

*Republic of the Philippines*  
Province of Ilocos Sur  
MUNICIPALITY OF NARVACAN

**OFFICE OF THE SANGGUNIANG BAYAN**

22<sup>nd</sup> Regular Session  
held at the Sangguniang Bayan Session Hall  
on 02 June 2008

**RESOLUTION NO. 20**  
**Series of 2008**

**Resolution Authorizing the**  
**Municipality Narvacan, Ilocos Sur**  
**To Participate in the Monetization of IRA Collectibles for Local Empowerment**  
**Program 2**  
**Managed by the Development Bank of the Philippines and**  
**Underwritten by Land Bank of the Philippines**  
**("MIRACLE 2 Program")**  
**With Respect to Its Share in the P12.577 Billion Differentials in Internal Revenue**  
**Allotments for the Years 2001 and 2004 in the Amount Appearing in the Notice of**  
**Payment Schedule**

**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 (the *LG Code*), 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**, due to the reenactment of the General Appropriations Act for the years 2000 and 2003 in fiscal years 2001 and 2004, respectively, a total amount of PhP12,576,938,000.00 (the *IRA Differential*) corresponding to the difference between the National Expenditure Program levels computed in accordance with the formula prescribed under the LG Code and the appropriations for IRA under the reenacted budgets for Fiscal Year 2001 and 2004 was not released;

**WHEREAS**, the President of the Republic of the Philippines issued Executive Order No. 723 (2008) (*EO723*) authorizing the release of IRA Differential on Installment basis for a period of seven years commencing in fiscal year 2009 up to fiscal year 2015 avail in advance of their respective shares in the IRA Differential through a monetization program;



**WHEREAS**, EO 723 gives LGUs the option to collect in advance from a trustee bank their respective shares from the IRA Differential at a discounted value, net of interest and other charges, by means of the issuance by the trustee bank of investment certificates having as underlying assets the schedule of payments to be issued by the Department of Budget and management (**DBM**) pursuant to a Notice of Payment Schedule (**NPS**) to be issued by the DBM to each affected LGU, which NPS constitutes the unconditional obligation of the Republic of the Philippines as confirmed by the Department of Finance (**DOF**), and the subsequent payment to the participating LGUs of the proceeds from the sale, at a discount, of such investment certificates;

**WHEREAS**, the President of the Republic of the Philippines, by virtue of EO 723, directed *inter alia* the DBM to determine the share of each LGU in the IRA Differential on the basis of the formula prescribed in the Local Government Code and issue the corresponding NPS to the affected LGUs indicating therein their share in the IRA Differential and the schedule of payments of such shares; and (b) the DOF, to, among others, provide the letter of confirmation of the National Government that the IRA Differential constitutes an obligation of the Republic of the Philippines (the **Republic**);

**WHEREAS**, on 13 May 2008, the DOF issued in favor of all government units of the Philippines a Letter of Confirmation in order to provide the LGUs the assurance for purposes of participation in the monetization program under EO 723 that the National Government will perform its commitments to pay and honor all its payment obligations for the IRA Differential in accordance with the schedule set forth in the NPS and further declaring that the obligation of the national government to pay the IRA Differential constitutes a direct, absolute, and unconditional obligation for the payment of money on the part of the Republic;

**WHEREAS**, the Development Bank of the Philippines and the Land Bank of the Philippines jointly established in 2006 the Monetization of IRA Collectibles for Local Empowerment Program (**MIRACLE Program**) to implement the benefits intended under Executive Order No. 494 (Series of 2006), and intend to continue the IRA Monetization Program of the government for 2008 in connection with the IRA Differential for the fiscal Years 2001 and 2004 pursuant to EO 723 (the **Miracle 2 Program**);

**WHEREAS**, the Municipality of Narvacan, Ilocos Sur desires to participate in the MIRACLE 2 Program to be managed by the Land Bank of the Philippines by ceding, transferring, and conveying to LBP Trust on a without recourse basis, the NPS issued in its favor;

**WHEREAS**, the Municipality of Narvacan, Ilocos Sur desires to participate in the MIRACLE 2 Program by ceding, transferring, and conveying to the Trustee on a without recourse basis, the NPS issued in its favor and by agreeing to accede to the Special Purpose Trust Agreement dated 2 June 2008 by and between The Municipality of Narvacan, Ilocos Sur and the Land Bank of the Philippines Trust Services (the **SPT Agreement**);



**WHEREAS**, the Municipality of Narvacan, Ilocos Sur desires to participate in the Special Purpose Trust with the trustees, who will establish for the collective benefit of the Municipality of Narvacan, Ilocos Sur for the purpose of receiving without recourse the assignment, transfer, and conveyance of the NPS of the Municipality of Narvacan, Ilocos Sur, and consequently issue in certificated form investment certificates (the MIRACLE 2 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 Differential;

**WHEREAS**, pursuant to the MIRACLE 2 Program, the Municipality of Narvacan, Ilocos Sur, will establish, participate, and create with LBP Trust a Special Purpose Trust by virtue of which the Trustee will issue 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 2 Program, the Trustee has agree establish, for the collective benefit of the Municipality of Narvacan, Ilocos Sur, a Special Purpose Trust for the purpose of receiving as assignee and transferee, without recourse, the NPS of the Municipality of Narvacan, Ilocos Sur;

**WHEREAS**, the undersigned LGU desires to participate in the MIRACLE 2 Program.

**NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE FOREGOING PREMISES**, at a session duly called and assembled, at least a majority of all the duly elected and qualified member of the Sanggunian, after due discussions and deliberations, and upon motion of Hon. Maria Paz V. Cachola duly seconded by Hon. Irvin R. Lim hereby approves and confirms this Resolution:

**RESOLVED**, that the Municipality of Narvacan, Ilocos Sur agrees, and is hereby authorized, to participate in the MIRACLE 2 Program and all transactions necessary and relevant to fully implement all acts contemplated under EO 723 and the MIRACLE 2 Program:

**RESOLVED**, that the Municipality of Narvacan, Ilocos Sur authorizes, as it hereby authorizes the Honorable Edgardo D. Zaragoza, to negotiate and conclude any and all transactions relevant to EO 732 and the MIRACLE 2 Program, and is further authorized to sign, execute, and deliver, for and on behalf of the LGU, the SPT Agreement with the Trustee, the necessary Accession Agreements to the MIRACLE 2 Program, through which the LGU:

- (i) unconditionally and irrevocably agrees to assign, transfer, and conveys, on a without recourse basis, as it hereby assigns, transfers, and conveys, on a without recourse basis, in favor of the Trustee its share in the IRA Differential amounting to PhP 2,725,327.00 as covered by the

NPS issued to it by the DBM dated May 12, 2008, and further agrees to the securitization and monetization of its aggregate share in the IRA Differential;

- (ii) accepts, and expresses its unconditional and irrevocable conformity to the terms and conditions of the SPT Agreement between the Municipality of Narvacan, Ilocos Sur and the Trustees;
- (iii) authorizes the Trustee 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 2 Program and the securitization and monetization of its share in the IRA diefferential;
- (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 the Trustee, the Land Bank of the Philippines Trust Services 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 to remit to its official IRA depository account in Narvacan, Ilocos Sur Branch of the Land Bank of the Philippines with account number 3242-1009-63 the net proceeds of the securitization and monetization of its NPS;
- (vi) authorizes the DBM to remit on the appropriate dates to the account of the Trustee 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 approvals necessary, to pass this Resolution, execute the documents and agreements required to be executed and delivered by it to fully implement all the acts contemplated under EO 723, the SPT Agreement, the Accession Agreement, and the MIRACLE 2 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 or 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 it in concurrence with, and accession to, all agreements entered into by the Trustees designated under the SPT Agreement pursuant to and in furtherance of the implementation of EO 723 and the MIRACLE 2 Program, including, but not limited to, the appointment of the Land Bank of the Philippines as Issue Managers, and the engagement of the law firm of Romulo, Mabanta, Buenaventura, Sayoc & de los Angeles as Legal Consultant for the MIRACLE 2 Program.

**RESOLVED**, that the Municipality of Narvacan, Ilocos Sur authorizes, as it hereby authorizes the Honorable Edgardo D. Zaragoza, Municipal Mayor, 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 2 Program; provided, that the Honorable Edgardo D. Zaragoza is authorized to cause his substitution by the Honorable Charito S. Zaragoza, Municipal Vice Mayor;

**RESOLVED, FINALLY**, that the Municipality of Narvacan, Ilocos Sur hereby approves, confirms, and ratifies the foregoing Resolution as well as such agreements and acts necessary and desirable pursuant to and in furtherance of the implementation of EO 723 and the MIRACLE 2 Program to be performed and executed by the Honorable Edgardo D. Zaragoza or Honorable Charito S. Zaragoza without need for another resolution to this effect.

The specimen signatures of the authorized signatories are as follows:

Name: **EDGARDO D. ZARAGOZA**

Designation: **MUNICIPAL MAYOR**

Signature: 

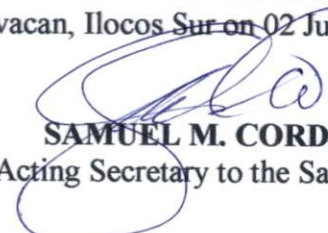
Name: **CHARITO S. ZARAGOZA**

Designation: **Municipal Vice Mayor**

Signature: 

**APPROVED and CONFIRMED.**

**I HEREBY CERTIFY** the correctness of the above resolution duly approved by the Sangguniang Bayan of Narvacan, Ilocos Sur on 02 June 2008.

  
**SAMUEL M. CORDERO**  
Acting Secretary to the Sanggunian

Certified Correct:

  
**CHARITO S. ZARAGOZA**  
Vice Mayor/Presiding Officer

Attest:

  
**SAMUEL M. CORDERO**  
Acting SB Secretary

  
**ROSALINDA C. CABANILLA**  
SBM

**EMMA J. CABOTAGE**  
SBM

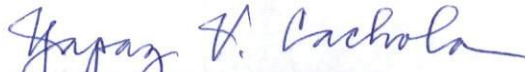
**THELMA C. COPIOZO**  
SBM

  
**ELISEO D. CABRADILLA**  
SBM

  
**EDUARDO PEDRO Q. CABUENA**  
ABC President

CONFORME:

  
**CARLITO T. CORRALES**  
SBM

  
**MARIA PAZ V. CACHOLA**  
SBM

  
**TERESITO C. VALERA, SR.**  
SBM

**IRVIN R. LIM**  
SBM

**JESKA MEDINA C. DELA CUADRA**  
SKF President

Approved:  
  
**EDGARDO D. ZARAGOZA**  
Municipal Mayor