

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. **1163**

Introduced by **Hon. Rodolfo G. Biazon**

EXPLANATORY NOTE

This bill seeks to rectify existing infirmities in Republic Act No. 7227 which created the Bases Conversion and Development Authority (BCDA), as amended by Republic Act No. 7917, by harmonizing its goal of accelerated economic development in former military base lands with that of Republic Act No. 7898, which mandated the modernization of the Armed Forces of the Philippines (AFP).

In passing Republic Act No. 7227, it was the intent of the 9th Congress that alternative uses of military base lands in Metro Manila and other military reservations covered by the 1947 RP-US Military Bases Agreement would promote the economic and social development of Central Luzon and of the whole country. One of the overriding concerns at that time was the need to generate funds to modernize the AFP into a credible force and thus fill the void in the national defense capability which was created by the departure of US military forces in Clark Air Base, Subic Naval Base and their extensions. Thus, the law provided that the largest percentage share from the net proceeds of the sale of former military bases should fund the modernization of the AFP.

However, the main mandate of the BCDA is to make money not only from the sale of former base lands, but also through lease and joint-venture arrangements while Republic Act No. 7898 provides that funds for the modernization of the AFP may be generated through the sale, lease or joint-ventures of portions of military reservations. The share of the AFP in BCDA controlled areas under Republic Act No. 7227 is limited only to the net proceeds of the actual land sale. Consequently, BCDA is opting more towards lease and joint-venture agreements to maximize its profits. This has the effect of cutting the AFP out of the sharing agreement and thus violates the primary intent of the bases conversion.

The AFP had invested enormously in the development of military bases and reservations. Through the years, AFP engineers and personnel progressively built these bases from barren lands. Many lives were lost in these projects. The AFP more than any other agency has the right to an equitable share of the fruits of their development. Paradoxically, the AFP does not have any representation in the BCDA Board nor does it have any say in the decision-making process involving former base lands. The share of the AFP in the disposal of

these bases is not proportionate to its stake, considering that it is the custodian and owner of these properties.

Under Republic Act No. 7227, BCDA has the power to recommend to the President further alienation of other military installations which they may find essential for further development. This provision makes all AFP bases, particularly air and naval stations vulnerable to real estate speculations not only from the BCDA but from other government entities as well as the private sector.

Clearly, there is a need to balance growth and development with national defense and security. For this reason, military bases that are strategically located and vital to force readiness should be retained as such and insulated from any conversion plan. Where opportunities for joint-use of strategically located military bases exist, these should be enhanced but should never be an excuse to marginalize and/or obviate military presence in these bases/camps.

Lest it be forgotten, the BCDA was created by a Government that was apprehensive of its own Armed Forces – threatened as it was by a series of coup attempts. Consequently, Republic Act No. 7227 placed under the disposal of BCDA large chunks of military reservations apparently in an attempt to limit the number of military units that may be deployed in the NCR. The AFP was not consulted on the bases/camps they needed to retain in Metro Manila to maintain its operational capability and flexibility. On the other hand, Republic Act No. 7227 was generous to BCDA to a point where defects are evident.

To correct these defects, the following amendments to Republic Act No. 7227 are hereby proposed:

1. AFP shares in the proceeds of converted base lands shall be increased from 35% to 55% of net proceeds. Republic Act No. 7917 which stipulates the distribution must be amended accordingly.

2. There should be a cap in sale-related expenses for bases conversion. If it is more expensive to replicate military facilities, there is no sense in base conversion.

3. The AFP shares should not be limited to the sale of former base lands but should include proceeds from lease, joint-ventures and other arrangements for the productive use of former military bases.

4. The bill provides for the mechanics of transferring BCDA remittance proceeds from the National Treasury to the AFP Modernization Trust Fund. Likewise, it provides that the percentage share for the National Shelter Program from the proceeds of bases conversion should be similarly identified.

5. There shall be AFP/DND approval of all negotiations entered into by BCDA and third parties. At the moment, BCDA can technically lease former base lands at a token price of P1/sq meter and it would still be considered legal.

6. To ensure that the AFP interests are safeguarded, the DND/AFP shall have adequate representation in the BCDA Board and in the Special Economic Zones created in former base lands.

7. Strategically located bases and stations shall be exempt from conversion and declared as military reservations.

It is in this light that the immediate approval of this bill is earnestly requested.


RODOLFO G. BIAZON
Representative
Lone District, Muntinlupa City

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AN ACT
AMENDING REPUBLIC ACT NUMBER 7227 OTHERWISE KNOWN AS THE
"BASES CONVERSION AND DEVELOPMENT ACT OF 1992" AS AMENDED BY
REPUBLIC ACT NUMBER 7917, EXPANDING THE ALLOCATION OF
REVENUES FROM THE SALE, LEASE, JOINT-VENTURE AGREEMENTS AND
OTHER TRANSACTIONS INVOLVING MILITARY BASES AND
RESERVATIONS, ALLOCATING FUNDS THEREFOR AND FOR OTHER
PURPOSES.

Be enacted by the Senate and House of Representatives of the Philippines in Congress assembled

SECTION ONE. Section 2 of Republic Act Number 7227 is hereby amended to read as follows:

"IT IS FURTHER DECLARED A POLICY AND COMMITMENT OF THE GOVERNMENT TO CONTINUOUSLY MODERNIZE THE ARMED FORCES OF THE PHILIPPINES (AFP) TO BETTER ENABLE IT TO PRESERVE AND PROTECT THE TERRITORIAL INTEGRITY OF THE REPUBLIC, SAFEGUARD THE NATIONAL PATRIMONY INCLUDING STATE RIGHTS IN THE EXCLUSIVE ECONOMIC ZONE (EEZ), ENGENDER A CLIMATE OF PEACE AND STABILITY FOR THE SECURITY AND WELL-BEING OF THE FILIPINO PEOPLE AND THEREBY FOSTER AN ATMOSPHERE THAT WOULD PROMOTE NATIONAL CONFIDENCE AND ECONOMIC DEVELOPMENT.

THE GOVERNMENT, WHILE RECOGNIZING THE VALUE OF GROWTH AND DEVELOPMENT, REALIZES THAT NO SUSTAINABLE GROWTH CAN TAKE PLACE OUTSIDE THE UMBRELLA OF SECURITY AND THAT ECONOMIC DEVELOPMENT WITHOUT A CREDIBLE NATIONAL DEFENSE CAPABILITY IS A DANGEROUS PROPOSITION. IT IS THE INTENT OF THIS LAW TO JOINTLY

PROMOTE PRODUCTIVE USES OF FORMER MILITARY BASES AND RESERVATIONS AND/OR PORTIONS THEREOF ON ONE HAND AND TO ACCELERATE THE MODERNIZATION OF THE AFP ON THE OTHER.”

Section 2. Section 6 of Republic Act Number 7227 is hereby amended to read as follows:

“The Conversion Authority shall have an authorized capital of One hundred million pesos (P 100,000,000.00) which may be fully subscribed by the Republic of the Philippines and shall either be paid up from the proceeds of the SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS INVOLVING MILITARY BASES AND RESERVATIONS AND/OR PORTIONS THEREOF as provided for in Section 8 of this Act or by transferring to the Conversion Authority properties valued in such amount.

An initial operating capital in the amount of Seventy million pesos (P70,000,000.00) is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated which shall be covered by preferred shares of the Conversion Authority retireable within two (2) years.”

Section 3. Section 7 (b) of Republic Act Number 7227 is hereby amended to read as follows:

“(b) Such other properties including, but not limited to, portions of Metro Manila military camps, pursuant to Section 8 of this Act: Provided, however, that areas VITAL TO NATIONAL DEFENSE shall remain as military reservations and shall be delineated and proclaimed as such by the President INCLUDING, BUT NOT LIMITED TO THE FOLLOWING:

PART OF WALLACE AIR STATION	-	30 HECTARES
PART OF VILLAMOR AIR BASE	-	137.81 HECTARES
PART OF CLARK AIR BASE	-	350 HECTARES
CROW VALLEY GUNNERY RANGE	-	17,847 HECTARES
FORT ABAD	-	0.60 HECTARES
PARTS OF FORT BONIFACIO:		
PHILIPPINE ARMY	-	120 HECTARES
PHILIPPINE NAVY/MARINES	-	62 HECTARES
PHILIPPINE MILITARY ACADEMY	-	8.8 HECTARES

IN THE CASE OF VILLAMOR AIR BASE, THE AREA CONSISTING OF SIX HECTARES AND SIX THOUSAND SQUARE METERS (6.6 HAS.) ALONG ANDREWS AVENUE WHERE EXISTING COMMUNITY FACILITIES CONSISTING OF, AMONG OTHERS, THE CATHOLIC CHURCH, THE PROTESTANT CHURCH, THE VILLAMOR AIR BASE ELEMENTARY SCHOOL AND KINDERGARTEN, THE PASAY CITY SOUTH HIGH SCHOOL, THE PHILIPPINE STATE COLLEGE OF AERONAUTICS, MENZI PARK/PLAYGROUND, THE BARANGAY HALL, THE HEALTH CENTER CLINIC, CONCESSIONAIRES AREA, THE GOVERNMENT QUARTERS, AND THE

AREA PRESENTLY OCCUPIED BY THE PHILIPPINE AIR FORCE GENERAL HOSPITAL AND DENTAL DISPENSARY IS HEREBY EXCLUDED FROM THE AREAS IN VILLAMOR AIR BASE TO THE SUBJECT OF SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS HEREIN SPECIFIED AND SHALL HENCE BE RETAINED AS COMMUNITY FACILITIES SUBJECT, HOWEVER, TO SITE IMPROVEMENT AND FURTHER DEVELOPMENT TO ACHIEVE OPTIMAL LAND USE TO BE PLANNED AND SUPERVISED JOINTLY BY THE CONVERSION AUTHORITY, THE PHILIPPINE AIR FORCE AND THE CITY OF PASAY AND FINANCED FROM REVENUE DERIVED FROM THE DISPOSAL OF VILLAMOR AIR BASE. PROVIDED, THAT THE PHILIPPINE AIR FORCE SHALL RETAIN POSSESSION OF THE GOVERNMENT QUARTERS AREA AND UNDERTAKE MULTI-STOREY HOUSING PROJECTS THEREAT FOR ITS ENLISTED PERSONNEL; PROVIDED, FURTHER, THAT THE PHILIPPINE AIR FORCE SHALL IMPROVE FACILITIES AT THE PHILIPPINE AIR FORCE GENERAL HOSPITAL NOT ONLY FOR THE BENEFIT OF PHILIPPINE AIR FORCE PERSONNEL BUT AS A POSSIBLE FIRST AID AND EMERGENCY CENTER FOR THE PROPOSED NINYOY AQUINO INTERNATIONAL AIRPORT PASSENGER TERMINAL COMPLEX IN FURTHERANCE OF PHILIPPINE GOVERNMENT COMMITMENTS TO THE INTERNATIONAL CIVIL AERONAUTICS ORGANIZATION (ICAO); AND PROVIDED, FINALLY, THAT TWO AND FIVE TENTHS PERCENT (2.5%) OF THE PROCEEDS THEREOF SHALL BE GIVEN TO THE CITY OF PASAY.

Section 4. Section 8 of Republic Act Number 7227 is hereby amended to read as follows:

"The capital of the Conversion Authority shall come from the PROCEEDS OF THE SALE, LEASE, JOINT-VENTURE AGREEMENTS AND ALL OTHER TRANSACTIONS INVOLVING MILITARY BASES AND RESERVATIONS AND/OR PORTIONS THEREOF WITHIN METRO MANILA, including all lands covered by Proclamation No. 423, series of 1957, commonly known as Fort Bonifacio and Villamor (Nichols) Air Base namely:

X X X

Phase II

1. Camp Ver	-	1.9
2. Camp Melchor	-	1.0
3. CAMP ATIENZA	-	4.9
[4. Part of Villamor Air Base	-	37.9]
4. PART OF FORT BONIFACIO	-	134.10
[5. PART OF FORT BONIFACIO	-	224.90
6. Fort Abad	-	.60]
Total	-	141.90 [271.20]

Provided, That the following areas shall be exempt from SALE, LEASE, JOINT-VENTURE AGREEMENTS AND ALL OTHER TRANSACTIONS:

“(a) APPROXIMATELY ONE HUNDRED TWENTY (120) HECTARES IN FORT BONIFACIO FOR THE HEADQUARTERS PHILIPPINE ARMY, NATIONAL CAPITAL REGION SECURITY BRIGADE, PHILIPPINE ARMY, PHILIPPINE ARMY OFFICERS HOUSING AREA, FIELD UNITS, LIAISON OFFICES, MEDICAL FACILITIES, LOGISTICAL FACILITIES AND OTHER SERVICE SUPPORT FACILITIES TO AID THE NATIONWIDE OPERATION AND FUNCTIONS OF THE PHILIPPINE ARMY; APPROXIMATELY SIXTY TWO (62) HECTARES ON FORT BONIFACIO AS AN ASSEMBLY AND CONSOLIDATION AREA FOR PHILIPPINE MARINE FORCES/UNITS FOR RAPID DEPLOYMENT FROM THE NATIONAL CAPITAL REGION TO ANY POINT IN THE ARCHIPELAGO, AS A BASING AREA FOR PHILIPPINE MARINES AND PHILIPPINE NAVY ASSISTANCE AND RESCUE UNITS WHICH ARE USUALLY DEPLOYED IN THE NATIONAL CAPITAL REGION DURING CALAMITIES AND AS A BASE FOR ADMINISTRATIVE AND LOGISTICS LIAISON REQUIREMENTS OF ALL MARINE BRIGADES AND BATTALIONS TO INCLUDE PHILIPPINE NAVY UNITS SUPPORTING MARINE OPERATIONS; AND APPROXIMATELY EIGHT AND EIGHT TENTHS (8.80) HECTARES FOR THE PHILIPPINE MILITARY ACADEMY FOR LIAISON OFFICE, PROCESSING AREA, BILLETING FACILITIES AND TRAINING AREA FOR CADETS UNDERGOING ON THE JOB TRAINING.

“(b) APPROXIMATELY 137.81 HECTARES IN VILLAMOR AIR BASE FOR THE PRESIDENTIAL AIRLIFT WING, HEADQUARTERS PHILIPPINE AIR FORCE, AIR DEFENSE COMMAND, 520TH AIR BASE WING, 505TH SEARCH AND RESCUE GROUP, PHILIPPINE AIR FORCE HOSPITAL AND DENTAL DISPENSARY, ONE SQUADRON OF HELICOPTERS AND AIRLIFT ELEMENTS FOR THE NATIONAL CAPITAL REGION, LIAISON OFFICES FOR PHILIPPINE AIR FORCE FIELD AND AVIATION UNITS AND RESPECTIVE SECURITY UNITS AND AS A BASE OF OPERATION FOR THE CONSOLIDATION AND RAPID DEPLOYMENT TO ANY PART OF THE ARCHIPELAGO OF RESCUE, RELIEF AND REHABILITATION RESPONSE UNITS IN TIMES OF NATIONAL CALAMITIES. THE 137.81 HECTARES TO BE RETAINED BY THE PHILIPPINE AIR FORCE, UNDER SECTION 7 (b) HEREOF, SHALL EXCLUDE AREAS EARMARKED FOR THE EXPANSION OF THE SOUTH EXPRESSWAY, THE MANILA SKYWAY PROJECT AND ACCESS ROADS FOR THE NINYO AQUINO INTERNATIONAL AIRPORT PASSENGER TERMINAL III.”

Section 5. The provisions of Section 8(d) of Republic Act Number 7227 are hereby repealed. Section 8(d) shall now read as follows:

“ALL TRANSACTIONAL EXPENSES RELATED TO THE SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS INVOLVING MILITARY BASES AND RESERVATIONS AND/OR PORTIONS THEREOF AS AUTHORIZED UNDER THIS ACT SHALL BE DEDUCTED FROM THE PROCEEDS OF SUCH SALE, LEASE, JOINT-VENTURE AGREEMENTS AND TRANSACTIONS. THE FOLLOWING SHALL BE CONSIDERED AS TRANSACTIONAL EXPENSES: ACQUISITION AND TITLING OF REAL ESTATE AS WELL AS PREPARATION OF ALTERNATIVE SITES TO HOST RELOCATED MILITARY UNITS; FUNCTIONAL REPLICATION OF AFFECTED MILITARY FACILITIES AND RELATED TRANSFER EXPENSES; RELOCATION OF AFFECTED GOVERNMENT/NON-MILITARY AGENCIES AND CLEARING OF SQUATTERS; PROVIDED, THAT SALE-RELATED

EXPENSES SHALL UNDER NO CIRCUMSTANCES EXCEED TWENTY PERCENT (20%) OF THE TOTAL BIDDED LAND VALUE, SEVEN PERCENT (7%) IN THE CASE OF LEASE AND NINE PERCENT (9%) OF THE TOTAL AGREED TRANSACTION VALUE FOR JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS. PROVIDED, FURTHER, THAT THE PROVISIONS OF LAW TO THE CONTRARY NOTWITHSTANDING, THE PROCEEDS OF THE SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS AS HEREIN PROVIDED SHALL NOT BE DIMINISHED AND ARE THEREFORE EXEMPT FROM ALL FORMS OF NATIONAL AND LOCAL TAXES, ASSESSMENTS, LICENSES AND FEES. PROVIDED, FINALLY, THAT THE NET PROCEEDS OF SUCH SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS SHALL BE DEEMED APPROPRIATED FOR THE FOLLOWING PURPOSES WITH THE CORRESPONDING PERCENTAGE SHARES OF THE PROCEEDS.

(1) FIFTY-FIVE PERCENT (55%) - TO PRIMARILY FINANCE THE SELF-RELIANCE AND MODERNIZATION PROGRAM OF THE AFP WHICH SHALL INCLUDE THE FOLLOWING: EQUIPMENT ACQUISITION AND UPGRADE PROGRAM INCLUDING THE MODERNIZATION OF THE GOVERNMENT ARSENAL, BASES DEVELOPMENT PROGRAM, HUMAN RESOURCE DEVELOPMENT AND DOCTRINES DEVELOPMENT;

(2) TEN PERCENT (10%) - TO FINANCE THE CONSTRUCTION AND UPGRADING OF INFRASTRUCTURE SUCH AS HIGHWAYS, RAILWAYS AND OTHER TRANSPORT FACILITIES TO MAKE SUBIC, CLARK AND OTHER FORMER BASES ACCESSIBLE, PROVIDED, THAT OTHER PUBLIC WORKS, UTILITIES AND IRRIGATION PROJECTS NOT SPECIFIED HEREIN SHALL BE DEEMED INCLUDED; PROVIDED, FINALLY, THAT THIS APPROPRIATION SHALL BE RETAINED BY THE CONVERSION AUTHORITY AS PART OF ITS PAID-UP CAPITAL PURSUANT TO SECTION 6 OF THIS ACT;

(3) TWENTY PERCENT (20%) - TO FINANCE THE AFP HOUSING PROGRAM, BUT TEN PERCENT THEREOF SHALL BE UTILIZED SOLELY FOR THE DEVELOPMENT OF IDLE LANDS WITHIN MILITARY BASES AND RESERVATIONS FOR INCOME-GENERATING PROJECTS; PROVIDED, THAT THE INCOME DERIVED FROM THESE PROJECTS SHALL BE USED EXCLUSIVELY FOR THE AFP MODERNIZATION ACT UNDER REPUBLIC ACT NUMBER 7898;

(4) TEN PERCENT (10%) - TO FINANCE THE BENEFITS AND CLAIMS, WHETHER IN ARREARS OR AS THEY FALL DUE, OF THE VETERANS OR THEIR BENEFICIARIES UNDER REPUBLIC ACT NO. 6948 AS AMENDED;

(5) FIVE PERCENT (5%) - TO FINANCE THE NATIONAL HEALTH INSURANCE PROGRAM.

SUBJECT TO THE APPROVAL OF THE PRESIDENT AND AFTER FAVORABLE RECOMMENDATION OF THE APPROPRIATE CONGRESSIONAL OVERSIGHT COMMITTEE, WHERE THE CHIEF OF STAFF OF THE ARMED FORCES OF THE PHILIPPINES AND THE SECRETARY OF NATIONAL DEFENSE SHALL HAVE DETERMINED THAT THE RETURNS ON THE SHARES OF THE ARMED FORCES OF THE PHILIPPINES IN JOINT-VENTURE-AGREEMENTS, LEASE

AND ALL OTHER TRANSACTIONS INVOLVING MILITARY LANDS ARE NOT SUFFICIENTLY PROFITABLE, THE ARMED FORCES OF THE PHILIPPINES MAY OPT TO DISPOSE OF ITS SHARES IN ALL SUCH TRANSACTIONS THROUGH PUBLIC BIDDING IN ACCORDANCE WITH EXISTING LAWS AND REGULATIONS GOVERNING THE SALE AND/OR DISPOSAL OF GOVERNMENT PROPERTIES AND/OR ASSETS.

THE PROCEEDS FROM THE SALE, LEASE, JOINT-VENTURE AGREEMENTS AND ALL OTHER TRANSACTIONS INVOLVING MILITARY BASES AND RESERVATIONS AND/OR PORTIONS THEREOF SHALL BE REMITTED TO NATIONAL TREASURY AND SHALL AUTOMATICALLY ACCRUE TO THE RESPECTIVE ACCOUNTS OF THE ABOVE-STIPULATED SHARING AGENCIES; PROVIDED, HOWEVER, THAT THE SHARES OF THE ARMED FORCES OF THE PHILIPPINES SHALL AUTOMATICALLY ACCRUE TO THE AFP MODERNIZATION ACT TRUST FUND, INCLUDING ALL INTERESTS EARNINGS, AS PROVIDED FOR UNDER SECTION 11 OF REPUBLIC ACT NUMBER 7898.

APPROXIMATELY FORTY (40) HECTARES OF LAND IN FORT BONIFACIO, PHASE I AS HEREIN PROVIDED SHALL BE RETAINED AS NATIONAL AND LOCAL GOVERNMENT CENTERS, SPORTS FACILITIES AND PARKS; PROVIDED, THAT TWO AND FIVE TENTHS PERCENT (2.5%) OF THE PROCEEDS THEREOF SHALL BE DISTRIBUTED IN EQUAL SHARES TO THE CITY OF MAKATI AND THE MUNICIPALITIES OF TAGUIG AND PATEROS.

WITH RESPECT TO THE MILITARY CAMPS AND THEIR EXTENSIONS STIPULATED IN SECTION 7 OF THIS ACT, THE PRESIDENT IS HEREBY AUTHORIZED TO DISPOSE EITHER THROUGH SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS SUCH OTHER PORTIONS OF LANDS IN MILITARY CAMPS IN METRO MANILA, CLARK AND SUBIC AND THEIR EXTENSIONS AS WELL AS OTHER UNUSED PORTIONS OF EXISTING MILITARY RESERVATIONS, IN WHOLE OR IN PART, WHICH ARE DECLARED AS ALIENABLE AND DISPOSABLE PURSUANT TO THE PROVISIONS OF EXISTING LAWS AND REGULATIONS GOVERNING THE SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS INVOLVING GOVERNMENT ASSETS AND/OR PROPERTIES; PROVIDED, THAT NO TRANSACTION WHATSOEVER INVOLVING SUCH LANDS SHALL BE UNDERTAKEN UNTIL AFTER A MASTER DEVELOPMENT PLAN EMBODYING SAID CONVERSION PROJECTS BY THE CONVERSION AUTHORITY, AS THE CASE MAY BE, SHALL HAVE BEEN DULY CONCURRED WITH BY THE CONCERNED MAJOR SERVICE COMMANDERS OF THE ARMED FORCES OF THE PHILIPPINES, THE CHIEF OF STAFF, ARMED FORCES OF THE PHILIPPINES AND APPROVED BY THE SECRETARY OF NATIONAL DEFENSE AND FINALLY APPROVED BY THE APPROPRIATE CONGRESSIONAL OVERSIGHT COMMITTEE; PROVIDED, FURTHER, THAT THE CHIEF OF STAFF OF THE ARMED FORCES OF THE PHILIPPINES MAY UNILATERALLY RECOMMEND SUCH CONVERSION/ALTERNATIVE BASE UTILIZATION PROJECTS WITHOUT THE PARTNERSHIP OF THE CONVERSION AUTHORITY BUT IN JOINT-VENTURE AGREEMENTS WITH OTHER GOVERNMENT ENTITIES SIMILARLY MANDATED TO DEVELOP GOVERNMENT PROPERTIES SUBJECT, HOWEVER, TO THE APPROPRIATE EXECUTIVE AND CONGRESSIONAL REVIEW AND APPROVAL; PROVIDED, FINALLY, THAT IN

FURTHERANCE OF ITS MANDATE FOR OPERATIONAL READINESS, THE ARMED FORCES OF THE PHILIPPINES MAY, SUBJECT TO PRESIDENTIAL APPROVAL AND CONGRESSIONAL CONCURRENCE, LEASE OUT TRAINING SPACES WITHIN MILITARY BASES AND RESERVATIONS AND/OR PORTIONS THEREOF AND UNDERTAKE JOINT TRAINING AND EXERCISES WITH THE ARMED FORCES OF OTHER ALLIED AND/OR FRIENDLY COUNTRIES HAVING DEFENSE COOPERATION AGREEMENTS WITH THE REPUBLIC OF THE PHILIPPINES.

THE CONVERSION AUTHORITY SHALL HENCEFORTH GIVE PRIORITY TO THE PROBLEM OF HOMELESSNESS IN ALL TRANSACTIONS INVOLVING THE LANDS IDENTIFIED HEREIN: PROVIDED, THAT ON-BASE AND OFF-BASE HOUSING FOR MILITARY AND CIVIL SERVICE PERSONNEL OF THE ARMED FORCES OF THE PHILIPPINES SHALL BE CONSIDERED AS A NECESSARY COMPONENT OF THIS MANDATE."

Section 6. Section 9 of Republic Act Number 7227 is hereby amended to read as follows:

"THE POWERS AND FUNCTIONS OF THE CONVERSION AUTHORITY SHALL BE EXERCISED BY A BOARD OF DIRECTORS TO BE COMPOSED OF THIRTEEN (13) MEMBERS, AS FOLLOWS:

- (a) A full-time Chairman who shall also be the President of the Conversion Authority;
- (b) SEVEN (7) OTHER MEMBERS FROM THE PRIVATE SECTOR, TWO OF WHICH COMING FROM THE LABOR SECTOR;
- (c) ONE REPRESENTATIVE FROM THE DEPARTMENT OF NATIONAL DEFENSE WHO SHALL BE THE ASSISTANT SECRETARY FOR INSTALLATIONS AND LOGISTICS;
- (d) ONE REPRESENTATIVE EACH FROM THE PHILIPPINE AIR FORCE, PHILIPPINE ARMY AND PHILIPPINE NAVY WHO SHALL BE AT LEAST A COLONEL OR CAPTAIN (PN); AND
- (e) ONE REPRESENTATIVE FROM THE GENERAL HEADQUARTERS OF THE ARMED FORCES OF THE PHILIPPINES WHO SHALL BE AT LEAST A COLONEL OR CAPTAIN (PN).

The Chairman and members hereof shall be appointed by the President with the consent of the appropriate Congressional oversight committee. Of the initial members of the Board pursuant to this Act, THE CHAIRMAN, FOUR FROM THE PRIVATE SECTOR AND ONE FROM THE LABOR SECTOR SHALL EACH HAVE A TERM OF SIX (6) YEARS WHILE THE REMAINING MEMBERS FROM THE PRIVATE AND LABOR SECTORS SHALL EACH HAVE A TERM OF FOUR (4) YEARS. THE REPRESENTATIVES FROM THE DEFENSE DEPARTMENT AND THE DND SHALL HAVE A TERM OF TWO YEARS. In case of vacancy in the Board, the appointee shall serve the unexpired term of the predecessor.

No person shall be appointed or designated AS A MEMBER OF THE BOARD unless he is a natural-born Filipino citizen, of good moral character, of unquestionable integrity and of recognized competence in relevant fields including, but not limited to economics, management, international relations, law or engineering, preferably naval or aeronautical.

The chairman and president of the Conversion Authority shall have a fixed term of six (6) years. THE APPOINTMENT OF THESE MEMBERS SHALL BE WITHOUT ANY REAPPOINTMENT.

ON THE OTHER HAND, THE TERM OF OFFICE OF THE REPRESENTATIVE FROM THE DEPARTMENT OF NATIONAL DEFENSE SHALL BE CO-TERMINOUS WITH THE POSITION OF THE ASSISTANT SECRETARY FOR INSTALLATIONS AND LOGISTICS. WITH RESPECT TO THE REPRESENTATIVES FROM THE AFP, THEIR RESPECTIVE TERMS SHALL BE CO-TERMINOUS WITH THEIR ACTIVE MILITARY SERVICE.

All procedural matters in the conduct of board meetings shall be prescribed in its internal rules.

Members of the Board shall receive a per diem on not more than Five Thousand Pesos (P5,000.00) for every board meeting provided, however, that the per diem collected per month does not exceed the equivalent of four (4) meetings; Provided, further, that the amount of per diem for every board meeting may be increased by the President but such amount shall not be increased within two (2) years after its last increase."

"(j) THE NAVAL MAGAZINE AREA SHALL BE MAINTAINED AND INSULATED FROM DEVELOPMENT FOR OTHER USES; PROVIDED, THAT THE TOTAL AREA TO BE PROTECTED SHALL BE DELINEATED AND PROCLAIMED AS A MILITARY RESERVATION WITHIN ONE YEAR FROM THE PASSAGE OF THIS ACT BY THE PRESIDENT. THE ARMED FORCES OF THE PHILIPPINES SHALL HAVE FULL ACCESS TO APPROPRIATE TRAINING AREAS WITHIN SUBIC AND CUBI FOR COURSES IN JUNGLE WARFARE AND SURVIVAL, DEEP-HARBOR/WATER OPERATIONS AND FORWARD AIR DEPOLOYMENT. THE NUMBER OF TROOPS UNDERGOING SUCH TRAINING SHALL NOT EXCEED COMPANY-SIZE CONTINGENTS IN THE CASE OF GROUND FORCES AND SQUADRON-SIZE CONTINGENTS IN THE CASE OF AIR AND NAVAL FORCES. THE CHAIRMAN OF THE SUBIC AUTHORITY AND THE CHIEF OF STAFF OF THE ARMED FORCES OF THE PHILIPPINES SHALL AGREE, WITHIN ONE YEAR FROM THE PASSAGE OF THIS ACT, ON THE AREAS WHERE THE ARMED FORCES OF THE PHILIPPINES CAN MAINTAIN BILLETING AND GARRISON FACILITIES FOR THE IMPLEMENTATION OF THIS MANDATE."

Section 7, Section 15 of Republic Act Number 7227 is hereby amended to include the following provisions:

"IN ALL SPECIAL ECONOMIC ZONES CREATED BY THE PRESIDENT IN THE IMPLEMENTATION OF THIS ACT, THE MAJOR SERVICES OF THE ARMED FORCES OF THE PHILIPPINES THAT WILL BE PRIMARILY AFFECTED BY THE CONVERSION OF THESE PARTICULAR BASES SHALL BE DULY REPRESENTED IN THE RESPECTIVE GOVERNING BODIES OF THESE SPECIAL ECONOMIC ZONES AND/OR DEVELOPMENT CORPORATIONS. MAJOR SERVICE COMMANDERS SHALL NOMINATE AS THEIR RESPECTIVE REPRESENTATIVES ONLY ACTIVE DUTY OFFICERS WHOSE PRIMARY FUNCTIONS INVOLVE MODERNIZATION IMPLEMENTATION AND/OR BASES DEVELOPMENT/REAL ESTATE MANAGEMENT, PROVIDED, HOWEVER, THAT NO MILITARY

REPRESENTATIVE MAY HOLD MORE THAN ONE (1) BOARD SEAT IN THE BCDA OR IN ITS SUBSIDIARY CORPORATIONS AS WELL AS IN THE GOVERNING BODIES OF THE SPECIAL ECONOMIC ZONES CREATED IN FORMER MILITARY BASES TAKEN CUMULATIVELY."

Section 8. The provisions of Section 20 of Republic Act Number 7227 is hereby repealed. Section 20 of this Act shall now read as follows:

"SECTION 20. TRANSITORY PROVISIONS/IMPLEMENTING RULES AND REGULATIONS. - ALL PROCEEDS AND INCOME INCLUDING, BUT NOT LIMITED TO, INTEREST EARNINGS DERIVED FROM THE SALE, LEASE, JOINT VENTURE-AGREEMENTS AND ALL OTHER TRANSACTIONS INVOLVING MILITARY BASES AND RESERVATIONS AND/OR PORTIONS THEREOF SHALL BE CONSTITUTED AS PART OF THE AFP MODERNIZATION ACT TRUST FUND AND SHALL BE USED EXCLUSIVELY FOR THE AFP MODERNIZATION PROGRAM. WITHIN THREE (3) MONTHS FROM THE EFFECTIVITY OF THIS ACT, THE COMMISSION ON AUDIT SHALL CONDUCT AN ACCOUNTING AND AUDITING OF THE OPERATIONS AND FINANCES OF THE CONVERSION AUTHORITY IN ORDER TO DETERMINE ITS CURRENT ASSETS AND LIABILITIES.

THE OFFICE OF THE PRESIDENT SHALL PROMULGATE THE NECESSARY RULES AND REGULATIONS IMPLEMENTING THIS ACT WITHIN THREE (3) MONTHS FROM ITS EFFECTIVITY."

Section 9. *Repealing Clause.* - All laws, rules, regulations, orders, circulars and memoranda inconsistent with this Act are hereby repealed or modified accordingly.

Section 10. *Effectivity.* - This Act shall take effect immediately upon approval.

Approved,