction, installation, improvement, expansion, operation, or maintenance of public facilities, infrastructure, housing projects, the acquisition of real property, and the implementation of other capital investment projects, in accordance with the approved Local Development Plan and Public Investment Program and subject further to the terms and conditions that may be agreed upon by the LGU and the lender;

WHEREFORE, on motion of SP Member Anacleto P. Macatabog, unanimously seconded by all the members present, it was

Be it ordained by the 16th Sangguniang Panlalawigan of Davao Oriental, in session duly assembled that:

SECTION 1. By the authority of the Sangguniang Panlalawigan of Davao Oriental, Honorable Nelson L. Dayanghirang has applied and negotiated for a loan/credit facility with the Development Bank of the Philippines (DBP) to **finance the following projects:**

1. **Health-related projects**
2. **Environmental-related projects**
3. **Tourism-related projects**
4. **Other infrastructure projects**
5. **Procurement of various brand-new laboratory equipment**
6. **Procurement of utility vehicles**
7. **Management Information System (MIS) Upgrade and Development**
8. **Construction of Storage Facility for Server and Database**
9. **Procurement of Laboratory and Medical Supplies for Provincial Hospital and Medical Centers**

SECTION 2. The Term Loan Agreement and Deed of Assignment of IRA with Hold-Out, which have been contracted by Honorable Nelson L. Dayanghirang, Governor of the Province of Davao Oriental, with the Development Bank of the Philippines (DBP), providing for a loan in the total amount of One Billion Nine Million Three Hundred Ninety Thousand (₱1,009,390,000.00) Pesos, including its terms and conditions herein as follow, are **APPROVED AND RATIFIED.**

I. 15-Yr Term Loan	
Amount of Loan	: Seven Hundred Three Million Six Hundred Ninety Thousand Pesos (₱703,690,000.00) or winning bid price, whichever is lower

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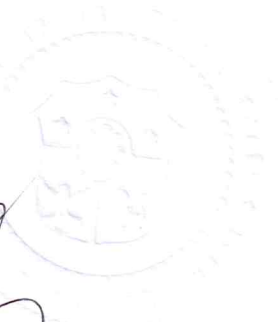
Purpose of Loan	: To finance various construction, rehabilitation, and expansion related to the ff. developmental projects: 1. Health-related projects - ₱159.7 M 2. Environment-related projects - ₱100.0 M 3. Tourism-related projects - ₱70.49 M 4. Other infrastructure projects - ₱373.5 M
Tenor	: Fifteen (15) years inclusive of two (2) years grace period on principal payments, payable in 156 equal monthly principal installments to commence at the end of the 25 th month from date of initial drawdown.
Interest Rate	: Fixed at 3.00% p.a. for three (3) years provided that the Bank's RORA before ACL will not fall below 2% payable monthly commencing at the end of the 1st month from date of initial drawdown. Interest shall be reviewed annually thereafter based on 1 year BVAL plus applicable credit spread but not lower than the original rate. GRT for the account of the borrower.
Availability Period	: Two (2) years from the date of the Notice of Approval
Operating Guidelines	: 1. Documents to be submitted to Legal (applicable to all term loans): a. Duly validated ordinances authorizing the borrowing and ratifying the approved terms and conditions of the loan; b. Seal of Good Financial Housekeeping from DILG; c. Favorable Monetary Board (MB) Opinion; d. Duly Approved Comprehensive Development Plan and Annual Investment Plan covering the projects to be funded by the loan; e. Certificate of Net Debt-Ceiling and Borrowing Capacity from BLGF-DOF; f. Waiver of Confidentiality of Deposits; g. Certification of the Municipal Treasurer that the annual amortization of existing loan or indebtedness are being paid regularly in accordance with the approved amortization schedule thereof and that the total amortization for all credit inclusive of the loan under negotiation shall not exceed 20% of the total LGU income; and h. ECC/CNC, if applicable. 2. Releasing Mechanics specific for the various construction projects except for Environmental-related projects: a. Submission of Bidding Documents (includes complete set of building plan); b. Multiple releases allowed; c. Submission of Notice of Award and Notice to Proceed; d. Submission of Building Permit, if applicable; e. Submission of Contract/PO with the Contractor/Supplier; f. Permit to Construct, if applicable; g. Initial release shall be up to 15% of the project cost representing mobilization fund; h. For the progress of construction as basis for subsequent releases, Borrower to submit contractor's certification on

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	<p>the percentage completion accepted by LGU's authorized signatory; and</p> <p>i. Final Release requirement – the remaining amount representing the final amount shall be released only when the project reaches 100% completion.</p>
	<p>3. Releasing Mechanics specific for Environmental-related projects:</p> <p>i. Solid Waste Management (support to SLF structure complex completion)</p> <ol style="list-style-type: none"> a. Submission of Bidding Documents (includes complete set of building plan); b. Submission of Notice of Award and Notice to Proceed; c. Submission of 10-yr Solid Waste Management Plan; d. Submission of Engineering Geological and Geohazard Assessment Report (EGGAR) or Geohazard Report (GAR) for Mines and Geoscience Bureau; e. Submission of Site Suitability Assessment Report from MGB including Geological Investigation Report (GIR); f. Submission of Proof of Ownership of the Project Site; g. Submission of Building Permit, if applicable; h. Submission of Land Use Conversion, if applicable; i. Submission of Zoning Clearance; j. Submission of Tree Cutting Permit; k. Multiple releases allowed; l. Initial release shall be up to 15% of the project cost representing mobilization fund; m. For the progress of construction as basis for subsequent releases, Borrower to submit contractor's certification on the percentage completion accepted by LGU's authorized signatory; and n. Final release requirement – the remaining amount representing the final amount shall be released only when the project reaches 100% completion. <p>ii. Davao Oriental Watershed Development & Rehabilitation Project</p> <ol style="list-style-type: none"> a. Submission of Approved Program of Works, Notice of Award and Notice to Proceed b. Submission of list of identified household beneficiaries c. Multiple releases allowed; d. Initial release shall be up to 15% of the project cost representing mobilization fund e. For the progress of construction as basis for subsequent releases, Borrower to submit contractor's certification on the percentage completion accepted by LGU's authorized signatory; and f. Final release requirement – the remaining amount representing the final amount shall be released only when the project reaches 100% completion.

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	<p>4. Post-release requirements:</p> <p>a. Submission of Post Borrowing Report to BSP within 30 days from final release.</p> <p>b. Project Completion Report to be rendered by the Account Officer within 60 days from final release.</p> <p>c. Specific for General Construction to be submitted within 60 days from final release:</p> <ul style="list-style-type: none"> - Fire Safety Inspection Certificate; - Occupancy Permit; - Wastewater Discharge Permit, if the facility will discharge wastewater to the bodies of water/land; - Permit to Operate, if project involves installation of generator sets; - Sanitary Permit, if applicable; and - Water Permit or service contract/proof of service connection from the local water district, if applicable. <p>d. Specific for Health-related projects to be submitted within 60 days from final release:</p> <ul style="list-style-type: none"> - License to Operate; - Philhealth Accreditation; and - Specific for Environment-related projects to be submitted within 60 days from final release; - Pollution Control Officer Accreditation Certificate.
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I. 10-Yr Term Loan	
Amount of Loan	: One Hundred Twenty Two Million and Seven Hundred Thousand Pesos (₱122,700,000.00) or winning bid price, whichever is lower
Purpose of Loan	: To finance the ff. projects: <ol style="list-style-type: none"> 1. Procurement of various brand-new laboratory equipment - ₱111.7 M 2. Procurement of Utility Vehicles - ₱6.0 M 3. Construction of storage facility for server and database - ₱5.0 M
Tenor	: Ten (10) years inclusive of one (1) year grace period on principal payments, payable in 108 equal monthly principal installments to commence at the end of the 13 th month from date of initial drawdown.
Interest Rate	: Fixed at 3.00% p.a. for three (3) years provided that the Bank's RORA before ACL will not fall below 2% payable monthly commencing at the end of the 1 st month from date of initial drawdown. Interest shall be reviewed annually thereafter based on 1 year BVAL plus applicable credit spread but not lower than the original rate. GRT for the account of the borrower.
Availability Period	: One (1) year from the date of the Notice of Approval.

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Operating Guidelines	<p>1. Releasing Mechanics:</p> <p>i. Transportation Equipment and various laboratory equipment:</p> <ul style="list-style-type: none"> a. Submission of a statement that disbursements shall be in accordance with RA 9184; b. Releases shall be made through the borrower's account maintained with DBP; c. Submission of bidding documents; d. Mode of releases – single release on a per acquisition basis of the equipment/generator and submission of the following requirements: <ul style="list-style-type: none"> - Sales invoice; - Delivery receipts or other equivalent documents; and - Certificate of Acceptance from the LGU. e. In case the supplier requires downpayment, release may be allowed and amount to be released shall be up to amount required as downpayment, subject to the submission of Purchase Order/s or Contract Agreement/s. Remaining amount shall be released upon arrival of the equipment and submission of the above-mentioned requirements. <p>ii. Computerization upgrade and enhancement of revenue generation, financial, and resource, with digital archiving and content management systems modernization project, development of provincial database program, and storage of server and database:</p> <ul style="list-style-type: none"> a. Submission of bidding documents; b. Submission of Notice of Award and Notice to Proceed; c. Multiple releases allowed; d. Contractor's certification on the percentage completion accepted by LGU's authorized signatory; and e. Final Release requirement – the remaining amount representing the final amount shall be released only when the project reaches 100% completion. <p>2. Post-release requirements:</p> <ul style="list-style-type: none"> a. Submission of Post Borrowing Report to BSP within 30 days from final release; b. Project Completion Report to be rendered by the Account Officer within 60 days from final release; and c. Submission of official receipts and certificate of registration, as applicable within 30 days from the final release.
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II. 5-Yr Term Loan	
Amount of Loan	: Sixty Five Million Pesos (₱65,000,000.00) or winning bid price, whichever is lower
Purpose of Loan	: To finance the Management Information System (MIS) Upgrade and development.



Tenor	:	Five (5) years inclusive of one (1) year grace period on principal payments, payable in 48 equal monthly principal installments to commence at the end of the 13th month from date of initial drawdown.
Interest Rate	:	Fixed at 3.00% p.a. for three (3) years provided that the Bank's RORA before ACL will not fall below 2% payable monthly commencing at the end of the 1 st month from date of initial drawdown. Interest shall be reviewed annually thereafter based on 1 year BVAL plus applicable credit spread but not lower than the original rate. GRT for the account of the borrower.
Availability Period	:	One (1) year from the date of the Notice of Approval
Operating Guidelines	:	<ol style="list-style-type: none"> 1. Releasing Mechanics: <ol style="list-style-type: none"> a. Submission of bidding documents; b. Submission of Notice of Award and Notice to Proceed; c. Multiple releases allowed; d. Contractor's certification on the percentage completion accepted by LGU's authorized signatory; and e. Final Release requirement – the remaining amount representing the final amount shall be released only when the project reaches 100% completion. 2. Post-release requirements: <ol style="list-style-type: none"> i. Submission of Post Borrowing Report to BSP within 30 days from final release; ii. Project Completion Report to be rendered by the Account Officer within 60 days from final release; and iii. Submission of official receipts and certificate of registration, as applicable within 30 days from the final release.

III. 2-Yr Term Loan

Amount of Loan	:	One Hundred Eighteen Million Pesos (₱118,000,000.00)
Purpose of Loan	:	To finance the procurement of laboratory and medical supplies for Provincial Hospital and Medical Centers.
Tenor	:	Two (2) years inclusive of six (6) months grace period on principal payments, payable in 18 equal monthly principal installments to commence at the end of the 7 th month from date of initial drawdown.
Interest Rate	:	Fixed at 3.00% p.a. for three (3) years provided that the Bank's RORA before ACL will not fall below 2% payable monthly commencing at the end of the 1 st month from date of initial drawdown. Interest shall be reviewed annually thereafter based on 1 year BVAL plus applicable credit spread but not lower than the original rate. GRT for the account of the borrower.
Availability Period	:	One (1) year from the date of the Notice of Approval

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<p>Operating Guidelines :</p>	<ol style="list-style-type: none"> 1. Releasing Mechanics: <ol style="list-style-type: none"> a. Submission of a statement that disbursements shall be in accordance with RA 9184; b. Releases shall be made through the borrower's account maintained with DBP; c. Submission of bidding documents; d. Mode of Releases – single release on a per acquisition basis of the equipment/generator and submission of the following requirements: <ol style="list-style-type: none"> i. Sales invoice; ii. Delivery receipts or other equivalent documents; and iii. Certificate of Acceptance from the LGU. e. In case the supplier requires downpayment, release may be allowed and amount to be released shall be up to amount required as downpayment, subject to the submission of Purchase Order/s or Contract Agreement/s. Remaining amount shall be release upon arrival of the equipment and submission of the above-mentioned requirements. 2. Post-release requirements: <ol style="list-style-type: none"> a. Submission of Post Borrowing Report to BSP within 30 days from final release b. Project Completion Report to be rendered by the Account Officer within 60 days from final release c. Submission of official receipts and certificate of registration, as applicable within 30 days from the final release.
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Applicable to all term loans:

<p>Fees :</p>	<ol style="list-style-type: none"> a. Front-end Fee – waived b. Commitment Fee – waived c. Default Charges – 24% p.a. d. Prepayment Penalty – prepayment of loans in full or in part may be allowed with or without prior notice, subject to the ff. conditions: <ol style="list-style-type: none"> i. The partial prepayment shall be applied against the repayment installments in the inverse order of maturity; ii. The amount prepaid cannot be re-borrowed; iii. Interest is paid on prepayment date; iv. Provided the prepayment is not a result of refinancing by another bank; v. If prepayment is made on a date other than the interest payment date, the prepayment is subject to prepayment penalty at 3% of the amount prepaid; and vi. Adjusted GRT, if applicable, is paid.
<p>Other Conditions :</p>	<ol style="list-style-type: none"> a. Cost overrun, if any, shall be borne by the Borrower. b. Financial Ratios: <ol style="list-style-type: none"> i. D/E Ratio – not more than 70:30 ii. Current Ratio – not less than 1.0x iii. Debt Service Cover Ratio (vs. 20% of IRA) – not less than 1.0x

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Security	: <ol style="list-style-type: none">1. Deed of Continuing Assignment of IRA and/or deposit placement with hold-out equivalent to one (1) monthly amortization until the loan is fully paid.2. Contractor's All Risk/Fire Insurance coverage shall be obtained prior to initial loan release based on appraised value shall be placed by DBP with GSIS, and the policy endorsed in favor of the Bank.3. Continuing insurance coverage on all insurable financed assets based on sound value to be placed by DBP with GSIS and the policy to be endorsed in favor of the Bank.
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SECTION 3. The Sangguniang Panlalawigan of Davao Oriental hereby authorizes, undertakes, executes, and performs the following acts:

- (i) That the obligations of the Borrower (Province of Davao Oriental) under this Agreement, Promissory Notes, and other documents relating thereto, as well as the terms and conditions thereof, shall be valid and binding on the Borrower and shall not be subjected to recall by the **Sangguniang Panlalawigan** for the whole term of the Loan, regardless of any change in its composition;
- (ii) The continuing assignment of the applicable portion of the Borrower's IRA in favor of the Lender (Development Bank of the Philippines) until the Loan is fully paid;
- (iii) Authority of the Lender to automatically debit on due date, from the Borrower's current/savings deposit account maintained with the Lender, the amount equivalent to the maturing Loan amortization until the Loan is fully paid;
- (iv) The inclusion of appropriation for debt-servicing in the Borrower's annual budget in accordance with the Local Government Code until the Loan is fully paid; and
- (v) The undertaking that the Borrower will not incur additional obligation/indebtedness without the Borrower's consent.

SECTION 4. That this Ordinance shall remain valid and effective until the Loan with DBP has been fully settled and paid.

SECTION 5. Any ordinance or parts thereof inconsistent with this enactment is hereby repealed or amended accordingly.

SECTION 6. 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 Sangguniang Panlalawigan Members, in concurrence thereto, composing of at least a majority of all the members, on all pages of this ordinance.

SECTION 7. That copy of this Ordinance be furnished the Office of the Governor, Provincial Treasurer, Auditor's Office, and concerned Development Council and Development Bank of the Philippines (DBP).



ADOPTED in the Sangguniang Panlalawigan of Province of Davao Oriental, this 23rd day of February, 2022.

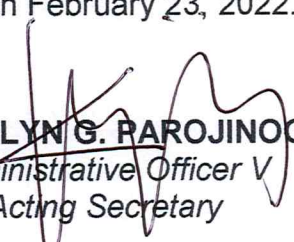
CARRIED, by eleven (11) affirmative votes of SP Members Nelson R. Dayanghirang, Jr., Louis N. Rabat, Anacleto P. Macatabog, Lemuel Ian M. Larcia, Enrico M. Antopuesto, Dante M. Caubang, Marietta D. Palmera, Laureano B. Taya, Rabsalon M. Lamaran, Rustan R. Castellones, and Charlie S. Ambasan; negative votes – none; and abstention - none.

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I HEREBY CERTIFY to the correctness of the foregoing Ordinance duly enacted by the Sangguniang Panlalawigan during its session held on February 23, 2022.


GENELYN G. PAROJINOG
Administrative Officer V
Acting Secretary

SANGGUNIANG PANLALAWIGAN MEMBERS:


HON. NELSON R. DAYANGHIRANG, JR.


HON. LOUIS N. RABAT


HON. DANTE M. CAUBANG


HON. ANACLETO P. MACATABOG


HON. MARIETTA D. PALMERA


HON. LEMUEL IAN M. LARCIA


HON. LAUREANO B. TAYA



HON. ENRICO M. ANTOPUESTO


HON. RABSALON M. LAMARAN


HON. RUSTAN R. CASTILLONES


HON. CHARLIE S. AMBASAN


ATTESTED:


NIÑO SOTERO L. UY, JR.
Vice Governor and Presiding Officer

APPROVED:


NELSON L. DAYANGHIRANG
Governor

Date Approved: MAR 11 2022