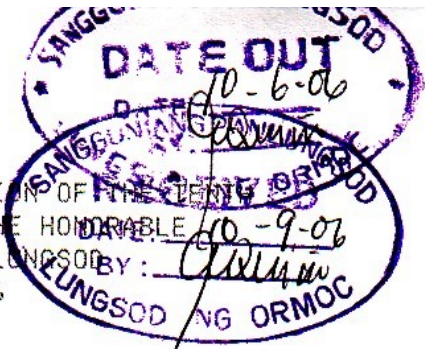


REPUBLIKA NG PILIPINAS
SANGGUNIANG PANLUNGSOD
Lungsod ng Ormoc

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE HONORABLE
SANGGUNIANG PANLUNGSOD NG ORMOC HELD AT THE HONORABLE
PLACIDO ENECIO HALL, SANGGUNIANG PANLUNGSOD
BUILDING ON SEPTEMBER 21, 2006



PRESENT:

Hon. Nepomuceno P. Aparis I, Vice Mayor & Presiding Officer
Hon. Manuel T. Fiel, City Councilor, Assist. Minority Floor Leader
Hon. Eduardo P. Tan, City Councilor
Hon. Claudio P. Larrazabal, City Councilor, Majority Floor Leader
Hon. Mariano Y. Corro, City Councilor
Hon. Gregorio A. Yrastorza, Jr., City Councilor
Hon. Sotero M. Pepito, City Councilor
Hon. Ruben R. Capahi, City Councilor
Hon. Cheryl A. Arcuino, Ex-Officio City Councilor,
SK Federation President

ABSENT:

Hon. Jose S. Serafica, (Sick Leave), City Councilor,
Minority Floor Leader
Hon. Fe S. Lladoc, (Sick Leave), City Councilor
Hon. Jose C. Alfaro, Jr., (O.B. - Tacloban), City Councilor
Hon. Emeterio Y. Larrazabal, Jr., (Sick Leave), Ex-Officio
City Councilor, Chapter President, Liga ng mga Barangay ng Ormoc

RESOLUTION NO. 2006-207

A RESOLUTION TO PARTICIPATE IN THE MONETIZATION OF IRA COLLECTIBLES FOR LOCAL EMPOWERMENT PROGRAM JOINTLY MANAGED BY THE LANDBANK OF THE PHILIPPINES AND THE DEVELOPMENT BANK OF THE PHILIPPINES "MIRACLE PROGRAM" WITH RESPECT TO ITS SHARE IN THE P17.5 BILLION UNRELEASED INTERNAL REVENUE ALLOTMENT FOR THE YEARS 2000 AND 2001 IN THE AMOUNT APPEARING IN THE NOTICE OF PAYMENT SCHEDULE AND FOR THIS PURPOSE, TO AUTHORIZE THE HONORABLE CITY MAYOR ERIC C. CODILLA, TO SIGN THE ACCESSION AGREEMENT.

WHEREAS, Section 6 of Article X of the Constitution of the Philippines guarantees that Local Government Units ("LGUs") shall have a just share, as determined by law, in the national taxes which shall be automatically released to them;

WHEREAS, Section 18, in relation to Sections 284 and 286 of the Local Government Code of 1991, provides that LGUs shall have the power and authority to have a just share in national taxes which shall be automatically and directly released to them without need of any further action;

WHEREAS, pursuant to the General Appropriations Acts for the Years 2000 and 2001, the aggregate amount of P20Billion worth of Internal Revenue Allotments ("IRA") of the LGUs were set apart and placed under an Unprogrammed Fund;

WHEREAS, in the case of Alternative Center for Organizational Reforms and Development, Inc. v. Zamora, 459 SCRA 578 (2005), the Supreme Court ruled that the setting aside of a portion of the IRA by

gualay

the executive or the legislative departments of government to form part of the Unprogrammed Fund is unconstitutional;

WHEREAS, of the amount of P20Billion set aside under the Unprogrammed Fund, P2.5 Billion has been disbursed to the affected LGUs, leaving the balance of P17.5 Billion (the "IRA Balance") unreleased;

WHEREAS, the Secretary of Justice, in Opinion No. 50 (Series of 2005), clarified that, in view of the above Supreme Court decision declaring the unconstitutionality of the classification of a portion of the IRA as Unprogrammed Funds, the remaining IRA balance of P17.5 Billion should be released to the LGUs concerned without need of any further or new appropriation(s);

WHEREAS, on 22 November 2005, The League of Provinces of the Philippines, The League of Cities of the Philippines, The League of Municipalities of the Philippines, and The Liga ng mga Barangay (collectively, the "LGU Leagues") executed a Memorandum of Understanding ("IRA Memorandum of Understanding") whereby they each bound themselves that (a) the IRA Memorandum of Understanding was their united and common position respecting the payment of the IRA Balance; (b) the National Government does not have the capacity to pay the IRA Balance immediately and in one lump sum; (c) they confirm that their position is to be paid according to NPS assigned to the Special Purpose Trusts with respective maturity dates corresponding to the release of the IRA Balance;

WHEREAS, pursuant to the MIRACLE Program, the Participating LGU and Acceding LGUs will establish, participate, and create with either the Land Bank of the Philippines or the Development Bank of the Philippines (the "Trustees") a Special Purpose Trust by virtue of which the Trustees will jointly the MIRACLE Investment Certificates in the aggregate principal amount corresponding to the total amount of NPS assigned to the Special Purpose Trust with respective maturity dates corresponding to the release of the IRA Balance;

WHEREAS, in furtherance of the MIRACLE Program, the Trustees, have solidarily agreed to act as joint Trustees and each open, for the collective benefit of the Participating LGU and the Acceding LGUs, Special Purpose Trusts for the purpose of receiving as assignee and transferee, without recourse, the respective NPS of the Participating LGU and the Acceding LGUs;

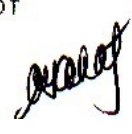
WHEREAS, the undersigned LGU desires to participate in the MIRACLE Program.

WHEREFORE, FOREGOING PREMISES CONSIDERED, on motion of City Councilor Ruben R. Capahi, Chairman, Committee on Finance, jointly seconded by City Councilors Sotero M. Pepito and Mariano Y. Corro; be it

RESOLVED, that the LGU confirms, accedes to, and ratifies in toto the IRA Memorandum of Understanding executed by the LGU Leagues on 22 November 2005;

RESOLVED, that the LGU agrees, and is hereby authorized, to participate in the MIRACLE Program and all transactions necessary and relevant to fully implement all the acts contemplated under EO 494, the IRA Memorandum of Understanding, and the MIRACLE Program;

RESOLVED, that the LGU authorizes, as it hereby authorizes the Honorable City Mayor Eric C. Codilla, to negotiate and conclude any and all transactions relevant to EO 494, the IRA Memorandum of



Understanding, and the MIRACLE Program, and is further authorized to sign, execute, and deliver, for and on behalf of the LGU, the Trust Agreement with the Trustees, the necessary Accession Agreements to the Program, through which the LGU:

- (i) unconditionally and irrevocably agrees to assign, transfer, and convey, on a without recourse basis, as it hereby assigns, transfers, and conveys, on a without recourse basis, in favor of the Trustees its share in the IRA Balance amounting to P50,013,757 as covered by the NPS issued to it by the DBM dated January 26, 2006, and further agrees to the securitization and monetization of its aggregate share in the IRA Balance.
- (ii) accepts, and expresses its unconditional and irrevocable conformity to the terms and conditions of the Trust Agreement between the Participating LGU and the Trustees;
- (iii) authorizes the Trustees to enter into other agreements or transactions, and to sign, on its behalf, all agreements and contracts which may be necessary for the implementation of the MIRACLE Program and the securitization and monetization of its share in the IRA Balance;
- (iv) agrees to cede, transfer and convey absolutely and on a without recourse basis, as it hereby cedes, transfers, and conveys, absolutely and on a without recourse basis, in favor of:

(/) Land Bank of the Philippines - Trust Banking Group
() Development Bank of the Philippines - Trust Services
Department

all its rights, interests, and participation in and to all its share in the IRA Balance as acknowledged by the National Government through the Letter of Confirmation issued by the DoF and the NPS issued by the DBM;

- (v) instructs the Trustee named in the immediately preceding paragraph to remit to its bank account in

Ormoc Branch of:

(/) Land Bank of the Philippines
() Development Bank of the Philippines

with account number 0952-1045-60

the net proceeds of the securitization and monetization of its NPS;

- (vi) authorizes the DBM to remit on the appropriate dated to the account of the Trustee named in paragraph (iv) hereof the amounts corresponding to the NPS issued in its favor;
- (vii) warrants that it has the power and authority, has taken all actions and obtained all approval necessary, to pass this Resolution, execute the documents and agreements required to be executed and delivered by it to fully implement all the acts contemplate under EO 494, the IRA Memorandum of

Understanding, the Trust Agreement, the Accession Agreement, and the MIRACLE Program and to perform all its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby;

- (viii) represents and warrants that the actions taken under this Resolution as well as all agreements contemplated hereby and thereby constitute its legal, valid, and binding obligations, and the performance and compliance by it of its obligations contemplated herein and therein shall not conflict with, nor constitute a breach of default of, its charter, or any ordinance or resolution of its Sanggunian, or any contract or other instrument by which it is bound, or any law, regulation, judgment, or order of any office, agency, or instrumentality applicable to it;
- (ix) confirms and ratifies its concurrence with, and accession to, all agreements entered into by the Trustees designated under the Trust Agreement pursuant to and in furtherance of the implementation of EO 494, the IRA Memorandum of Understanding, and the MIRACLE Program, including, but not limited to, the appointment of the Land Bank of the Philippine and the Development Bank of the Philippines as Underwriters and Issue Managers, and the engagement of the law firm of Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles as MIRACLE Program Legal Counsel.

RESOLVED, that the LGU authorizes, as it hereby authorized the Honorable Mayor Eric C. Codilla, to do any act, enter into any agreement, and sign and deliver on its behalf, any document, certification, or agreement pursuant to and in furtherance of the implementation of the MIRACLE Program; provided, that the Honorable Mayor Eric C. Codilla is authorized to cause his substitution by the Honorable Vice Mayor Nepomuceno P. Aparis I.

RESOLVED, that the LGU of Ormoc hereby approves, confirms, and ratifies the foregoing Resolutions as well as such agreements and acts necessary and desirable pursuant to and in furtherance of the implementation of EO 494, the IRA Memorandum of Understanding, and the MIRACLE Program to be performed and executed by the Honorable Mayor Eric C. Codilla (or his substitute) without need for another resolution to this effect.

The specimen signatures of the authorized signatories are as follows:

Name: HON. ERIC C. CODILLA

Designation: CITY MAYOR

Signature: _____

Name: HON. NEPOMUCENO P. APARIS I


Designation: CITY VICE MAYOR

Signature: _____

RESOLVED, FINALLY, to furnish copies of this resolution each to His Honor, the City Mayor, the City Administrator, the DILG-CGO Officer, the City Treasurer, the City Budget Officer, the City Accountant, the City Auditor and others concerned, -in Ormoc City

CARRIED UNANIMOUSLY.

I HEREBY CERTIFY to the correctness of the foregoing resolution.


MA. ANTONIETA G. CO HAT
O/C - Secretary to the
Sangguniang Panlungsod
(Loc. Leg. Staff Officer II)

ATTESTED:


NEPOMUCENO R. APARIS I
Vice Mayor & Presiding Officer