

**MINUTES OF THE 02-2021 BOARD MEETING
OF THE SOCIAL HOUSING FINANCE CORPORATION
19 February 2021
Videoconference¹**

ATTENDANCE OF BOARD DIRECTORS:

SEC. EDUARDO D. DEL ROSARIO	-	DHSUD Secretary <i>Chairperson</i>
ATTY. ARNOLFOR RICARDO B. CABLING	-	President, SHFC <i>Vice-Chairperson</i>
DR. FELIXBERTO BUSTOS JR.	-	President, NHMFC
ATTY. RYAN S. LITA	-	DBM Representative

Private Sector Representatives:

MR. LYNDON B. CATULONG, SR.
ATTY. EMILIANO C. REYES
MR. RONALD BARCENA
MR. GEORGE JT D. ALIÑO II.

Other Officers/Attendees:

Atty. Angelo Murillo	-	DOF Representative
Ms. Lynnette Redublo	-	DILG Representative
Atty. Junefer Payot	-	SHFC EVP
Atty. Leo Deocampo	-	SHFC OIC-SVP for Operations
Atty. Melanie B. Valenciano	-	SHFC Acting Board Secretary
Other SHFC Vice-Presidents and Managers		

A. CALL TO ORDER

The Department of Human Settlements and Urban Development (DHSUD) Secretary Eduardo Del Rosario called the 02-2021 Board Meeting to order at 10:11 a.m.

B. DETERMINATION OF QUORUM

At the onset, the Acting Board Secretary Atty. Valenciano, announced that out of the eleven (11) Members with one (1) vacancy, there are eight (8) who are present, thus there is a

¹ Zoom videoconference platform

1 quorum to do business. During the videoconference,² the following are the attendees joining
2 the meeting from their respective locations:³

- 3
- 4 1. Secretary Eduardo Del Rosario joining from DHSUD Building, Quezon City;
- 5 2. Atty. Arnolfo Ricardo Cabling from SHFC Head Office, Makati City;
- 6 3. Dr. Felixberto Bustos Jr. from Lubao, Pampanga;
- 7 4. Atty. Ryan Lita from DBM Building, Manila;
- 8 5. Mr. Lyndon Catulong Sr. from Davao City;
- 9 6. Atty. Emiliano Reyes from Mariveles, Bataan;
- 10 7. Mr. George JT Aliño II from Quezon City; and
- 11 8. Mr. Ronald Barcena from Antipolo City.
- 12
- 13

14 **C. DELIBERATION / APPROVAL OF THE AGENDA OF THE 02-2021 BOARD** 15 **MEETING**

16
17 **The Members of the Board approved the Agenda for the 02-2021 Board Meeting.**

18 19 **D. APPROVAL OF THE MINUTES OF THE 01-2021 BOARD MEETING**

20
21 Atty. Valenciano informed the Board that the Minutes of the 01-2021 Board Meeting were
22 sent to the Directors on 11 February 2021.

23
24 Secretary Del Rosario had reminded the Members of the Board they are given seven (7) days
25 from the receipt of the Minutes to comment. If there are no comments or correction, then the
26 Minutes is deemed approved.

27
28 **Thereafter, the Members of the Board took upon the Chair's exhortation that *sans***
29 **timely comments or correction deems approval of the Minutes of the 01-2021 Board**
30 **Meeting.**

31 32 **E. DISCUSSION OF MATTERS-ARISING FROM THE MINUTES OF THE 01-** 33 **2021 BOARD MEETING AND CONTINUING MATTERS-ARISING**

34
35 Executive Vice President (EVP) Atty. Junefe Payot presented the following Actions Taken
36 by the Management on the directives issued by the Board during the 01-2021 Board Meeting
37 as well as the continuing Matters-Arising, thus:

38 39 ***a) Site Suitability Assessment***

- 40
- 41 ✓ The Board clarified and instructed the Management that the latter shall have overall
42 supervision and responsibility on the conduct of site suitability assessment of the
43 projects.

44
45 **Action Taken:**

² Zoom Videoconference platform

³ SEC Memorandum Circular No.6, Series of 2020

The Management has incorporated the revisions in the SHFC Construction Manual which came out in the Philippine Star on 31 January 2021. The Manual was also already submitted to the Office of the National Administrative Register (ONAR) - UP and posted in the SHFC website.

b) Third Party Appraisal

✓ The Management was directed to do the following:

- Prioritize the execution of a Memorandum of Agreement (MOA) with the HDMF for the latter to assist SHFC in the appraisal of its projects
- Coordinate with the Legal Department and the Appraisal Division of the HDMF;
- Prepare the draft MOA based on the initial coordination with the HDMF concerned divisions
- Negotiate and enter into an arrangement with the Landbank of the Philippines (LBP) and/or the Development Bank of the Philippines (DBP) for the conduct of the land valuation of SHFC projects.
- Engage other third party appraisers if HDMF, LBP and/or DBP have no branches available in the location of the SHFC projects

Action Taken:

The SHFC received a letter from the HDMF stating that they are not providing appraisal services externally. Instead, they referred SHFC to external appraisal companies that they engage when they outsourced the appraisal of their acquired assets.

The LBP's PVIC responded on 05 February 2021 to the SHFC request saying that LBP Management has approved its proposal and that this has already been endorsed to the LBP's Agrarian Services Group (ASG). This approval involves the following proposal: (a) valuation of the 10 projects submitted by SHFC and; (b) lower fee for SHFC compared to the regular fees charged to LBP's clients. SHFC is awaiting update from the LBP's ASG.

The DBP said that it could not accommodate the request of SHFC in its letter on 28 January 2021.

The Management has already constituted the Technical Working Group (TWG) to handle the bidding process and the TWG has already prepared the draft Terms of Reference.

c) Investigation Report on the RSP Project

✓ The Management was instructed to:

- **Submit its final recommendations to the Board regarding the project:**
- Propose whether to allow the contractor to complete the project or replace it with another given the issues

1
2 ▪ **Present the Certificate of No objection from the RSP HOAI**
3

4 Action Taken:

5 SHFC met with the representatives of the contractors, Ron Daniell Construction
6 Corporation (RDCC) and CDJ Group Construction and Development (CDJ), the
7 officers of RSP HOAI and DHSUD officials on 04 and 10 February 2021. The
8 agreements in the said meetings are:
9

- 10 1. The RDCC will manifest its conformity to the termination of the contract with
11 the RSP HOAI (RDCC had done so in its letter dated 10 February 2021).
12 2. Following the conformity of RDCC, CDJ will resume construction.
13 Construction is targeted to commence first week of March 2021.
14 3. Management will do the following:
15 - Finalize the new contract with CDJ
16 - Reorganize the HOAI: check the qualification of present officers and validate
17 the membership.
18

19 The 8 Cluster Presidents of the RSP HOAI have previously sent a Notice of
20 Termination to RDCC. The said Notice was accompanied by a HOA Board
21 Resolution stating that they are removing RDCC as the official contractor of the
22 project and that they are choosing CDJ as the contractor who will finish the project.
23

24 **Thereafter, the Board took due cognizance of the Matters-Arising reported by the**
25 **Management. The Board specifically discussed the following, to wit:**
26

27 **Third Party Appraisal**

28 Secretary Del Rosario informed the Board that he communicated with HDMF CEO Mr.
29 Acmad Moti last week. Based on their agreement SHFC will write again to HDMF in order
30 for the latter to provide SHFC assistance in appraising the projects located within their
31 branches. Hence, despite their initial reply, HDM will facilitate in a limited scale. He then
32 instructed the Management to write HDMF a letter with the said agreement as reference as
33 well as to craft the Memorandum of Agreement (MOA) with HDMF.

34 Director Bustos also informed the Board that he has also talked personally with the Landbank
35 President Ms. Cecile Borromeo. In the latter's letter that was forwarded to the members of
36 the Board of Directors, Ms. Borromeo stated her willingness to help SHFC by adding
37 appraisal companies to their subsidiary which is the LBP Resources and Development
38 Corporation. He then stated that it will not have too much problem considering that it is a
39 Government-to-Government transaction with Landbank.

40 With respect to the response of the DBP with respect to SHFC's request for appraisal
41 services, Atty. Payot informed the Board that the DBP responded in their letter that they
42 cannot accommodate the request of SHFC because they said that they have to prioritize the
43 Department of Transportation (DOTr) and Department of Public Works and Highways
44 (DPWH) projects as well as the projects involved in the Right of Way Act. It should be noted
45 that the Management has already wrote both DBP and Landbank with respect to the
46 resumption of the discussion on the opening of financing window. He then expressed his

1 gratitude to the good Secretary as well as to Director Bustos for their intervention with
2 HDMF and Landbank, respectively.

3 Secretary Del Rosario then asked as to why SHFC cannot avail the services of an External
4 Appraiser considering that the HDMF is already doing that. Atty. Payot answered that SHFC
5 can also do that. In fact, the third instruction of the Board is that wherever DBP, Landbank or
6 HDMF has no branches in the area, SHFC will resort to third-party appraisers. Moreover, the
7 Management has already created a Technical Working Group (TWG) which will be in charge
8 of preparing documents for bidding. Furthermore, the said TWG has already prepared the
9 Terms of Reference which was initially sent to Landbank.

10 Secretary Del Rosario also asked the arrangement whether it will be for a year or based on a
11 number of projects. Atty. Payot answered that there can be different arrangement. However,
12 in the Terms of Reference that the Management prepared, it will be for one year considering
13 that they wanted bulk services rather than on project basis.

14 Secretary Del Rosario further asked if the payment will be based on the number of projects or
15 is it per project or per year. Atty. Payot explained in his response that there is a list of projects
16 so that the third-party appraisers can give their bids based on the list. He added that one of the
17 conditions in the Terms of Reference is that SHFC can replace those projects as some
18 projects become more ready than others.

19 Secretary Del Rosario instructed the Management to finalize the MOA with Landbank and
20 HDMF. Atty. Payot added that the Management's priority will be the HDMF and Landbank
21 and whatever projects are left, they can go to third-party appraisers.

22 **The Board instructed the following to be undertaken by the Management:**

23 **1. To prepare another letter to HDMF (Pag-Ibig) which shall include the following:**

- 24 **▪ Cite the agreements reached between the DHSUD Secretary and the CEO of**
25 **HDMF, that the latter will provide assistance to SHFC in the appraisal of**
26 **projects in areas covered by HDMF.**
- 27 **▪ The letter shall include the crafted Memorandum of Agreement (MOA).**

28 **2. Landbank of the Phils. (LBP) through its appraisal unit will assist in the conduct of**
29 **appraisal of the SHFC projects specifically in areas not covered by HDMF.**

30 **3. The Management shall prioritize the crafting and fine tuning of the Memorandum of**
31 **Agreement (MOA) with the HDMF and the Landbank of the Philippines (LBP) for the**
32 **conduct of the property valuation of SHFC projects.**

33 **Other external appraisers may be tapped; however, Government-to-Government**
34 **arrangements are preferred.**

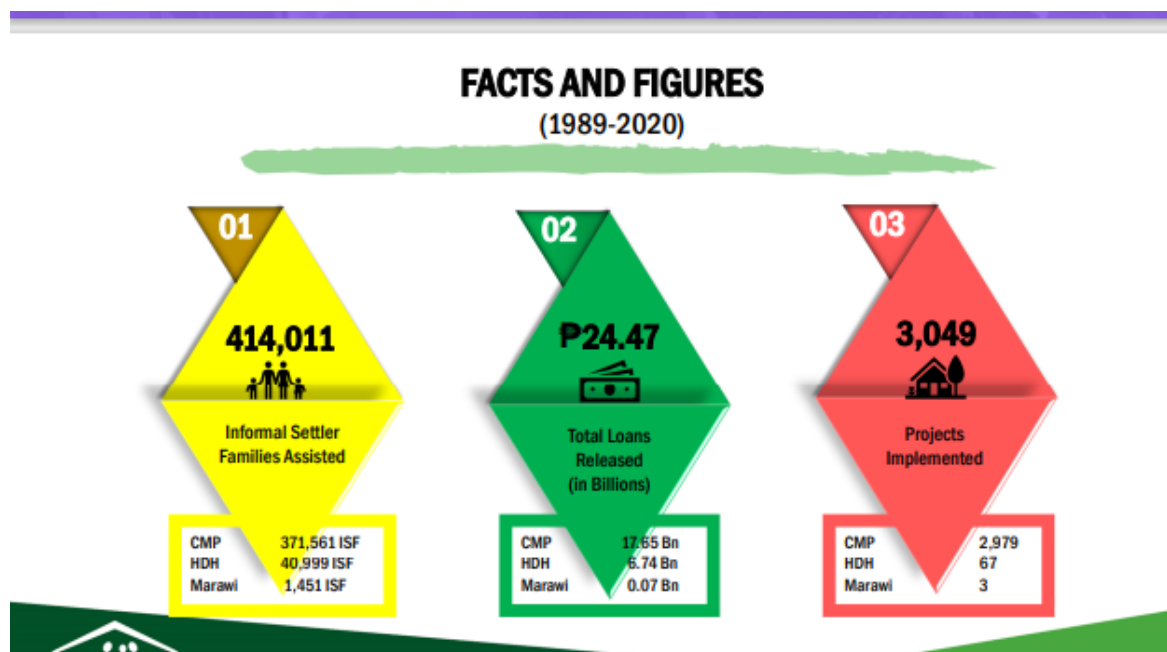
35 36 **I. FOR DELIBERATION**

37 38 **1. PERFORMANCE REPORT FOR FY 2020**

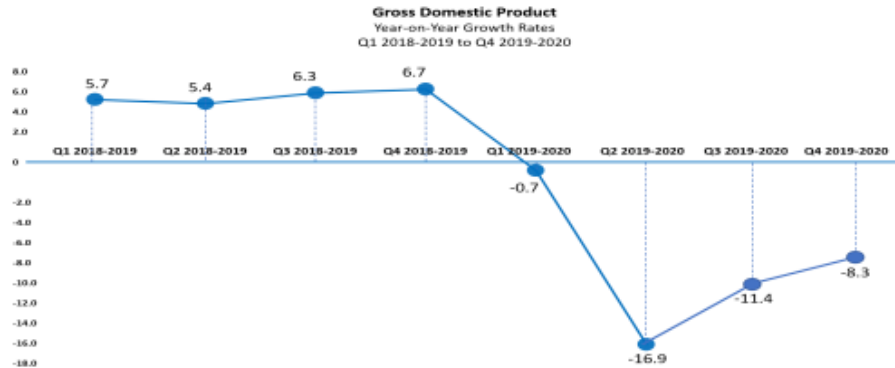
39
40 The Management, through OIC-VP for Planning Mr. Florencio Carandang presented the
41 Performance Report for FY 2020.

The following are his presentation:

Program Performance



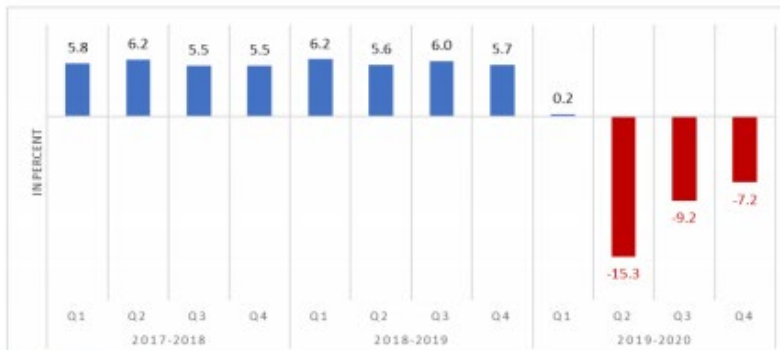
The Philippines records a GDP of -9.5 percent full year growth rate for 2020



Source: Philippine Statistics Authority

2020 HFCE Growth Rate is -7.9 Percent

Household Final Consumption Expenditure, Q1 2018 to Q4 2020 Growth Rates,
At constant 2018 prices



HFCE contracted by 7.2 percent in the fourth quarter of 2020. This was lower than the 5.7 percent growth in the same period of 2019, but an improvement as compared with the decline of 9.2 percent in Q3 2020.

PROGRAM ACCOMPLISHMENTS

Performance by Program 2019 vs 2020

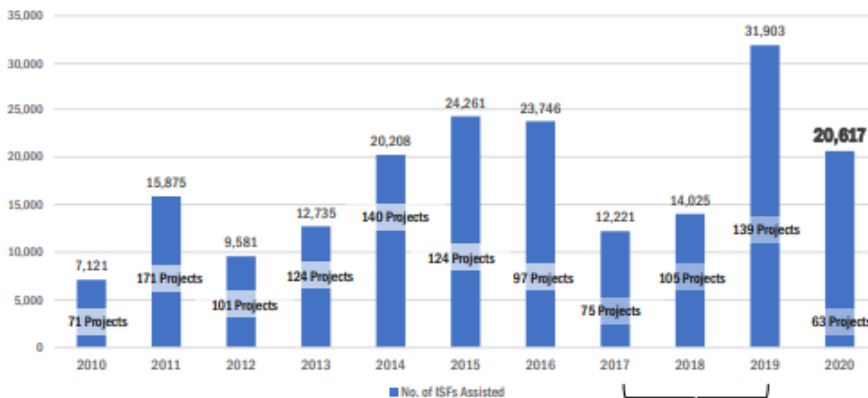


Program	2019			2020			Percentage (Inc./Dec.) ISFs Assisted
	No. of Projects	No. of ISFs Provided with Housing Loans and Grants	Loans Released, PhP	No. of Projects	No. of ISFs Provided with Housing Loans and Grants	Loans Released, PhP	
Community Mortgage Program	132	29,718	1,627,349,287.09	59	16,737	1,304,552,652.81	-43.68%
High Density Housing Program	5	1,140	897,501,880.58	3	3,474	270,301,397.89	204.74%
Marawi Shelter Project	2	1,045	42,470,500.00	1	406	34,191,479.80	Special Program
TOTAL	139	31,903	2,567,321,667.67	63	20,617	1,609,045,530.50	-35.38%



PROGRAM ACCOMPLISHMENTS

Historical Performance (2010-2020) by Number of Projects and Families Assisted



For 2020, SHFC has assisted **20,617 ISFs** through 63 projects. Compared with the previous year's performance, this is equivalent to **65%** in terms of the number of ISFs assisted, and **45%** in terms of the number of projects financed. This adequate performance can be attributed to the action of the corporation to focus on large scale projects, which benefited more families.

19,383 ISFs = Average ISFs assisted for the last 3 years

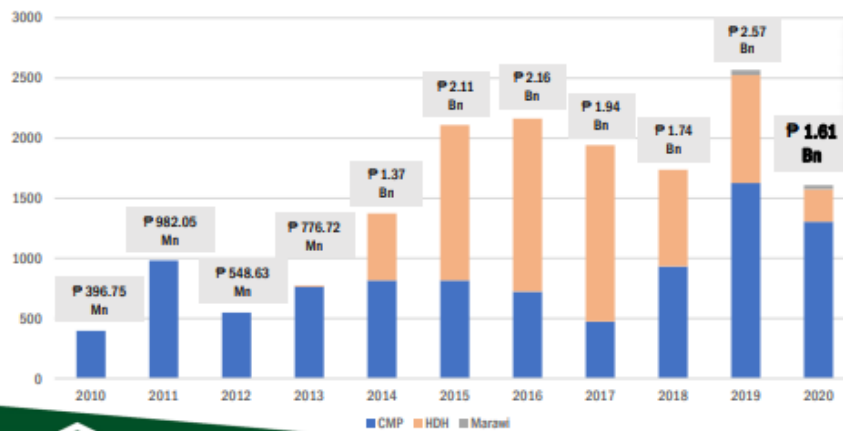


Source: Operations Group

PROGRAM ACCOMPLISHMENTS



Historical Performance (2010-2020) by Loans Released



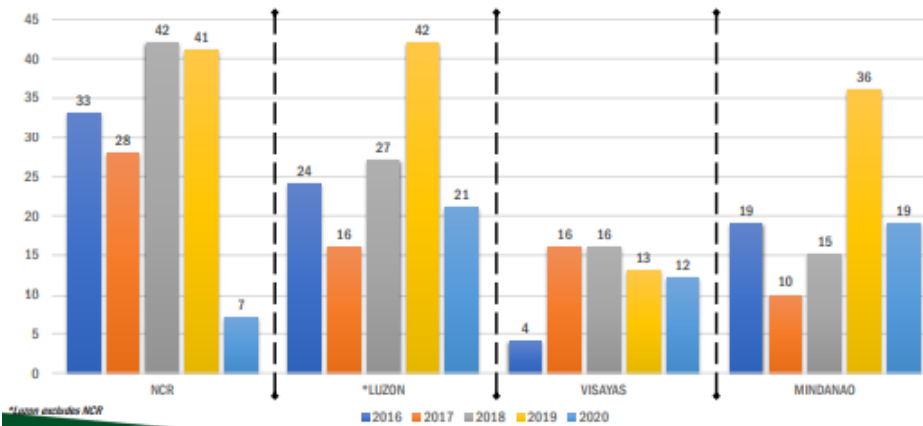
For 2020, SHFC was able to release loans amounting to **PhP 1.61 Billion.**

1
2

PROGRAM ACCOMPLISHMENTS



Number of Taken-Out Projects by Area of Operations (CMP)

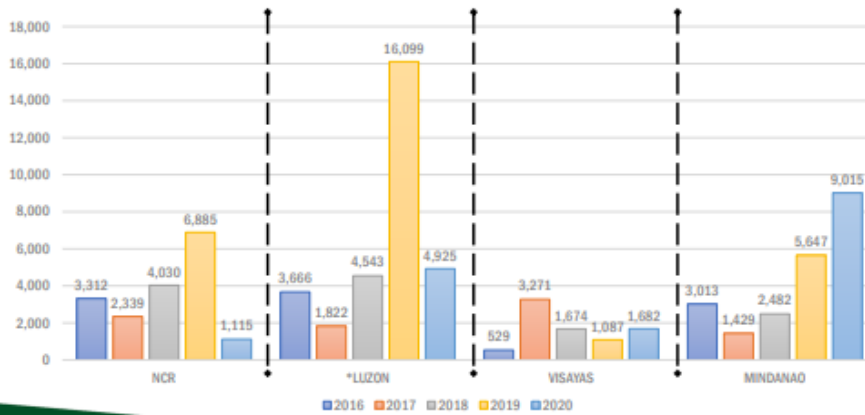


It can be observed in 2020 that the number of Taken-Out projects across all Areas of Operations have decreased.

3
4

PROGRAM ACCOMPLISHMENTS

Number of ISFs Assisted by Area of Operations (CMP)

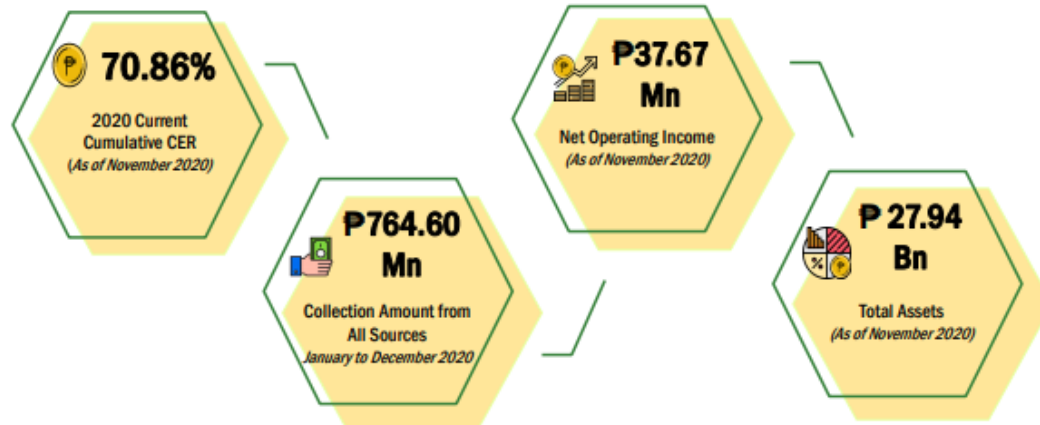


In 2020, there was a significant decrease in the number of ISFs provided with security of tenure through Socialized Housing Programs in NCR and Luzon. This was the result of the implementation of the Community Quarantine, which limited the movement of both SHFC, its partner communities, as well as offices in the local government. However, SHFC remained focused and even showed an increase in the number of serviced beneficiaries in **Visayas and Mindanao**.

Financial Performance

FINANCIAL PERFORMANCE

FINANCIAL HIGHLIGHTS



Organizational Performance

ORGANIZATIONAL (Innovations)

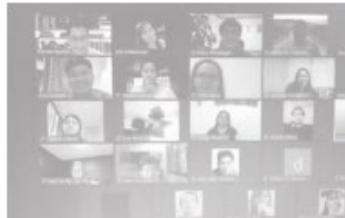
Virtual Meetings and Trainings



More than **100 Virtual Meetings** conducted in the Management Level



31 MOUs signed in 2020, of which **22** were signed virtually



Source: SCD, HRDD, PRO

208 webinars and online trainings facilitated and outsourced by SHFC



ORGANIZATIONAL (Innovations)

What were the efforts made to sustain **Project Take-out**?



- Use of electronic/online platforms (e.g., messenger, email, text messaging, zoom, Facebook, SHFC website among others) to communicate and coordinate with the HOA/CAs, LGUs and other stakeholders.



- Site visits and other activities which needs physical interaction while adhering to the DOH Minimum Health Standards and Safety Protocols.



- Orientation, MOA signing and other collaborations with the LGU and other stakeholders.



ORGANIZATIONAL (Innovations)

What were the efforts made to maintain the loan amortization Collections?



- Use of online communication channels;
- Assistance to HOA/CAs through giving of directions on where to conduct payment;
- Reviewed the list of all payment centers within the scope area for easier transaction of payment for HOA/CAs



- Granted Financial and Livelihood Assistance to beneficiaries of taken-out projects to help them augment their monthly amortization.



- Different **Digital Payment options** were explored by the Corporation in order to further assist the partner-homeowners
- Beneficiaries who have the capacity to pay their amortization can pay through:
 - Landbank
 - ECPay outlets (7/11, Petron etc.)



ORGANIZATIONAL (Innovations)

What were the **Activities/Studies** conducted to utilize the ample time brought by the Community Quarantine due to Pandemic?



PROJECT DEVELOPMENT

COMMUNITY NEEDS ASSESSMENT TOOL

FRAMEWORK, PARAMETERS AND PROCESSES

1. A tool that will ensure the identification of beneficiaries who can avail the Socialized Rates
2. Help create baseline data essential for tracking the growth and provide developmental programs
3. Adapt to changing times and quarantine restriction brought by the Pandemic

PROJECT APPROVAL

SOCIAL HOUSING FINANCE CORPORATION

CONSTRUCTION MANUAL

Version <1.0>
<12-10-20>

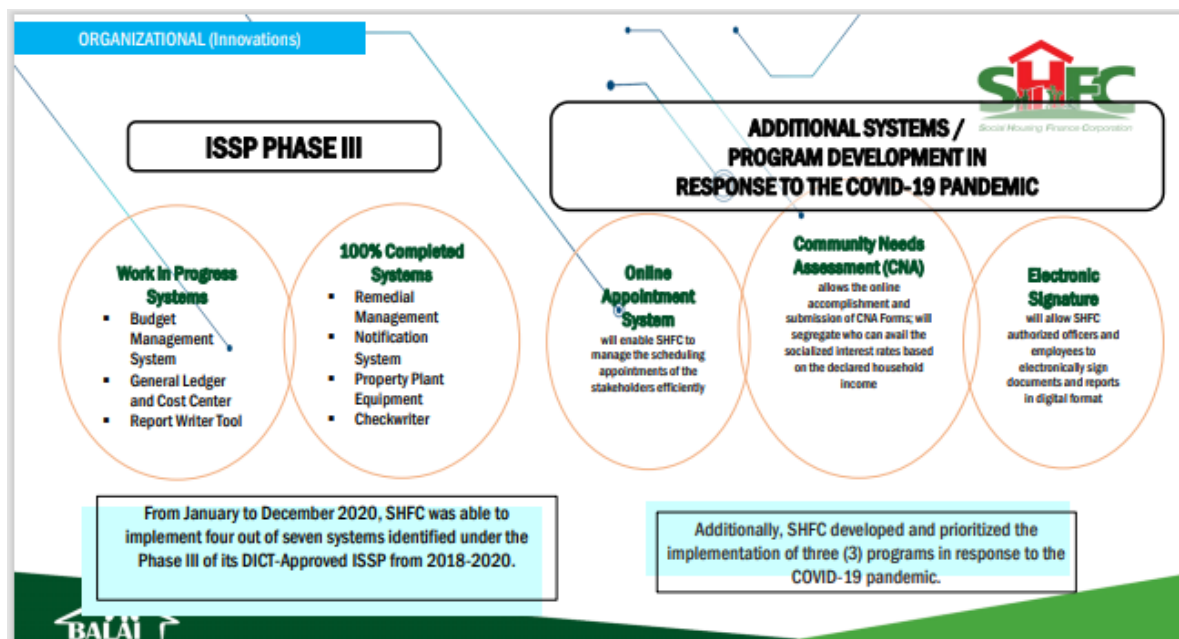
SERVICE DELIVERY



Enhanced the definitions of some CMP modalities to provide more Flexible, Affordable, Inclusive, and Responsive (FAIR) shelter solutions to SHFC's mandated beneficiaries

This manual contains the essential technical processes and requirements necessary:

- To assess the site suitability for socialized housing development;
- To value the property to be posted as loan collateral, and;
- To evaluate and implement the projects in accordance with the Social Housing Finance Corporation's (SHFC) various housing programs' terms and policies



Covid-19 Disaster Response

COVID-19 and Disaster Response (Bayanihan Spirit of the Filipino)

Livelihood and Financial Assistance

544 Partner-Homeowners were provided with Emergency Cash (Financial) assistance amounting to **P545,939.62** from the 2 Mn overall budget, which the rest is for release early this year to more beneficiaries.

112 Partner-Homeowners were provided with Livelihood assistance amounting to **P1,271,357.37**

Implementation of Moratorium and Grace-Period

SHFC CLIENTS GET LOAN REPRIEVE AMID COVID-19 OUTBREAK



SHFC implemented a **three-month moratorium** (March 16 – June 15) and a **two-month grace period** (September 16 – November 16) on the payment of loan amortization of its partner-homeowners

Over P40,000 worth of medical supplies which consists of surgical and N95 masks as well as ethyl alcohol were donated to the Philippine General Hospital (PGH) in Manila to help ensure the protection of frontliners who are battling the COVID-19 pandemic.



Donation of Medical Supplies

Moving Forward

Moving Forward 2021

Board-Approved 2021 Corporate Workplan

SOCIAL IMPACT		Wt	
SM1: Provision of Shelter Security and Improved Housing Quality		35%	
• 80,000 Informal Settler Families provided with housing loans and grants			
Subtotal		35%	
STAKEHOLDERS	Wt	FINANCE	Wt
SM2: Percentage of Satisfied Customers • 90% of respondents of the Client Satisfaction Survey (based on GCG methodology) gave a Satisfactory rating for SHFC's Pre-takeout services	10%	SM3: Improve Collection Efficiency Rating of SHFC Program Loans	10%
		• 90% Modified Cumulative CER for current and past due accounts	
		SM4: Improve status of problematic accounts	5%
		• 10% Reduction of Problematic Accounts	
		SM 5: Improve the Financial Bottomline	5%
		• 10% Reduction of the Projected Net Loss per the SHFC Board approved Corporate Operating Budget for 2021	
SM6: Improve Budget Utilization Rate	10%		
• Not Less Than 90% of the GAA Allocation for CMP			
Subtotal	10%	Subtotal	30%
INTERNAL PROCESS	Wt	ORGANIZATION	Wt
SM7: Enhance Support Systems for Effective and Efficient Processes • Updated ISSP approved by the Board, and submitted to DICT	10%	SM8: Attain Quality Management Certification	5%
		• Pass ISO Surveillance Audit (Head Office and 1 Regional Office)	
		• ISO Certification for two (2) Regional Branches	5%
		SM9: Improve Competency Baseline of the Organization	5%
• Increase corporate competency level			
Subtotal	10%	Subtotal	15%

Revised 2021 Target: 15,000 ISFs (at least)

Based on the proposed National Expenditure Program for 2021 which was submitted by the Department of Budget and Management (DBM) to Congress on August 25, 2020, the following were the approved amounts for SHFC Community Driven Programs:

Community Driven Shelter Financing Program	SHFC Proposed National Funding Support	DBM Approved National Funding Support	Funding Shortfall
Community Mortgage Program	8,036,705,815	0	8,036,705,815
High Density Housing Program	1,090,307,952	369,203,300.00	721,104,952.00
TOTAL	9,127,013,767	369,203,300.00	8,757,810,767.00

This is only 4% of the total amount of SHFC has requested for its programs in 2021.



Source: 2021 NEP: Operations Group: Finance and Comptrollership Department

Issues, Concerns and Challenges to Meet the Targets

With the lack of funding from the National Government, well-planned finances are crucial in achieving SHFC's goal of providing financial assistance to ISFs.

Are our clients willing to take a loan given the situation?
Do they have the capability to pay in relation to the unemployment rate brought by the pandemic?

SHFC's clients are usually found in the informal sector (low-income bracket; poor and underprivileged sector) of the economy.



2021 CORPORATE ENABLING STRATEGIES



STRATEGIC INITIATIVES/ACTIVITIES FOR CY 2021



SOCIAL IMPACT & STAKEHOLDERS

- *Pro-active partnerships with LGUs, NGAs, and others*
- *Responsive and appropriate programs*
- Genderized Livelihood assistance
- Improving processes in light of external factors
- Enforcement of policies and sanctions
- Continuous feedback
- Grassroots initiated project development

FINANCE

- *Seek other funding sources* and investment options
- *Improve accounts* through full implementation of remedial actions (reactivation and restructuring of accounts)
- Build big and more projects (budget utilization)
- Financial responsibility among MBs

INTERNAL PROCESS

- Adherence to ARTA Law
- *Review and enhance IT-related processes*
- Enhance compliance to company policies

ORGANIZATION

- Continuous implementation of QMS
- *Strengthen human resource capital*



KEY TAKE AWAYS



Adequate housing is a human right. Next to food, the second item people spend for is housing. Hence, people value housing...just like food it gives them a form of security....



The poor pays....and can pay...AND can be taught how to pay....
Community undertaking may be the key to make housing project sustainable...community led housing may result in a responsible endeavour....



Matatag, Maginhawa at Panatag na Buhay sa pamamagitan ng Pabahay....

Director Bustos asked the Management the net income of SHFC for 2020. Mr. Carandang answered that the Management is still finalizing the figures considering that the figure that they have is until November 2020 only. He asked the Board to give the Management two (2) weeks for the said finalization.

Director Bustos express his apologies to the good Secretary, Atty. Lita as well as the rest of the Directors considering that he already reported to DHSUD that NHMFC met its GCG target because they assured themselves that SHFC will have a breakeven. However, if SHFC will get a negative income then NHMFC will also get negative considering that they own a significant portion of the share of SHFC. He added that during their pre-board, he was informed informally that SHFC would be booking for a loss. NHMFC will also have to book a significant portion of loss in their net income because again they hold a huge percentage of the share of SHFC. He further added that he hopes and prays that what they were informed with was only false news. He is hoping that SHFC will have a breakeven.

Director Bustos also pointed out that NHMFC is trying their best in terms of funding that before the end of the year they bought around Php600 Million of loans of SHFC. He also talked to Ms. Borromeo and she told him that they will finish the securitization of SHFC. He informed the Board that the NHMFC would like to help SHFC even more by buying some of the loan however at the last minute the Bicameral Meeting, the funding for NHMFC from the General Appropriations Act (GAA) has decreased from Php1 Billion to Php500 Million. Hence, they cannot help SHFC that much. He assured the Management that they will try to help to ensure that SHFC will get as much funding as they can get so that SHFC can help ISFs in an excellent way.

Secretary Del Rosario asked the Management if it will be a loss or breakeven. Mr. Carandang explained in his response that sometime in April 2020, the Management has projected a loss already and they told the Board the same based on their simulation. He admitted that it might be a loss. However, it might not be that big. He recalled that their projection was that there will be a loss of Php400 Million. It should be noted that the net income is still positive up to November 2020. The figures left needed for finalization are the accrual expenses that will only arrive in January.

1
2 **Thereafter, the Board noted the presentation on the Corporate Performance Report for**
3 **CY 2020.**
4

5 6 **2. SHFC DIRECTORS' AND OFFICERS' LIABILITY FUND** 7

8 The Management, through Acting Board Secretary Atty. Melanie Valenciano presented the
9 proposed SHFC Directors' and Officers' Liability fund.
10

11 The following are her presentation:
12

13 Background 14

- 15 • On 21 March 2016, the SHFC Board through Board Resolution No.508, Series of
16 2016, instructed the Management to take the necessary steps to set-up the SHFC
17 Director's and Officers' Liability Fund (DOLF) pursuant to GCG Memorandum
18 Circular No.2012-10.
 - 19 • In the same resolution, the Board directed the inclusion of the following items in the
20 Guidelines:
 - 21 1. Overseeing Legal Fund Committee
 - 22 2. Evaluation of the Adequacy of Funds
 - 23 3. Allowable Indemnification of Funds
 - 24 4. Procedure for Availment
 - 25 5. Booking of Advances
- 26

27 Purpose and Scope of the DOLF 28

- 29 • The DOLF is intended to indemnify SHFC Directors and Officers for the cost of
30 litigation and judgment liability imposed whenever they are sued or included as
31 parties to any action or proceeding brought against the corporation or said directors
32 and officers in their official capacities, or in their personal capacity but the action or
33 proceeding is actually based on and related to the discharge of their official function.
- 34 • DOLF should be provided so long as the beneficiaries are performing their lawful
35 duties and official functions with regard to their respective positions. The DOLF
36 Coverage is effective whenever persons covered are sued or impleaded in an official
37 or personal capacity.
38

39 DOLF Terms of Reference 40

- 41 • The SHFC DOLF Terms of Reference (TOR) was also approved by the Board in the
42 SHFC Board Resolution No. 515, Series of 2016.
- 43 • As provided in the TOR, the initial fund shall be **Two Million Pesos**
44 **(Php2,000,000.00)** and an additional fund of **One Million Pesos (Php1,000,000.00)**
45 shall be amortized annually until the fund reaches the amount of **Fifty Million Pesos**
46 **(Php50,000,000.00)**; provided that in no instance shall the level of the fund be lower
47 than Two Million Pesos (Php2,000,000.00); provided further that the P50 million
48 future value may or may not be pursued to the fullest, without prejudice to the

1 drawing up of a supplemental budget to augment any deficiency any time as may be
2 found to exist by the Committee and subsequently approved by the Board of
3 Directors.
4

5 Overseeing Legal Fund Committee 6

- 7 • According to the TOR, it shall have at least five (5) members and shall be chaired by
8 at least a third ranking permanent official of the agency. The members of the
9 Committee are as follows:
 - 10 1. Board Secretary
 - 11 2. Manager of the Legal Department
 - 12 3. Manager of the Finance and Controllershship Department
 - 13 4. Board Director
 - 14 5. Board Director
- 15

16 GCG Evaluation 17

- 18 • On 17 April 2017, SHFC submitted to the GCG the copy of the DOLF Guidelines
19 (TOR) for its approval.
- 20 • In the GCG's reply dated 7 June 2017, it recommended several revisions in the TOR.
21 These proposed revisions are incorporated in the revised TOR.
- 22 • GCG requires the submission of a feasibility study submitted by a **reputable risk**
23 **agency** or **individual consultant**, taking into consideration the provisions of RA 9184
24 and the terms and conditions that may be mandated by the COA, and the following
25 conditions:
 - 26 a. Amortization to the Fund shall come from the GOCC's budget
 - 27 b. The Funds shall be contributed into a specific and non-revocable trust fund to
28 be established by the GOCC with a GFI;
 - 29 c. The Trust instrument covering the Fund shall provide for the same allowable
30 coverage as those under a DOLI policy or may cover only the items that are
31 within the deductible franchise claim provision under an existing DOLI
32 coverage, with the GFO-Trustee administering the disbursement from such Fund;
 - 33 d. In the case where a GFI is setting up such Fund for itself and its
34 Directors/Trustees and Officer, it shall appoint another accredited GFI to assume
35 the role of the Trustee for the Fund; and
 - 36 e. Formal guidelines shall be promulgated by the Governing Board of the GOCC
37 defining the essential items for the DOLF, i.e. cap of the fund, overseeing legal
38 fund committee, evaluation of adequacy of the fund, coverage, expenses covered,
39 allowable indemnification amounts, procedure for availment, booking of
40 advances, etc.
- 41
- 42 • Pursuant to the instruction of GCG to submit a feasibility study, SHFC requested for a
43 quotation from an actuarial company in 2017 to determine the market value for the
44 conduct of the feasibility study.
- 45 • SHFC also inquired with the University of the Philippines School of Statistics but
46 they replied that it does not provide such study.
- 47 • In December 2017, one actuarial company, AMI Actuarial Consultants Phils.
48 submitted its proposal amounting to One Million Pesos (Php1,000,000) but subject to

1 possible modification pending receipt of more information about the study. When
2 asked to update their proposal this year, the company provided the same rate.

3
4 Director Bustos shared the NHMFC experience with respect to the DOLF so that the Board
5 may come up with a decision based on their experience. He said that they went with the same
6 process as SHFC and they were given the same options by GCG. They were also given the
7 same letter as what SHFC got. As what Usec. Agabin pointed out two to three meetings ago,
8 there is a shortcut wherein SHFC will ask GSIS to provide the DOLF on their own and SHFC
9 will just pay an annual premium. The NHMFC also asked GSIS for quotation, however the
10 said quotation seemed big. Hence, they went to the same direction as being recommended by
11 Atty. Valenciano. They hired a retired actuary of GSIS as a consultant to come up with a
12 number of funds that will be set up with Landbank for the DOLF. It seemed that the
13 consultant reviewed all the legal cases of NHMFC within a period of probably ten years.
14 Based on that, the consultant advised NHMFC to set up around PhP105 Million as DOLF.
15 Asking the GSIS for quotation will let SHFC know the annual premium and that can be
16 compared to the amount the consultant will recommend based on the feasibility study that he
17 will conduct. He then added that probably SHFC will have a quotation from GSIS which is
18 very low considering that there are few cases against SHFC. In fact, as far as he can
19 remember, there is only one case SHFC had within ten years he has been with SHFC. If the
20 quotation will be expensive, he suggested to proceed with the suggestion of Atty. Valenciano
21 to get a consultant to come up with an amount that SHFC can set up with Landbank. He
22 further added that GCG will not allow for SHFC to set up an amount without basis or
23 feasibility study. They would either like to see GSIS quotation or a result of study by an
24 actuarial company or individual.

25 Director Bustos also mentioned that he has been able to tap the DOLF of NHMFC to pay for
26 his legal fees for the cases that have been filed against him. It has been very helpful
27 considering that he is not a lawyer.

28 Atty. Valenciano clarified that the proposal of Director Bustos is to get a quotation from
29 GSIS for the conduct of actuarial study. Director Bustos answered in negative. He added that
30 the GSIS will do everything. They will do their study and they will give SHFC a quote. They
31 will be the one to insure and SHFC will just pay this much every year. It will not be a trust
32 fund but an insurance coverage. It is one of the acceptable options of GCG.

33 Atty. Valenciano informed the Board that the general option is for the establishment of
34 Directors' and Officers' Liability Insurance (DOLI) and the alternative is that the DOLF can
35 be set up.

36 Atty. Valenciano also narrated that based on the records she found last 2012 or 2013, the then
37 Board Secretary also inquired with GSIS for the DOLI Coverage. The GSIS gave SHFC a
38 quote of around PhP50 Million for the payment of premium for the insurance coverage. That
39 is why the then Directors opted for a private insurance company for DOLI; or setting up of a
40 DOLF instead of DOLI. It should be noted that SHFC can still request for a quotation with
41 GSIS now to conduct a feasibility study on SHFC accounts and determine if it would be more
42 feasible for SHFC to establish DOLI rather than DOLF.

43 Secretary Del Rosario then asked if SHFC can decide on its own to put up a certain amount
44 as DOLF. Director Bustos answered in the negative considering that GCG will ask for the
45 basis of that amount. There should be a study conducted for that.

1 Secretary Del Rosario also asked if there are instances that cases are filed against SHFC that
2 the latter paid so much. Director Bustos answered that when GSIS gave the quotation in
3 2012, they probably reviewed the cases filed against SHFC ten years from 2012. However, he
4 reiterated that based on his experience since he has been with SHFC only one case he knows
5 that was filed against SHFC and the latter won in that case. Hence, considering the recent
6 experience has been favorable, the GSIS might lower its quotation.

7 Secretary Del Rosario asked with respect to the necessity of putting up a DOLF. Atty.
8 Valenciano explained in her response that it was previously decided by the previous Board to
9 set up a DOLF instead of DOLI considering that at that time they conducted a study and the
10 result was that the payment of the premiums will be more costly for the Corporation rather
11 than setting up a trust fund for the DOLF.

12 Director Bustos added that whether the cases are true or not, the Directors will still pay for
13 legal fees. The cases that will be filed against them will be in personal capacity so that it will
14 give them a hard time.

15 Secretary Del Rosario then asked if SHFC can tap the consultant NHMFC hired considering
16 that the NHMFC paid less for the consultant. Director Bustos answered affirmatively. He
17 then instructed Atty. Valenciano to get the consultant's details from their Corporate Secretary
18 Atty. Dante Patapat.

19 Director Bustos then moved that they will approve number 1 which is to proceed with the
20 consultant to conduct feasibility study for the DOLF and to simultaneously request for
21 amended proposal from GSIS for DOLI and once SHFC got the results, the Management will
22 go back to the Board to compare the DOLI and DOLF so that they can decide which direction
23 to go.

24 Atty. Reyes seconded the said motion. He is cognizant with the necessity of the DOLF
25 because they will be sued in their personal capacity.

26 **After thorough deliberation, the Board approved the following:**

- 27 **1. To proceed with the procurement of a consultant to conduct the feasibility study on**
28 **the establishment of the Directors and Officers Liability Fund (DOLF);**
29 **2. Simultaneously request GSIS for an updated proposal on the Directors and Officers**
30 **Liability Insurance (DOLI) coverage for SHFC;**
31 **3. Both results thereof shall be submitted and reported to the Board which shall then**
32 **make the comparative determination between DOLF or DOLI coverage.**
33
34
35
36
37
38
39

40 **OTHER MATTERS**

41 **5. RSP HOAI**

42
43

1 Atty. Valenciano informed the Board that the Management is amending the rules of
2 procedure. The status of which will be reported in the next Board Meeting.

3
4 Secretary Del Rosario recalled that CDJ committed to SHFC that he would commence the
5 construction in July or September 2019. However, a year and half has already passed and yet
6 nothing is happening. He then stated that it is alright with him if CDJ has been chosen and
7 Ron Daniels has already been terminated. He added that he highly doubts that CDJ will
8 commence in March as committed by him. He then asked the Management on what to do
9 with CDJ if he did not commence with the construction of the project.

10 Atty. Payot answered that if it did not materialize by March then they will have no choice but
11 to choose another contractor.

12 Secretary Del Rosario then asked the proceedings so that SHFC will be legally covered. Atty.
13 Cabling explained in his response that the Management will provide a provision in the
14 contract that once the construction has not commenced as committed then there will be an
15 automatic termination of the contract. He added that they already had a talk with some of the
16 contractors who are will to finance the project in a turnkey basis.

17 Secretary Del Rosario noted that he thinks the contract should be crafted in such a way that if
18 ever CDJ would not fulfill his obligation there must be an automatic termination of the
19 contract with SHFC and CDJ. He also said that this particular contractor is too much already.
20 Secretary Del Rosario then sternly reminded the Management to ensure that the contract will
21 be fool-proof and that if ever CDJ will not able to fulfill his commitment; SHFC will
22 immediately terminate the contract and look for another contractor who will undertake the
23 project.

24 Atty. Cabling in behalf of the Management noted the reminder of the good Secretary. Atty.
25 Payot added that in fact, it is already included as part of the amendment of the contract
26 considering that the good Secretary has previously instructed to include the same as part of
27 the contract.

28 Atty. Lita then advised the Management to study the option to hold the contractor
29 accountable for damages aside from terminating the contract so that when the Management
30 expresses the ultimatum to CDJ, the consequences of the termination as well as possible
31 repercussions are also relayed to CDJ.

32 Secretary Del Rosario affirmed the recommendation of Atty. Lita. Atty. Cabling also noted
33 the same.

34 As the discussion continued, Secretary Del Rosario asked if the Management has finalized
35 the contract and has it been signed already. Atty. Cabling answered that the contract is ready
36 already however it is not signed yet considering that the parties of the contract are CDJ and
37 the Community Association (CA) and the Management will do the reorganization of the CA
38 by early next week. It should be noted that CDJ is willing to sign the contract anytime during
39 that meeting.

40 Secretary Del Rosario pronounced that once the construction commenced by first week of
41 March, the Board will visit the project site and inspect if CDJ has truly commenced. The
42 Management was tasked to take pictures of the project site. He also instructed the

1 Management to schedule a Board Meeting in the project site to check if CDJ is compliant
2 with the Board instructions. He added that the comments of Atty. Lita are very valid.

3 Atty. Reyes then asked as to what will happen with the overpayment. Atty. Cabling answered
4 that it will be provided in the contract that CDJ should be accountable for the delay and they
5 should also be liable for the overpayment.

6 Director Catulong then raised a query as to what will happen if CDJ will not return the
7 overpayment. He added if there will be charges that will be filed against him with respect to
8 the overpayment. Atty. Cabling answered that the Management will still have to see because
9 they will go after the performance bond first. Otherwise, SHFC will really have file a case
10 against him.

11 Director Catulong further asked whether the performance bond is enough to cover the
12 overpayment. Atty. Cabling answered that they still have to check. The Management will
13 give a report probably next Board Meeting. Once CDJ signs the contract next week, SHFC
14 will ask him to secure a new performance bond if ever it is no longer effective.

15 Secretary Del Rosario firmly reminded the Management that this will be the ultimatum to
16 CDJ and that there should be no extension. Atty. Cabling noted the said reminder.

17 **After thorough deliberation, the Board instructed the Management the following:**

18
19 **I. On the contractual agreements:**

20 **1. To finalize the contract with CDJ Construction which shall contain the following:**

- 21 **▪ A provision for an automatic termination of the contract.**
- 22 **▪ A penalty clause or a provision on the accountability for damages, as a**
- 23 **consequence for the non-compliance to project commitments which will also**
- 24 **cover the overpayment in case of rescission of the contract.**

25
26 **Resumption of the project construction is the targeted to commence on the first week of**
27 **March 2021.**

28 **II. Other concerns**

29 **2. There shall be actual site documentation photos of the progress of the project**
30 **construction;**

31 **3. Review the terms of the Performance Bond;**

32 **4. Schedule a site visit / Board Meeting near the site;**

33 **5. There shall be no project extensions, as this is the last chance given to CDJ**
34 **Construction to complete the project.**

- 35
- 36 **▪ RSP Fact-Finding Report**

37 **The Management will provide a status report on the results of investigation in the next**
38 **scheduled Board Meeting.**

- 39
- 40 **▪ On the request for consideration of Engr. Felman Gilbang**

41 **The Management's request for consideration was granted to retain Engr. Gilbang as**
42 **OIC-VP for Northern Mindanao. He is also retained as the point person for the Marawi**
43 **Shelter project.**

44
45 **The updates on the RSP HOAI will be presented in the next Board Meeting.**

6. GUMAMELA NEIGHBORHOOD ASSOCIATION HOUSING COOPERATIVE

The Management through Engr. Elsa Calimlim presented the following updates with respect to the Gumamela Neighborhood Association Housing Cooperative.

Board Instruction – November 2020 Meeting

TECHNICAL ASPECT:

Review the feasibility of the proposal to complete Phase 1 of the project consisting of around 600 units while the remaining balance of the total units shall be considered as a new project under Phase 2

The Department of Engineering shall prioritize the preparation of project cost estimate/ budgetary requirements including the add-ons, with the following terms: 600 units based on the old price ceiling 749 units based on the new price ceiling

Communicate with the contractor to discuss the acceptable and feasible terms to ensure the completion of the project;

Summary of Findings:

1. ARCC claimed that the 2016 Approved SD & HC cost which is PhP300,000 per unit is not sufficient to complete the project. The 2014 Price ceiling for Socialized Housing Package is P450,000 inclusive of land acquisition.

2. Total Contract Amount and Approved Loan for 1,406 MBs per SHFC record is PhP421,800,000. ARCC claimed that the original contract amount prior to loan approval is PhP600,400,000.00.

Computed Cost per unit based on its specifications and 2018 Price Ceiling is PhP570,528.89, computed as follows:

Item	Gumamela Project	2018 Price Ceiling HLURB/HUDCC (P480,000)
Floor Area	20.25 sq.m. – Base 12.35 sq.m – Loft 32.60 sq.m – Total	22 sq.m –base 11 sq.m. – loft 33sq.m – Total
Lot Area	48.00 sq.m.	50.33 sq.m.
Gumamela Price Ceiling		Php 471,723.18

Additional:

Cost for 0.90m Additional Ht.	Php 29,597.63
-------------------------------	---------------

MINUTES OF THE 02-2021 BOARD MEETING
SOCIAL HOUSING FINANCE CORPORATION

Page 24

ADDITIONAL WORKS:

I	TILES	27,641.73
II	PLASTERING	8,664.69
III	INTERIOR WALL PAINTING	14,252.15
IV	2ND FLOOR CEILING	9,103.57

4. Applying the (a) 2014 price ceiling to the completed & remaining items of work for 600 units, and (b) the 2018 cost for the completed & remaining items of work for 749 units, the RESULTS are as follows:

	Total House Const. cost/Cost per mb including additional items	SITE DEVELOPMENT	LAND ACQUISITION	Total Cost/Cost per mb
600 units (63% - 98%)	223,104,870.42 P371,841.45	65,009,171.34 108,348.62/MB	41,169,390.00 68,615.65/MB	329,283,431.76 548,805.72
749 units (2.5%-63%)	294,779,908.40 P393,564.63	81,153,115.56 108,348.62/MB	51,393,121.85 68,615.65/MB	427,326,145.81 570,528.90/MB
1, 349 UNITS	517,884,778.82	146,162,286.90	92,565,511.85	756,609,577.57
Average	383,902.73			560,867.00

5. The total SD & HC cost increased from P300,000 per mb to P494,315.57 computed as follows:

Total SD Cost (1,349 units) = P146,162,286.90
 Total HC cost (1,349 units) = P517,884,778.82
Total Cost = P 664,047,065.72

Original Sd & HC Cost (1,406 units)= P421,800,000
 Increase in Project Cost = P 242,247,065.72

6. Completed Works based on 2014 price ceiling for 600 units and 2018 price ceiling for 749 units (SD & HC) = P328,064,453.49

7. Total Loan Released to ARCC = P 350,129,300.54

8. Overpayment (P350,129,300.54 - P328,064,453.49) = P 22,064,847.05

9. Total Cost to Complete (SD & HC) = P 335,982,612.23

Cost to Complete 1,349 units = P 316,294,552.18

Cost to Complete SD P 19,688,060.05

10. Remaining Funds = P 71,670,699.46
 11. Funding Requirement to complete 1,349 units
 (P335,982,612.23-P71,670,699.46-P22,064,847.05) = P242,247,065.73
 12. Performance Bond is subject to renewal.

The following are the additional comments of SHFC:

- For Power and Water requirement, HOA must coordinate immediately with utility provider to ensure timely connection of power and water;
- For additional works not yet included in the revised project cost, submission of LGU approved plans/permit for riprap works, fence, etc.;
- Onsite supervision shall be intensified and evaluation of project performance shall be done at least once a week;
- SHFC shall include in the Contract a termination clause provision that in case ARCC failed to complete the 600 units (Phase 1) based on contract, LGU approved plans and specifications and approved work schedule or for whatever reasons, SHFC may automatically terminate the Contract, without notice of action and award the remaining housing units to the other Contractor.
- ARCC shall commence the work immediately upon receipt of Notice of Approval of Revised Project Cost from the HOA
- Release of payment shall be based on the completed/turned-over housing units. No payment shall be made for incomplete units based on approved BOQ/project cost /specifications. On site development, payment shall be made upon completion of all items of work reflected in the approved BOQ.
- Overpayment shall be paid by ARCC by deducting the excess payment from every billing request. A work and loan drawdown schedule with resource requirement per month must be submitted by ARCC prior to project implementation.

ARCC request that the following be considered for the approval of SHFC Board:

- 1) The approved change in housing unit cost (Site Development and House Construction) should be applied to all units as basis for the revised contract amount.

	Price Ceiling (LA, SD, HC)	Board Instruction (LA, SD, HC)	ARCC Proposal (LA, SD, HC)
For 600 units	450,000+98,805.71 = 548,805.71	548,805.72	570,528.89
For 749 units	471,723.18+98,805.71 = 570,528.89	570,528.89	570,528.89

- 2) The Contractor shall be allowed to collect payment based on actual accomplishment and the new approved project cost. This is for the contractor to recuperate the amount of money inputted to the project and proceed with the work. The contractor claims that it has invested about P500.00 million in the project. Since September 2019, the Contractor has collected only about P350.00 million.

Overpayment	2014 Approved Cost	2014 & 2018 HUDCC Ceiling (For 1,349 Units)
1 Total Accomplishment	255,153,902.96	328,064,453.49
2 Total Net Released	350,129,300.54	350,129,300.54
Total	(94,975,397.58)	(22,064,847.05)

3) The change in housing unit cost be approved by the board even without the formation of the properly recognized Community Association (CA). This will allow the contractor to proceed with the work while the CA members that will be the recipient of the housing units are established and receive the units upon project completion.

As for the Community Association, in compliance with the Memorandum of Understanding (MOU) with SHFC, the Quezon City LGU has already prepared legitimate CA members that will be qualified to be the recipients of the project. They are just waiting for SHFC to issue the Certificate of Disqualification for formerly listed members that are not included in the verified list of members.

The early reformation of the CA members or Homeowners Association will enable the contractor to turn over the units as soon as the project is completed. This will also reduce the burden on the Contractor for the construction facilities, security, and maintenance costs.

The updates were presented because Secretary Del Rosario wanted to be apprised of the situation in the said project considering that he heard that unauthorized persons entered the property a week ago.

Secretary Del Rosario sought clarification wherein in SHFC's record the total project cost is PhP421 Million or PhP300,000 per unit while the ARCC is claiming that it is not PhP421 Million considering that ARCC alleges that the contract with the CA is PhP450,000 per unit. That is why it is Ph600 Million.

Engr. Calimlim explained in her response that the basis for the PhP300,000 per unit was the policy on Typology wherein for the house model of ARCC, the maximum selling price is PhP300,000. It should be noted that the contract for the PhP600.4 Million was only provided to SHFC in 2019.

Secretary Del Rosario further clarified how come ARCC is claiming that the original contract amounts to PhP600 Million considering that the contract was only provided to SHFC in 2019. Engr. Calimlim explained in her response that prior to the submission of the loan application to SHFC, the contractor had a contract with the CA amounting to PhP450,000. Unfortunately, when the project was submitted to SHFC there was a Typology that provides for the maximum selling price of PhP300,000 per unit for the row house model. The contractor and the CA then had to revise the contract from PhP600.4 Million to PhP421.8 Million. Hence, the contract submitted to SHFC in 2014 after loan approval is PhP421.8 Million.

Secretary Del Rosario commented that this project is bound to fail considering that it had a price ceiling of PhP450,000 per unit but it was approved at PhP300,000. That is why the project is in a standstill. The approval of PhP300,000 while having a price ceiling in 2014 at

1 PhP450,000 is beyond logic already. He added that this issue is a cycle already and he wants
2 the solution to be presented.

3
4 Secretary Del Rosario also commented that the funding requirement needed to complete the
5 project is PhP242 Million.

6
7 Engr. Calimlim answered affirmatively assuming that the contractor will pay the
8 overpayment of PhP22 Million. The total cost requirement to complete the PhP1,349 units is
9 PhP335.9 Million. However, there is a remaining fund from the original approved loan
10 amounting to PhP71,670,699.46 and then there is an overpayment of PhP22 Million. These
11 were deducted in the PhP335. 9 Million hence, PhP242 Million. However, in case the
12 contractor will not pay the PhP22 Million overpayment then it will be added to the PhP242
13 Million hence it will be PhP264 Million.

14
15 Secretary Del Rosario then commented that the overpayment should not be considered hence
16 the PhP242 Million added to PhP71 Million which is PhP313,917,000 is needed to complete
17 the project.

18
19 With respect to the request of the contractor to apply the 2018 price ceiling to all units,
20 Secretary Del Rosario remarked that he will opt for the recommendation of the Management
21 that the pricing for the 600 units will be the old one while the 700+ units will be the new one.
22 He then added that the Management should communicate with the Contractor if the latter is
23 amenable to the amount of PhP313Million to complete the project. If yes, then move to have
24 the project completed. From there, negotiate on the percent accomplishment billing. He
25 further added not to consider the request of the contractor anymore.

26
27 Atty. Cabling agreed with the good Secretary. He said that it was actually his proposal since
28 then. However, some says that the contract should be followed. He commented that he thinks
29 it is a win-win solution to finish the 600 units first considering that there are other ways of
30 modifying the contract with respect to the 700+ units because he was also proposing to
31 construct vertical housing in the remaining lots. It should be noted that the LGU-San Jose Del
32 Monte is also asking for a share in the project for their locality. He recommended focusing on
33 the 600 units and to resolve later on the 700+ units considering that the Intramuros Project is
34 also waiting and there is an available fund for it.

35
36 With respect to the contract, Atty. Cabling mentioned that he was telling his officers that if
37 the provision of the contract is something that is impossible to execute, there is a provision in
38 the Civil Law that provides that it is not valid and it is void. He then added that how could
39 they expect somebody to perform an obligation that is impossible to do. He then reiterated
40 that he completely agrees with the good Secretary's proposal to finish the 600 units with the
41 PhP71 Million remaining following the ceiling price in 2014 which is PhP450,000.

42
43 Secretary Del Rosario commented that he thinks that is the practical thing to do. The amount
44 of PhP313,917,000 is needed to complete the 1,349 units wherein the old and new price
45 ceiling are included. He instructed the Management to present this to the contractor. If the
46 contractor is willing then the construction will commence. He added that if this issue spilled
47 over in the next administration, this will be a huge problem.

1 Director Aliño commented that his first point was that he confirmed that he mentioned
2 several times that the contract should be enforced because it is a contract and therefore it
3 must be enforced. His second point was that if there are provisions in the contract that are
4 considered to be onerous then why did SHFC pay the contractor in the first place. His third
5 point was the parties of the contract are the CA and the contractor. He told Atty. Tresvalles
6 and Engr. Calimlim that he is flexible and he is willing to discuss this matter however, the
7 last letter provided to him was that the CA is not amenable for additional loan. He then
8 recommended getting the “go” signal from the CA that they are willing to avail the additional
9 loan. Negotiate with the CA and ask them if they are amenable. If they are not amenable and
10 the members are incomplete, then terminate the contract. He added that he is not saying that
11 he does not want to complete the project.

12
13 Secretary Del Rosario commented that there is a need for the consent of the CA. He then
14 asked if there are still members of the existing CA. Atty. Cabling answered that only 600
15 members remaining according to their latest validation on the ground with collaboration with
16 the LGU-Quezon City. SHFC told the LGU-QC that the Management will reorganize and
17 there should be adjustment. The LGU-QC has yet to reply. Atty. Cabling assured the Board
18 that they will communicate and explain to the CA and hopefully next week they will agree
19 with the additional loan. He added that the Management will convince the CA.

20
21 Secretary Del Rosario then asked if the Management has the number of 1,349 Members from
22 different CA. Atty. Cabling answered affirmatively considering that the Intramuros project
23 has 200 Member-Beneficiary and the LGU-San Jose Del Monte is also asking for share. The
24 remaining 749 MBs will exceed more than that.

25
26 Secretary Del Rosario commented that the CAs should signify their intention so that the
27 project can commence and it is ensured that there are MBs that will take the project. He then
28 instructed the Management to get the consent of the CAs that they will get the project and
29 that they are willing to sign the contract with the contractor.

30
31 Atty. Cabling noted the instruction and assured the Board that they will do it next week.

32
33 Secretary Del Rosario also commented that the direction the Board will go is the
34 recommendation of Engr. Calimlim and not the request of the contractor. He added that he
35 thinks during the Board’s visit to the site they saw the quality of the construction as well as
36 the land development. He further added that he thinks we must resolve the two issues – RSP
37 and Gumamela project. These were constructed in the previous administration and SHFC
38 should correct it and he remained hopeful to resolve these two issues. In the RSP Project, the
39 intention of the contractor to finish the project seems subjective while in the Gumamela, the
40 contractor wants to commence the project but there is a need to negotiate first with terms and
41 conditions. He reiterated that the Board will not approve the contractor’s request. Instead,
42 they will approve the recommendation of Engr. Calimlim provided that the Management will
43 get the consent from the CA.

44
45 Director Aliño then asked what will happen to the remaining existing CA and they are
46 amenable to the additional loan, would it be a new contract? And how about the other CA
47 that will avail the housing units?
48

Secretary Del Rosario answered affirmatively to both considering that there will be new contracts.

After thorough deliberation, the Board instructed the Management the following:

I. On the technical concerns:

1. To negotiate with the contractor to resume project completion with the budget computed as follows:

For 1,349 units

Funding requirement:Php242,247,065.73

Remaining Funds:Php71,670,699.46

Total: Php313,917,765.19million

2. To prioritize and complete the 600 units, according to the 2014 price ceiling at Php450,000.00 package.

- **The original member-beneficiaries shall be prioritized**

3. Another proposal shall be prepared for the remaining 749 units (vertical housing to optimize land use may be proposed)

II. On organizational concerns

1. The Management is directed to get the consent of the original member-beneficiaries that they are willing to sign the contract with the contractor and they are willing to secure an additional loan based on the above-stated pricing budget.

The updates on the GNAHC will be presented in the next Board Meeting.

7. ADMINISTRATIVE MATTERS CONCERNING ENGR. FELMAN GILBANG

Considering that the Board instructed previously that the erring employees with respect to the RSP Projects would be put in a “floating status”, Atty. Cabling sought the guidance of the Board concerning the relieving of Engr. Gilbang from all of his works and responsibilities in all the Departments in the Mindanao Region except for Marawi. It should be noted that if Engr. Gilbang will be relieved, there will be no replacement (Plantilla – Engineer) to supervise the projects in the Mindanao Region.

Secretary Del Rosario stated that Engr. Gilbang is helping out especially in Marawi City considering that he is the one on the ground. And as far as Marawi is concerned, he needs him there. He then asked what the issue with respect to his performance in Northern Mindanao.

1 Atty. Cabling explained in his response that there is no issue with his performance in
2 Northern Mindanao. The only issue is his participation in RSP and other HDH projects here
3 in Metro Manila and nearby cities. There is no issue yet in Northern Mindanao because they
4 are closely monitoring him. He delivers and he also performs the instructions Atty. Cabling
5 gives.

6 Secretary Del Rosario then suggested to complete the investigation of the issues against him
7 that are committed in the NCR. In the meantime, considering that Engr. Gilbang is working
8 in the ground and actually living there already in Marawi, his presence there is really
9 necessary. Unless the Management can replace him with an Engineer who can jibe with the
10 Maranao people, then the good Secretary has no problem with that. Engr. Gilbang is doing
11 well in Marawi.

12 Atty. Cabling also added that he is also doing well in Northern Mindanao considering that he
13 has been pushing projects that has been pending for the last five (5) years. But the
14 Management committed that they will really closely monitor that everything is in order.

15 Secretary Del Rosario then stated not to relieve Engr. Gilbang because he needs him in
16 Marawi considering that he can readily answer the good Secretary whatever he would ask
17 with respect to the development in the ground. SHFC cannot dispense his presence there.

18 Secretary Del Rosario then pronounced that if ever he will see a reason to relieve Engr.
19 Gilbang then he will be the one to say to relieve Engr. Gilbang. However, so far he does not
20 see any problem presently being committed or has just been committed.

21 In the part of the Management, Atty. Cabling also said that he does not see any reason in
22 relieving him in other parts of Mindanao.

23 Secretary Del Rosario then asked the Board to give him the benefit of the doubt and he
24 assured the Board that if ever he will see any issues with him that is negative on the part of
25 SHFC and his performance, the good Secretary will be the one to initiate that he will be
26 relieved immediately. But at this moment, he is doing good in Marawi Project. This proposal
27 might affect Engr. Gilbang as well as his performance once he knew about this. Secretary Del
28 Rosario suggested to hold this discussion and let Engr. Gilbang do his job.

29 Director Bustos gave his several points. The first one is that he does not think there has any
30 problem with Engr. Gilbang in Marawi. The second one is that the point of Atty. Cabling is
31 valid wherein there will be no replacement for Engr. Gilbang and to wait for the
32 reorganization. He then proceeded with the request of the other members of the Board to
33 retain until 21 February 2021 or until the Management got an Engineer as replacement. If
34 there will be the replacement, he requested that the Management will not use the
35 “naumpisahan na kaya tatapusin niya na”. Engr. Gilbang is just in a hold over capacity with
36 regard to non-Marawi projects. He further requested that if the reorganization will be put in
37 place then somebody will take over his major functions considering that Engr. Gilbang is the
38 appraiser, the engineer as well as the branch manager. There is no check and balance
39 anymore. If the people are put into place, Engr. Gilbang can concentrate in Task Force
40 Bangon Marawi. With respect to his future, maybe it is better to wait for the result of the
41 investigation.

1 Atty. Cabling noted the said requests of Director Bustos. He also added that because Engr.
2 Gilbang has many functions, the Management will relieve him from those functions one by
3 one. But in the meantime, they need him in Northern Mindanao. They can relieve him with
4 the other functions, but probably they can keep him as Vice President for Northern Mindanao
5 just to do the pushing and reviewing of the projects. There are other officers that prepare the
6 Engineering and Technical aspects in Northern Mindanao. It should also be noted that it is
7 not easy working Northern Mindanao because it covers Iligan. It is also predominantly
8 Muslim area. Engr. Gilbang goes in the Muslim areas and he is the only engineer that has
9 skills to be able to adjust and associate with the Muslim Brothers. Although, there is Engr.
10 Yusup but he is still young and he is not Maranao but a Tausug. There are problems between
11 the “tribes” of Mindanao considering that they do not understand each other and sometimes
12 they quarrel and that is what the Management would like to avoid. He requested to let the
13 Management calibrate and calculate when do they need to relieve Engr. Gilbang from his
14 functions one by one. He assured the Board that the management will proceed with the
15 investigation and they will hold the right people responsible and liable.

16 Director Aliño commented that he has no problem with that. He just wanted the Board to
17 know that it is not actually about the performance. There was the question of integrity
18 because Engr. Gilbang is allegedly involved in anomalous transaction. However, considering
19 that they are giving him due process and the Legal Affairs Department already committed
20 that they will update by March regarding the status of the case then he thinks that the Board
21 can wait for the findings or the resolution of the investigation. If in case he is not guilty then
22 it is the Management’s call where to put him. He just reminded the Management not give
23 Engr. Gilbang too many hats. Otherwise, if he is really involved then the Management
24 already knows what to do.

25 **After thorough deliberation, the Board approved to retain Engr. Gilbang until the**
26 **result/findings on the investigation of erring employees is presented in the next Board**
27 **Meeting.**

28 29 8. ADJOURNMENT

30
31 For administrative matters, the Board of Directors are reminded on their compliance with the
32 DICT Digital Signature Forms.

33
34 There being no additional other matters for discussion, SHFC’s 02-2021 Board Meeting was
35 adjourned at 1:00 p.m.

36
37
38
39
40

ATTY. MELANIE B. VALENCIANO
Acting Board Secretary