



**Certification No. 20-199
Series of 2020**

MEMORANDUM

Subject : EXCLUSION OF THE TIPO AREA FROM THE MORATORIUM ON TRADING OF TRUCKS, BUSES AND HEAVY EQUIPMENT AND THE POLICY/GUIDELINES IN ACCEPTING TRUCK TRADING COMPANIES AT THE TIPO AREA

This certifies that:

The records of the Board Secretariat show that during the Ninetieth (90th) Meeting of the Board of Directors of the Subic Bay Metropolitan Authority held last 22 September 2020 wherein there was a quorum to validly transact business, the following resolution was approved:

Resolution No. 20-09-1783

“Resolve, as it is hereby resolved, that upon recommendation of Management and without prejudice to COA Regulations and pertinent laws on the matter, the Board hereby approves the Exclusion of the Tipo Area from the Moratorium on Trading of Trucks, Buses and Heavy Equipment and the Policy/Guidelines in Accepting Truck Trading Companies at the Tipo Area, details of which are contained in Management’s PowerPoint presentation, a hard copy thereof is incorporated as integral part of the resolution.”

Issued this 6th day of October 2020.


JENNIFER T. GUIANG
Board Secretary V
21-026

**Subic Bay Metropolitan Authority
Board Secretariat
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EDGAR ALLAN PAJARO
Executive Assistant IV
January 7, 2021



EXCLUSION OF THE TIPO AREA
FROM THE MORATORIUM ON TRADING OF
TRUCKS, BUSES AND HEAVY EQUIPMENT
AND
PROPOSED POLICY/GUIDELINES IN ACCEPTING
TRUCK TRADING COMPANIES AT THE TIPO AREA

SEPTEMBER 22, 2020

Subic Bay Metropolitan Authority
Board Secretariat

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January 7, 2021



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RATIONALE



1. Based on analysis relative to the Moratorium on Trading of Trucks, Buses and Heavy Equipment, the most value per square meter of land can be derived from investments in manufacturing & maritime and ICT industries. Also, investments in the leisure industry should continually be prioritized despite the low value per square meter because of the potential of higher value once big leisure investors come in, as well as the unique multiplier effect of tourism.

On the other hand, locators engaged in the trading of trucks, buses and heavy equipment occupy a considerable area but only infuse low value investment.
2. In addition, truck traders in the Subic Bay Freeport Zone (SBFZ) have been a cause of concern on issues regarding their operations, aesthetics, cleanliness and sanitation of their yards, disposal of wastes, illegal parking of trucks and heavy equipment, and even the unauthorized use of their business permits by third parties.
3. Accordingly, the SBMA Board of Directors approved on May 5, 2016, Board Resolution No. 16-05-5742 known as the Moratorium on Trading of Trucks, Buses and Heavy Equipment and further expanded the moratorium to include the expansion of existing locators involved in the trading of trucks, buses and heavy equipment thru Board Resolution No. 18-03-0609.

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January 7, 2021



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BOARD RESOLUTIONS



Certification No. 18-151
Series of 2016

MEMORANDUM

Subject

**MORATORIUM ON TRADING OF TRUCKS,
BUSES AND HEAVY EQUIPMENT**

This certifies that:

The records of the Office of the Corporate Secretary show that during the Third Handled Filibuster (3rd) Meeting of the Board of Directors of the Subic Bay Metropolitan Authority held on 05 May 2016 wherein there was a request to modify proposed business, the following resolution was approved:

Resolution No. 16-05-5742

Resolve, as it is hereby resolved, that upon recommendation of Management and without prejudice to COA Regulations and pertinent laws on the matter, the Board hereby approves the following on the Moratorium on Trading of Trucks, Buses and Heavy Equipment:

1. There shall be complete stoppage in accepting any application, proposal or request of any entity applying to become an SBF enterprise if any of its proposed business activity is related to the industry of trading trucks, buses and heavy equipment.
2. There shall be complete stoppage in accepting any proposal or request of any existing SBF enterprise for amendment of its business activity to include additional business activities related to the industry of trading trucks, buses and heavy equipment.
3. That existing SBF enterprises may be allowed to request for additional area of facility intended for any business activity that is related to the industry of trading trucks, buses and heavy equipment but ONLY from existing licensees.
4. Existing licensees in the SBF may also buy and sell existing companies engaged in trading of trucks, buses and heavy equipment. Renewal of License Agreements for such activity may still be allowed.
5. As a form of transition and for reasons of clarity, only Letters of Intent related to the acquisition of existing SBF enterprises shall be accepted if documentary requirements and process created by SBMA prior to SBF RA of 5 May 2016 shall apply.



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3

continue to be processed in accordance with existing rules and regulations.

6. This Memorandum shall be effective upon its approval and ratification by the SBMA Board of Directors.

A hard copy of Management's PowerPoint presentation is incorporated herein by way of reference.

Issued this 19th day of May 2016



Rubend Fruto
RUBEND FRUTO
Corporate Secretary IV
16-339

OTHER PERTINENT BOARD RESOLUTIONS ON TRUCK TRADING



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 Executive Assistant IV
 January 7, 2021

Certification No. 10-189
Series of 2019


MEMORANDUM
Subject: **AUTHORITY OF MANAGEMENT TO RENEW LEASES AND GRANT CONSENTS TO SUBLEASE AGREEMENTS OF COMPANIES ENGAGED IN TRUCK TRADING**

This certifies that



The records of the Board Secretariat show that during the Sixty First (61st) Meeting of the Board of Directors of the Subic Bay Metropolitan Authority held on 6 June 2019 wherein there was a motion to validly ratify and endorse the following resolution was approved:

Resolution No. 18-206-1288

Resolved, that it is hereby resolved, that without prejudice to CUA Regulations and pertinent laws on the matter, to authorize, as the Board Secretariat deems appropriate to allow agents and grant consents to sublease agreements of companies engaged in truck trading with existing facilities of a party basis.

Issued this 27th day of June 2019.

JENNIFER I. GUANO
 Board Secretary IV

Subic Bay Metropolitan Authority
 BOARD SECRETARIAT
 1701 SOUTH BEACH BLVD. SUBIC BAY, ZAMBALAGA
 TEL: (037) 232-8174/8175 FAX: (037) 232-8172

Certification No. 10-189
Series of 2019


MEMORANDUM
Subject: **MODIFICATION ON TRADING OF TRUCKS, BUSES AND HEAVY EQUIPMENT**

This certifies that:


The records of the Board Secretariat show that during the Thirty-Ninth (39th) Meeting of the Board of Directors of the Subic Bay Metropolitan Authority held on 8 March 2019 wherein there was a motion to validly endorse, subject to the authority and other laws mentioned:

Resolution No. 18-206-1288

RESOLVED, that it is hereby resolved, that upon the recommendation of Management and without prejudice to CUA Regulations and pertinent laws on the matter, to authorize, as the Board Secretariat deems appropriate to allow agents and grant consents to sublease agreements of companies engaged in truck trading with existing facilities of a party basis.

Issued this 27th day of June 2019.

JENNIFER I. GUANO
 Board Secretary IV

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RATIONALE (CONT.)



4. Given the industrial development at the Tipo area, this amendment will allow existing locators involved in the truck trading business to transfer and expand their business operations in the Tipo area, thus decongesting the Subic Gateway and Port Districts.
5. Furthermore, this amendment will improve the operations of truck traders who will transfer by allowing deserving truck trading companies with technical and financial capability to infuse additional investment for the development and expansion of their facilities on a longer lease/sublease term period.
6. The facilities in the Subic Gateway and Port District that will be vacated by existing truck traders who will transfer to the Tipo area may now be offered to investors in the manufacturing & maritime, ICT industries and those locators/investors requiring commercial spaces.

The SBMA BOD has approved the re-zoning of the Tipo area as an industrial zone based on Board Resolution No. 19-01-1105.



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SCOPE AND LIMITATION



1. The proposed amendment to the moratorium on trading of trucks, buses and heavy equipment will exclude the Tipo Area and allow conversion, rebuilding and remanufacturing, showroom, warehousing, parking and staging activities of truck traders at the said area. The existing Moratorium on Trading of Trucks, Buses and Heavy Equipment will still be in effect for the rest of the Freeport.
 2. This policy shall apply to the following:
 - a) Existing truck traders who are willing to transfer completely its truck trading business at the Tipo area.
 - b) New proponents intending to lease/sublease lots and facilities at the Tipo area for the business of trading used trucks, buses and/or heavy equipment;
 3. Existing Truck Traders shall be given priority on a “first come, first served” basis with a deadline of March 31, 2021 to submit their intent to transfer to the SBMA Business and Investment Group.
 4. New proponents may start submitting Letters of Intent (LOI) with endorsement from sublessors on May 1, 2021.
- This policy shall be effective upon publication and filing with the Office of the National Administrative Register after SBMA Board of Director’s approval.

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January 7, 2021

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AVAILABLE PROPERTIES AT TIPO AREA



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Board Secretariat

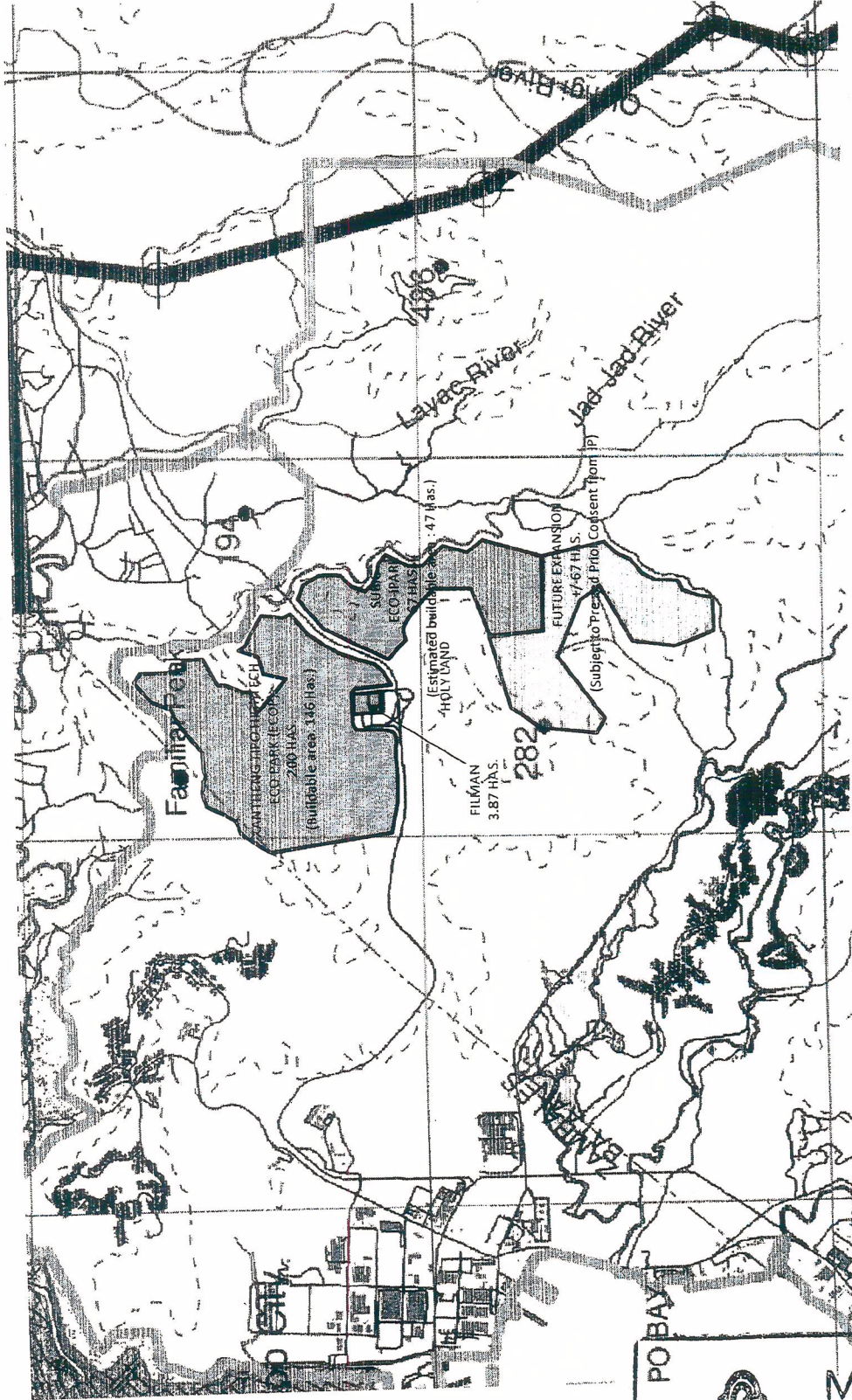
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January 7, 2021

7



TIPO DEVELOPMENT



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CONDITIONS FOR EXISTING LOCATORS



1. Existing truck traders may transfer their truck trading business/ operations and expand their business if their proposed location is in Tipo Area only, subject to the provisions of this policy and the following terms and conditions:
 - a. **Locators may transfer to an area of a minimum of 3,000 sq.m. and expand to a maximum of double its existing lease/sublease area;**
 - b. **Lease/sublease term shall be allowed as follows:**
 - **Leased/sublease area of at least 5,000 sqm with a Php50 Million capital infusion (total investment and development commitment and employment commitment of at least 25 personnel shall be allowed a sublease term of up 25 years;**
 - **Leased/sublease area of less than 5,000 sqm shall be allowed a lease term of a maximum of five (5) years, renewable for another five (5) years.**
 - c. Locators shall have a maximum allowance of 6 months period on its existing lease/sublease upon SBMA approval to transfer its facilities to the Tipo area; Existing truck traders may transfer to the Tipo area upon Management Approved Proposal (MAP) approval subject to existing SBMA guidelines.

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January 7, 2021

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CONDITIONS FOR EXISTING LOCATORS (CONT.)



2. Existing truck traders may enter into an assignment of leasehold rights with the assignor/ developer up to a maximum of double the area of its existing facilities, subject to the terms and conditions of the master lease agreement of the assignor with SBMA. Furthermore, the truck trader shall cease its truck trading operations on its existing area.
3. Existing truck traders that will transfer to the Tipo area are given until **March 31, 2021** to **submit their intent to transfer to the SBMA Business and Investment Group.**
4. Existing truck traders that will transfer and will retain their existing lease/sublease area shall be allowed to conduct business activities that are in accordance with the SBMA PDO zoning guidelines, except for trading of trucks, buses and heavy equipment.
5. Existing locators (that will not transfer to the Tipo area) shall continue to be allowed to engage in their business of trading of trucks, buses and/or heavy equipment subject to the guidelines of the existing Moratorium on Trading of Trucks, Buses and Heavy Equipment **only until January 31, 2022, or until the effectivity/expiry of their contracts or the consent of**

SBMA.

No contract nor consent on the sublease agreement of truck traders in the Freeport (except in Tipo Area) shall be renewed for the purpose of engaging in the trading of trucks, buses and/or heavy equipment.



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CONDITIONS FOR NEW TRUCK TRADERS



Proposal for new proponents for the trading of trucks, buses and/or heavy equipment at the Tipo Area, SBFZ shall only be processed and allowed with the following terms and conditions:

1. The proponent or locator shall have a minimum lease area of 5,000 square meters that can be leased/ subleased at a maximum of twenty-five (25) years lease term.
2. The proponent or locator shall have a minimum capital infusion of Php50 Million in total investment and development commitment and a minimum employment commitment of twenty-five (25) personnel.
3. SBMA will entertain the letters of intent of new proposals only after the end of the priority date given to existing truck traders who have signified their interests to transfer to the Tipo area or beginning May 1, 2021.

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CONDITIONS FOR SUBLESSORS/DEVELOPERS



1. Property developers in the Tipo area are allowed to sublease a **maximum** of fifty percent (50%) of its built-up areas to locators/ investors engaged in the industry of trading trucks, buses and heavy equipment which should be distinctly identified in its masterplan to be submitted and approved by the SBMA prior to their subleasing activities.
2. The remaining space of its build up areas should be dedicated for investors in the manufacturing & maritime, ICT, logistics and mixed-used commercial industries.
3. Property developers/sublessors are responsible for the maintenance and upkeep of their leased property, including the monitoring and compliances of its sublessees.



OTHER TERMS AND CONDITIONS



1. Locators engaged in the industry of trading trucks, buses and heavy equipment are prohibited in allowing the use of its business permit by another entity/ third party for royalty fees.
2. Sublessee shall not engage in subleasing without obtaining the prior written approval of SBMA. Locators that will be found in violation shall be subject to the penalties as stated in this policy and the Policy in the Imposition of Penalty for the Use of SBMA Land, Building and Housing Units without SBMA's Consent, or *the penalty of (10) times the appraised value of the property or Php5 Million whichever is higher regardless whether the corresponding SBMA share was paid in advance.*
3. Strict compliance with the policy of SBMA Trade Facilitation and Compliance Department (TFCD) on the quantity of used trucks, buses and/or heavy equipment that a locator can import based on the capacity of its leased/subleased area at any given time.
4. All used trucks, buses and/or heavy equipment and such similar merchandise imported by the locator shall be parked / displayed strictly within the warehouse/building that the locator shall establish on its leased/subleased property. **Locators that will be found in violation shall be subject to the penalties as stated in this policy and the Policy on Illegal Parking and Traffic Violations with a penalty of Php50,000 per truck.**
5. All trucks, buses and/or heavy equipment or their chassis and other parts or accessories shall not be parked or placed on the setback of the locator's leased/subleased area or in common areas.
6. The locator shall keep its leased/subleased property/ies and common areas in a clean, neat, and orderly manner, free from eyesores.

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January 7, 2021

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OTHER TERMS AND CONDITIONS (CONT)



7. The front and back setback areas of the locator's leased/subleased area/s shall not be utilized as working areas and shall be used only for parking. These areas shall be free from any structures and vehicles.
8. The locator shall provide concrete entrance ramp and driveway passage towards its premises. All works related to the repair of trucks, buses and/or heavy equipment shall be done inside a warehouse/building that the locator shall establish and/or construct for such purpose.
9. Working area/s shall have oil / water separator system for proper draining and control of used oil coming from trucks, buses and/or heavy equipment or similar merchandise as per Environmental Certificate of Compliance (ECC) or as required by the SBMA Ecology Center.
10. The locator shall provide on its leased/subleased premises sufficient area for parking and traffic circulation in accordance with the National Building Code.
11. The leased/subleased area/s or premises shall not be used as residence or dwelling. For this purpose, the locator shall submit to SBMA the names of personnel authorized to stay overnight within the premises. Only security personnel and caretaker/s shall be allowed to stay overnight per leased/subleased area subject to the approval of SBMA Office Services Department (OSD) and Labor Department.
12. Areas vacated by locators engaged in the trading of used trucks, buses and/or heavy equipment transferring to the Tipo area subject to SBMA's masterplan, zoning and land use requirements shall no longer be leased/subleased or utilized again by locators engaged in the trading of used trucks, buses and/or heavy equipment.



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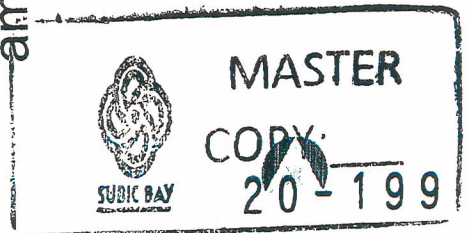
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PENALTIES FOR VIOLATIONS



Any violation of this policy shall, subject to due process without need of judicial determination, authorize SBMA to terminate the locator's Lease Agreement or cause the withdrawal of its consent over its Sublease Agreement or assignment of rights thereon and cancel its business registration.

Moreover, SBMA may impose such other penalty/ies it may find reasonable under the premises of its discretion, on any violation of SBMA policies, Rules and Regulations and Philippine Laws, including the suspension or termination of the locator/s business permit or the imposition of penalty in an amount not less than PhP100,000.00 per incident.



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15

Thank you.



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