

PHILIPPINE DEPOSIT INSURANCE CORPORATION

BIDS AND AWARDS COMMITTEE

Project Reference No. : 23
Name of the Project : **Procurement of the Services of Landbank Trust Banking Group (LBP-TBG) as Government Financial Institution (GFI)– Trustee to Administer the Legal Liability Indemnification Fund (LLIF)**
Approved Budget : PhP9,800,000.00
Subject of Resolution : Recommendation for the Approval of the Engagement thru Agency-to-Agency Agreement of the LBP-TBG as Trustee of the LLIF

RESOLUTION NO. 14-38

WHEREAS, on 13 August 2014, the Bids and Awards Committee (BAC) received a referral from Mr. Peter Noel P. Herrera, Assistant Vice President, Treasury Department, requesting for the endorsement by the BAC of the engagement, thru Agency-to-Agency Agreement, of the LBP-TBG as GFI-Trustee to administer the LLIF for a period of one (1) year;

WHEREAS, the request was premised on the following information:

1. The PDIC Charter (Republic Act No. 3591, as amended) provides for a legal indemnification to its members of the board of directors, including its personnel and agents;
2. In implementing the said provision, PDIC secured a Directors and Officers' Liability Insurance (DOLI) from the Government Security Insurance System (GSIS) in 2004 and also established the LLIF in 2006 with a target fund of PhP200 million;
3. Funds are drawn from the LLIF to cover the legal costs and expenses of approved claims for legal indemnification which the DOLI cannot cover. The LLIF is administered internally by PDIC and it is being managed by the Treasury Group. The Human Resource Administration Department is in charge of processing the claims for legal indemnification;
4. The Governance Commission for Government-Owned and/or Controlled Corporations (GCG), through its letter dated 01 April 2013, recognized the authority of PDIC under its Charter to procure a DOLI and/or set up a Directors and Officers' Liability Fund (DOLF);
5. In its letter dated 07 March 2014, the GCG further confirmed the validity of the DOLI's enabling clause under the PDIC Charter, including the authority of PDIC to use its LLIF for legal indemnification. PDIC was likewise directed by GCG to constitute another accredited GFI to assume the role of trustee for the LLIF;
6. Per Board Resolution No. 2014-04-64 dated 16 April 2014, the PDIC Board of Directors approved the transfer of the administration of the LLIF to a GFI-Trustee. To implement the transfer, the Board, per Resolution No. 2014-04-65 dated 16 April 2014, authorized the President or his designated

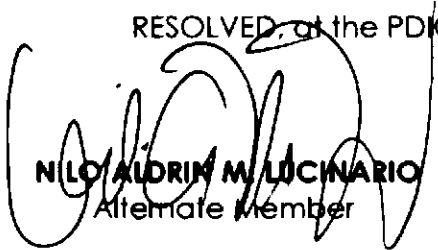
representative to negotiate, execute and perform all acts necessary to enter into and implement a trust agreement with a GFI-Trustee;

7. Only the Land Bank of the Philippines (LBP) and Development Bank of the Philippines (DBP) are qualified to provide the trust services required by the GCG;
8. Both the Trust Banking Groups of LBP and DBP are quoting the same trustee fee rate of 0.10% per annum of the total management portfolio which, as of 31 May 2014, amounts to PhP236 million;
9. LBP-TBG was endorsed by PDIC Treasury Group for the following reasons:
 - a. The Bangko Sentral ng Pilipinas rated LBP with CAMELS 4 as compared to DPB with CAMELS 3 for the year 2012;
 - b. PDIC Offsite Bank Rating Model as of 31 December 2013 rated LBP at 4 while DBP was rated 3;
 - c. LBP is consistently rated in the top 10 among trust institutions;
 - d. LBP-TBG's Growth Fund was awarded "The Best Fund-Over 3 Years-Mixed Assets" by the Lipper Fund Awards in 2010; and
 - e. LBP is PDIC's main depository bank and the overall banking experience with them has been very satisfactory.
10. The mode of procurement is thru Negotiated Procurement – Agency-to-Agency Agreement because public bidding is not possible because of the directive of the GCG that the LLIF shall be administered by a third party GFI-Trustee; and
11. Based on the Certification dated 10 June 2010 issued by LBP, and pursuant to Section 53.5 of the Implementing Rules and Regulations ((IRR) of Republic Act No. 9184, LBP possesses the mandate to deliver the required services and undertake the duties of a trustee.

WHEREAS, the request for the engagement of LBP-TBG thru Agency-to-Agency Agreement is compliant with the Implementing Guidelines on Agency-to-Agency Agreements issued by the Government Procurement Policy Board (GPPB) through Resolution No. 03-2011 dated January 28, 2011, as amended;

NOW, THEREFORE, WE, the Members of the Bids and Awards Committee, hereby RESOLVE, as it is hereby RESOLVED, to recommend the approval of the engagement, through Agency-to-Agency Agreement, of the Landbank Trust Banking Group as GFI-Trustee to administer the Legal Liability Indemnification Fund of PDIC for a period of one (1) year.

RESOLVED, at the PDIC, Makati City, this 15th day of August 2014.


NILO ALDRIN M. LUCINARIO
Alternate Member



TERESITA D. GONZALES
Member


NINA NOREEN A. JACINTO
Member

on travel
ELIZABETH E. OLLER
Vice Chairperson


ALMA TERESA R. MALANOG
Chairperson

Approved by:


CRISTINA Q. ORBETA
Officer-In-Charge
Approved on _____

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