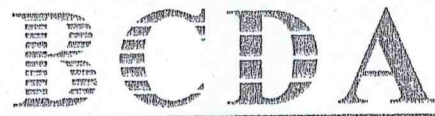


Republic of the Philippines
Office of the President



Bases Conversion and Development Authority

14 January 2011

MR. JOHN J. ARENAS

Officer-in-Charge
John Hay Management Corporation
Camp John Hay, Baguio City

*Received:
anna lopez
01-18-11
2:27 pm*

Dear **Mr. Arenas**:

In connection with your letters dated 14 October 2010, 27 October 2010 and 29 October 2010, we are pleased to inform you that the BCDA Board in its meeting held on 11 January 2011 approved your CY2011 operating/expenditure budget in the amount of **FIFTY-SIX MILLION FOUR HUNDRED FORTY-TWO THOUSAND SEVEN HUNDRED EIGHTY-ONE PESOS (Php56,442,781.00)** broken down as follows:

Particulars	Approved Budget
Personal Services (Annex I)	Php 20,166,527
MOOE (Annex II)	30,690,254
Capital Outlay (Annex III)	1,026,000
BOD Expenses (Annex IV)	4,560,000
TOTAL	Php 56,442,781

Please be advised that the approved budget includes your Capital Expenditure Projects (CAPEX) amounting to Php1.0 million, but we have realigned said budget under the MOOE considering the projects involve the engagement of consultant for the master planning of Lot 14 and Lot 15 in Camp 6. BCDA defers the approval of your proposed CAPEX amounting to Php12.7 million related to the renovation of Cottage 624, construction of warehouse and soil erosion control project pending the result of BCDA's study on the increase of the renovation cost from Php7.0 million to Php11.0 million as well as the necessity of the proposed projects.

We would also remind you that the implementation of the above-stated budget is subject to the following conditions:

1. Strict compliance on the financial policies and procedures on the following:
 - o Financial Policy #502-0 Budget Policy and Guidelines for Subsidiaries, Attached Authorities and Project Management Offices dated 13 October 2010
 - o Financial Policy #103-0 Financial Oversight Over Subsidiaries, Attached Agencies and Project Management Offices dated 07 October 2010



BCDA Corporate Center
2/F Bonifacio Technology Center
31st St., Crescent Park West, Bonifacio Global City
Taguig City 1634 Philippines

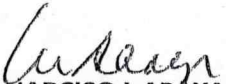
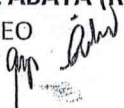
P.O. Box 42, Taguig Post Office
Taguig City, Philippines
Tel. No. (632) 816-6666
Fax No. (632) 816-0996

2. Reconfirmation of the JHMC Board of the Directors of the 2011 BCDA-approved operating/expenditure budget prior to its implementation.
3. Disbursements to be made according to the 2011 BCDA-approved operating/expenditure budget. Supplemental and realignments of budgets may only be implemented after BCDA's approval. However, JHMC should first secure the JHMC Board approval for the supplemental budget before seeking BCDA's clearance.
4. Authority to Purchase (ATP) to be secured from BCDA prior to acquisition of service vehicles or implementation of a car plan.
5. Submission of the documentary requirements/reports embodied in the Memorandum of Agreement between BCDA and JHMC as extended.
6. Submission of the revised financial statements based on the 2011 BCDA-approved operating/expenditure budget on or before 31 January 2011.

We are enclosing your detailed approved operating/expenditure budget for your reference. Should you have any question on the matter, please do not hesitate to call Ms. Hedda Y. Rulona at telephone no. 818-4684.

Thank you.

Very truly yours,


GEN NARCISO L ABAYA (Ret)
President and CEO


cc: Atty. Elvira Estanislao, PM IV, SAPMD



JOHN HAY MANAGEMENT CORPORATION
SUMMARY
Budget Year 2011

<u>PARTICULARS</u>	<u>Proposed Budget CY 2011</u>	<u>Approved Budget CY 2010</u>	<u>Variance</u>	<u>% Inc(Dec)</u>
Personnel Services (Annex I)	20,166,527	20,527,548	(361,021)	-2%
Maintenance & Other Operating Expenses (Annex II)	30,690,254	27,108,994	3,581,260	13%
Capital Outlay (Annex III)	1,026,000	1,195,000		
BOD Expenses (Annex IV)	4,560,000	4,685,880	(125,880)	-3%
Outstanding Obligations		827,995	(827,995)	
TOTAL	56,442,781	54,345,417	2,266,364	4%