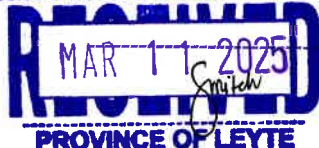




Republic of the Philippines
PROVINCE OF LEYTE
Provincial Capitol
Tacloban City

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SANGGUNIANG PANLALAWIGAN



PROVINCIAL LEGAL OFFICE

Item No.: 28
Date: 18 2025 MAR

Province of Leyte
Legal Office
Time: 3:44
Date: 3-11-25

2nd INDORSEMENT

February 24, 2025

Respectfully returned to the Sangguniang Panlalawigan of Leyte, through SP Secretary, the attached Ordinance No. 2024-07 of the Sangguniang Bayan of Bato, Leyte.

Issues/concerns for review/recommendation/legal opinion is/are as follows:

- Ordinance No. 2024-07 entitled: **“An Ordinance Authorizing the proposed borrowing of the Municipality of Bato in the amount of peso: P24,140,000.00 , etc.”**

REVIEW/RECOMMENDATION/LEGAL OPINION:

This office is of the opinion that the subject Ordinance is generally in accordance with its power under Section 297(a)¹ of the Local Government Code of 1991 (R.A 7160). Hence, we recommend for the declaration of its validity.

We hope to have assisted you with this request. Please note that the opinion rendered by this Office are based on facts available and may vary or change when additional facts and documents are presented or changed. This opinion is likewise without prejudice to the opinions rendered by higher and competent authorities and/or the courts.

ATTY. JOSE RAYMUND A. ACOL
Provincial Legal Officer *X*

¹ (a) A local government unit may contract loans, credits, and other forms of indebtedness with any government or domestic private bank and other lending institutions to finance the construction, installation, improvement, expansion, operation, or maintenance of public facilities, infrastructure facilities, housing projects, the acquisition of real property, and the implementation of other capital investment projects, subject to such terms and conditions as may be agreed upon by the local government unit and the lender. The proceeds from such transactions shall accrue directly to the local government unit concerned.

Republic of the Philippines
PROVINCE OF LEYTE
Palo, Leyte
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OFFICE OF THE SANGGUNIANG PANLALAWIGAN

1ST INDORSEMENT
20 February 2025

Legal Office
2. 20.25

The Provincial Legal Office is respectfully requested to review and submit recommendations on the herein enclosed **ORDINANCE NO. 2024-07 of the Municipality of Bato, Leyte, entitled: Authorizing the proposed BORROWING of the Municipality of Bato in the amount of Pesos: Twenty-Four Million One Hundred Forty Thousand (P24,140,000.00) to finance the LGU's 10% equity requirement under the Philippine Rural Development Program for rehabilitation and improvement of Brgy. Tagaytay – Brgy. San Agustin – Brgy. Amagos – Brgy. Alegria – Brgy. Marcelo Farm-To-Market Road and acquisition of one (1) unit brand new wheel excavator wheeler, dump truck, various projects of the LGU and ratifying the terms and conditions of the loan agreement and other documents related thereto.**



FLORINDA JILL S. UYVICO
Secretary to the Sanggunian



Republic of the Philippines
SANGGUNIANG BAYAN
Bato, Leyte

February 18, 2025

**THE HONORABLE MEMBERS OF THE
SANGGUNIANG PANLALAWIGAN**

Province of Leyte
Tacloban City



Gentlemen and ladies:

Respectfully transmitting to the Leyte Provincial Board the herein **Appropriation Ordinance No. 2024-07 re: AUTHORIZING THE PROPOSED BORROWING OF THE MUNICIPALITY OF BATO IN THE AMOUNT OF PESOS: TWENTY-FOUR MILLION ONE HUNDRED FORTY THOUSAND (PHP24,140,000.00) TO FINANCE THE LGU'S 10% EQUITY REQUIREMENT UNDER THE PHILIPPINE RURAL DEVELOPMENT PROGRAM FOR REHABILITATION AND IMPROVEMENT OF BRGY. TAGAYTAY – BRGY. SAN AGUSTIN – BRGY. AMAGOS – BRGY. ALEGRIA – BRGY. MARCELO FARM-TO-MARKET ROAD AND ACQUISITION OF ONE (1) UNIT BRAND-NEW WHEEL EXCAVATOR WHEELER DUMP TRUCK VARIOUS PROJECTS OF THE LGU AND RATIFYING THE TERMS AND CONDITIONS OF THE LOAN AGREEMENT AND OTHER DOCUMENTS RELATED THERETO** of this municipality for perusal and review by the august body.

It is sincerely prayed that the Provincial Board could pass a resolution stipulating your action on the matter and furnish this Sanggunian with the same.

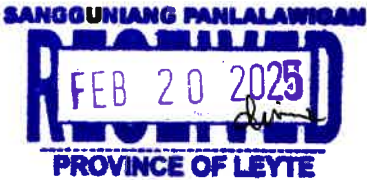
I thank you in advance and look forward to your granting this request.

Respectfully,

PORFERIO M. PITOGO II
Secretary to the Sanggunian



Republic of the Philippines
SANGGUNIANG BAYAN
Bato, Leyte



Appropriation Ordinance No. 2024-07

AUTHORIZING THE PROPOSED BORROWING OF THE MUNICIPALITY OF BATO IN THE AMOUNT OF PESOS: TWENTY-FOUR MILLION ONE HUNDRED FORTY THOUSAND (PHP24,140,000.00) TO FINANCE THE LGU'S 10% EQUITY REQUIREMENT UNDER THE PHILIPPINE RURAL DEVELOPMENT PROGRAM FOR REHABILITATION AND IMPROVEMENT OF BRGY. TAGAYTAY – BRGY. SAN AGUSTIN – BRGY. AMAGOS – BRGY. ALEGRIA – BRGY. MARCELO FARM-TO-MARKET ROAD AND ACQUISITION OF ONE (1) UNIT BRAND-NEW WHEEL EXCAVATOR WHEELER DUMP TRUCK VARIOUS PROJECTS OF THE LGU AND RATIFYING THE TERMS AND CONDITIONS OF THE LOAN AGREEMENT AND OTHER DOCUMENTS RELATED THERETO

BE IT ENACTED by the Sangguniang Bayan of Bato, Leyte in session duly assembled that:

Section 1. The Municipal Mayor, in representation of the Municipality, hereinafter referred to as the "Municipality", is hereby authorized to enter into a term loan with the DEVELOPMENT BANK OF THE PHILIPPINES in accordance with Section 297 of Republic Act No. 7160, or the Local Government Code, in the amount of PESOS: TWENTY-FOUR MILLION ONE HUNDRED FORTY THOUSAND (Php24,140,000.00), 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 project/s, and subject to the requirements under Section 123 of Republic Act No. 7653 as implemented by the Bangko Sentral ng Pilipinas Circular No. 402. In this connection, the Mayor shall have full power and authority to represent the Municipality in negotiating the terms and conditions for the said borrowing and in signing, executing and delivering such agreements, contracts, deeds, papers, and documents as may be necessary and proper for the full and total implementation of the authority herein granted.

Section 2. The said priority project herein specified is hereby certified to be local infrastructure and socio-economic development projects in accordance with the approved local development plan and public investment program for the year 2024 of the LGU, namely:

Priority Project	Amount
1. To finance the LGU's 10% equity requirement under the Philippine Rural Development Program for Rehabilitation and Improvement of Brgy. Tagaytay – Brgy. San Agustin – Brgy. Amagos – Brgy. Alegria – Brgy. Marcelo Farm-to-Market Road <i>*or 10 % of the winning bid price of the Total Project Cost.</i>	Php 11,760,000.00*
2. To finance acquisition of the following vehicle/equipment: a. One (1) unit brand-new wheel excavator – Php 6.00 Million b. One (1) unit brand-new 4x2 8-wheeler dump truck – Php 5.00 Million c. One (1) unit brand-new heavy duty glass pulverizer – Php 1.38 Million. <i>*or 100 % of the winning bid price of the Total Project Cost.</i>	Php12,380,000.00**
TOTAL	Php 24,140,000.00

Section 3. Consistent with the covering loan contract, deeds and assignment, and such other agreements as maybe entered into by the Municipality in connection with the borrowing, the features, terms and conditions shall be as follows and are hereby approved:

Borrower	:	BATO MUNICIPALITY, LEYTE
Loan Amount	:	TWENTY-FOUR MILLION, ONE HUNDRED FORTY THOUSAND (Php24,140,000.00)
Purpose	:	Term Loan 1 To finance the LGU's 10% equity requirement under the Philippine Rural Development Program for Rehabilitation and Improvement of Brgy. Tagaytay – Brgy. San Agustin – Brgy. Amagos – Brgy. Alegria – Brgy. Marcelo Farm-to-Market Road Term Loan 2 To finance acquisition of the following vehicle/equipment: a. One (1) unit brand-new wheel excavator – Php 6.00 Million b. One (1) unit brand-new 4x2 8-wheeler dump truck – Php 5.00 Million c. One (1) unit brand-new heavy duty glass pulverizer – Php 1.38 Million.
Tenor:	:	Term Loan 1 Fifteen (15) years inclusive of three (3) years grace period on principal, payable in one hundred forty-four (144) equal monthly amortizations to commence at the end of the 37th month from initial loan release Term Loan 2 Seven (7) years, principal payable in eighty-four (84) equal monthly installments to commence at the end of the 1st month from initial loan drawdown.
Manner of Payment	:	Principal and interest payable monthly
Principal	:	Term Loan 1 Fifteen (15) years inclusive of three (3) years grace period on principal, payable in one hundred forty-four (144) equal monthly amortizations to commence at the end of the 37th month from initial loan release Term Loan 2 Seven (7) years, principal payable in eighty-four (84) equal monthly installments to commence at the end of the 1st month from initial loan drawdown.
Funding	:	DBP Funds
Interest	:	Option 1 Prevailing DBP rate, payable monthly and reviewable quarterly. GRT for the account of the borrower. Option 2 Fixed for one (1) year based on prevailing DBP rate, p.a., payable monthly commencing at the end of the 1st month from date of initial drawdown. Interest shall be reviewed annually based on the prevailing rate but shall not be lower than the existing rate. GRT for the account of the LGU.
Fees	:	1. Commitment Fee - waived 2. Front-End Fee - waived 3. Extension Fee - waived 4. Default Charge - 24% p.a. 5. Prepayment penalty - 3% of the amount to be prepaid. 6. All other applicable fee/taxes for the account of the LGU.
Security	:	1. Deed of Assignment of Deposit with Hold-out and Control Agreement equivalent to at least one monthly amortization;

	<div>2. Contractor's All risk insurance coverage placed through GSIS and the policy endorsed to the Lender (For the construction of FMR);</div> <div>3. Continuing insurance coverage on all insurable financed projects by the Lender placed through GSIS and the policy endorsed to DBP (For the acquisition of vehicle and heavy equipment).</div>
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Section 4. The Municipality hereby appropriates the entire proceeds of the borrowing exclusively to finance the following projects and other financial obligations relative thereto, viz:

Priority Project	Amount
1. To finance the LGU's 10% equity requirement under the Philippine Rural Development Program for Rehabilitation and Improvement of Brgy. Tagaytay – Brgy. San Agustin – Brgy. Amagos – Brgy. Alegria – Brgy. Marcelo Farm-to-Market Road *or 10 % of the winning bid price of the Total Project Cost.	Php 11,760,000.00*
2. To finance acquisition of the following vehicle/equipment: a. One (1) unit brand-new wheel excavator – Php 6.00 Million b. One (1) unit brand-new 4x2 8-wheeler dump truck – Php 5.00 Million c. One (1) unit brand-new heavy duty glass pulverizer – Php 1.38 Million. *or 100 % of the winning bid price of the Total Project Cost.	Php12,380,000.00**
TOTAL	Php 24,140,000.00

Section 5. The Municipality hereby grants its Mayor authority to execute a letter waiving the right to confidentiality of information by authorizing DBP, our trustee bank and all banks or financial institutions with which we have 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 our dealings with said banks or financial institutions and for the BSP to make all inquiries as may be necessary regarding the same.

Furthermore, 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 6. The Term Loan Agreement, Deed of Assignment with Hold-Out Agreement and other collateral loan documents are now before the Sanggunian for its perusal, study, ratification and approval and the same are found fair, just, legal and in order.

Section 7. The Municipality is hereby authorized the following:

1. To open and maintain with DBP a Deposit Account where the proceeds of the loan shall be maintained during the term of the loan, and for the Mayor to execute the covering Deed of Assignment;
2. To undertake not to incur additional obligations/indebtedness without the prior written consent of DBP which consent will not be unreasonably withheld; and
3. To authorize DBP to debit the LGU's deposit account to cover loan payments of its obligation with the Bank.

Section 8. The Sanggunian undertakes, as it hereby undertakes to appropriate in the LGU's Annual Budget for the years 2024 to 2040 an amount sufficient to pay its loan with DBP including interest thereon and other charges.

Section 9. Any Ordinance or parts thereof, inconsistent with this enactment is hereby repealed or amended accordingly.

Section 10. The obligation shall not be subject to recall by the Sanggunian concerned for the whole term of the loan, regardless of any change in the composition of the Sanggunian. This ratification includes any and all subsequent requests by the Municipality concerned for modification/ revision/ reallocation and/ or amendment to be made on the project as well as on its approved terms and conditions.

Section 11. 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 Bayan members, in concurrence thereto, composing at least a majority thereof, out of the total of 11 members of this Ordinance.

ENACTED this 4th day of November 2024 during the Sangguniang Bayan's regular session held at the SB Session Hall, Bato, Leyte as such with notice that copies of this Ordinance be furnished to the Honorable Municipal Mayor and the Municipal Auditor, all of this Municipality of Bato, Leyte including the Bangko Sentral ng Pilipinas and the Development Bank of the Philippines, for their information and appropriate action.

The Honorable Members of the Sangguniang Bayan

 ANTHONY S. ECHEVARRE	 DANILO A. RITOGO	 PEPE B. DIAO
 RAUL M. MACENAS		 GERRY E. AUREO
 MARK S. SALVATIERRA	 HERBERT B. SALAZAR	 ARNULFO B. Taneo
 MARISSA C. GERTOS		 JIA MARIE L. ADLAWON

CERTIFIED CORRECT:


PORFERIO M. RITOGO II
Secretary to the Sanggunian

ATTESTED TO BE ADOPTED:


BRYAN NILE A. GERTOS
Presiding Officer

APPROVED:


NATHANIEL B. GERTOS
Municipal Mayor