

**MINUTES OF THE 07-2020 BOARD MEETING
OF THE SOCIAL HOUSING FINANCE CORPORATION
25 June 2020
Videoconference¹**

ATTENDANCE OF BOARD DIRECTORS:

SEC. EDUARDO D. DEL ROSARIO	-	DHSUD Secretary <i>Chairperson</i>
ATTY. ARNOLFO RICARDO B. CABLING	-	President, SHFC <i>Vice-Chairperson</i>
DR. FELIXBERTO BUSTOS JR.	-	President, NHMFC
USEC. EPIMACO V. DENSING III	-	DILG Representative
USEC. BAYANI H. AGABIN	-	DOF Representative
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. Junefe 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		

1. CALL TO ORDER

The Department of Human Settlements and Urban Development (DHSUD) Secretary Eduardo Del Rosario called the 07-2020 Board Meeting to order at 10:29 a.m.

2. 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 nine (9) who are present, thus there is a quorum

¹ Zoom videoconference platform

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

1. Secretary Eduardo Del Rosario joining from the DHSUD Building in Quezon City
2. Atty. Arnolfo Ricardo Cabling from Davao City;
3. Dr. Felixberto Bustos Jr. from Lubao, Pampanga;
4. Director Ronald Barcena from Antipolo;
5. Mr. Lyndon Catulong Sr. from Davao City;
6. Atty. Emiliano Reyes from Mariveles, Bataan;
7. Mr. George JT Aliño II from Quezon City;
8. Atty. Ryan Lita from the Department of Budget and Management Building in Manila; and
9. Usec. Epimaco V. Densing from Paranaque.

During the meeting, Usec. Bayani H. Agabin joined the meeting at 11:16 a.m. Thus, there were ten (10) Directors who attended the meeting.

3. DELIBERATION / APPROVAL OF THE AGENDA OF THE 07-2020 BOARD MEETING

The Members of the Board approved the Agenda for the 07-2020 Board Meeting.

I. FOR APPROVAL

1. ADDITIONAL AMENDMENTS TO THE SHFC BY-LAWS

The Management, through the Acting Board Secretary Atty. Melanie B. Valenciano, presented the following proposed additional amendments to the SHFC By-Laws alongside the original SHFC By-Laws:

- a) Article II, Section 5 – Quorum

SHFC By- Laws	Proposed Amendments	Board Approval
Section 5. Quorum- Unless otherwise provided by law in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.	Section 5. Quorum- Unless otherwise provided by law in all regular or special meeting of stockholders, <i>a majority of the outstanding capital stock and a majority of the members of the Board of Directors must be present or represented in order to constitute a quorum.</i> If no quorum is constituted, the meeting shall be adjourned until the requisite amount of	Approved

² Zoom Videoconference platform

³ SEC Memorandum Circular No.6, Series of 2020

<p>The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to less than a quorum.</p>	<p>stock shall be present. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to less than a quorum.</p>	
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Atty. Cabling explained the reason why the Management was presenting this amendment again to the Board. He said that the Management feels uncomfortable that only one individual will constitute the quorum for the Stockholders' Meeting considering that SHFC is a government entity and there should be a check and balance mechanism.

Usec. Densing adamantly interposed his objection in the said proposal stating that during the last Board Meeting, the Board has disapproved this proposed amendment and unless there is a motion for reconsideration made by those Directors who disapproved this provision then it will stay disapproved.

Director Catulong commented that it is only Usec. Agabin who disagreed with the said provision. He then added that he preferred that this provision will be amended.

Usec. Densing manifested that he also disagreed with the amendment to the said provision considering that the Stockholders' Meeting is a business of stockholders therefore whoever has the majority of the outstanding stock should represent in the quorum instead of the individual presence of the Board of Directors. He also added that for the purposes of Stockholders' Meeting, Director Bustos will only do is to ratify the Board-approved matters.

Director Bustos then suggested that he can submit the proposal for the distribution of shares to the NHMFC Board considering that he cannot decide on his own.

Atty. Cabling explained that the Management is not requesting for the distribution of the shares because it would entail amendments to the Articles of Incorporation and the approval of the NHMFC Board of Directors. Instead, the Management is proposing to increase the quorum requirement. He added that the Management is not insisting but just wanted to request for reconsideration on the said matter. Considering that SHFC is a government entity, with this provision, SHFC will be able to protect more its interest.

Secretary Del Rosario clarified that the said provision will be immediately effective on the Stockholders' Meeting that will proceed after the Board Meeting. Atty. Valenciano answered that it would be effective only after the approval of the Securities and Exchange Commission (SEC). The amended By-Laws will be submitted first to the SEC for approval.

Usec. Densing then explained his point that to be able to transact business, there is a need for the majority of the outstanding share. And even if the majority of the Director is physically present, the one who holds the majority outstanding stock will be the one who will make the decision. He added that "parang pinahirapan lang natin ang mga sarili natin" with the said amendment considering that the majority of the Board will be required to be present. Although

1 the one who has the majority outstanding stock is enough to constitute a quorum, Usec. Densing
2 commented that it is the responsibility of the other members of the Board to attend the
3 stockholders meeting. He further added that considering that SHFC is a Government-Owned
4 or Controlled Corporation (GOCC) it is okay that there are other Members of the Board that
5 are included in the Stockholders' Meeting, however he feels that it is not appropriate.

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7 Director Bustos manifested that he likes everybody to be present in the Stockholders' Meeting.

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9 Atty. Cabling explained that before the Stockholders' Meeting can proceed there should be a
10 determination of quorum first so there will be a deliberation or discussion with the participation
11 of the members of the Board of Directors. With respect to the decision-making, it will be
12 determined by the number of shareholding. The meeting will not proceed if the majority of the
13 Board of Directors will not participate considering that it requires a quorum.

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15 Usec. Densing clarified that the quorum is determined by the number of outstanding shares and
16 not the physical presence of the individual.

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18 Atty. Cabling added that the basis for the proposal is in the law which provides that "unless the
19 By-Laws provides otherwise".

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21 Secretary Del Rosario commented that he thinks that there is nothing wrong if SHFC will adopt
22 the said amendment considering that the Management feels it is right to protect the interest of
23 the government. He then added that he personally moves for the amendment that the majority
24 of the Board Members be present in the Stockholders' Meeting for approval unless there is a
25 strong objection coming from the Board of Directors.

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27 Usec. Densing firmly registered his objection.

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29 With this, the house was divided and the approval on the said matter will be voted for by the
30 members of the Board. Secretary Del Rosario manifested that he would vote at the end if there
31 would be a tie. The result of which is as follows:

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33 1. Dr. Felixberto Bustos – Abstained
34 2. Atty. Arnolfo Ricardo Cabling – Yes
35 3. Usec. Epimaco Densing – No
36 4. Atty. Ryan Lita – No
37 5. Dir. Lyndon Catulong – Yes
38 6. Atty. Emiliano Reyes – Yes
39 7. Dir. Ronald Barcena – Yes
40 8. Dir. George JT Aliño – Yes

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49 b) Article IV Section 7 – Term of Office
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SHFC By- Laws	Proposed Amendments	Board Approval
Section 7. Term of Office. – The term of office of all the officers shall be for a period of one (1) year and until their successors are duly elected and qualified. Such officers may however be sooner removed for cause.	Section 7. Term of Office. – The President/Chief Executive Officer shall have a term of one (1) year and until his successor is duly elected and qualified. The following Officers may be removed from office by the majority vote of the members of the Board: <ol style="list-style-type: none"> 1. Corporate Treasurer; 2. Corporate Secretary; 3. Compliance Officer; and 4. Head of Internal Audit 	Include the Chief Finance Officer in the Officers that may be removed from office by the majority vote of the members of the Board.

Atty. Cabling mentioned that he requested Atty. Saco to inform Atty. Valenciano that the Chief Finance Officer be included in the list considering that the Governance Commission for the GOCC (GCG) Corporate Governance equates the Treasurer and Finance Officer and therefore should be appointed by the Board. It also specifically mentioned, hence the highest trust and confidence should also be required to the Chief Finance Officer.

After thorough deliberation, the Board approved the Proposed Additional Amendments to the SHFC By-Laws specifically on the following sections as amended during the Board Meeting:

1. Article II, Section 5; and
2. Article IV, Section 7.

2. LEGAL OPINION ON THE CONSTRUCTION OF THE RETAINING WALL FOR THE MARAWI SHELTER PROJECT PHASE 1

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4 **III. OTHER MATTERS**

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6 **3. ADJOURNMENT**

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8 The 13th Annual Stockholders' Meeting immediately proceeded after the adjournment of the
9 07-2020 Board Meeting.

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11 There being no additional other matters for discussion, SHFC's 07-2020 Board Meeting was
12 adjourned at 11:20 a.m.
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ATTY. MELANIE B. VALENCIANO
Acting Board Secretary