



MINUTES OF CITEM BOARD OF GOVERNORS MEETING

06 July 2017

HALLONE, ITC Complex, Senator Gil Puyat Ave.,
cor. Roxas Boulevard, Pasay City 1300

I. Quorum

IN ATTENDANCE:

Alternate Chairman

Nora K. Terrado

Undersecretary for Industry Promotion Group (IPG)

Board Members

Ms. Wilhelmina C. Mañalac
Bangko Sentral ng Pilipinas

Mr. Clayton H. Tugonon
CITEM

Atty. Edward John T. Reyes
Land Bank of the Philippines

Citem Officers

Ms. Ma. Lourdes D. Mediran
Deputy Executive Director

Mr. Jewel H. Udarbe
OIC, Corpain

Atty. Anna Grace I. Marpuri
Corporate Board Secretary

Ms. Wilma G. Dulay
OIC, Finance

I. CALL TO ORDER AND DECLARATION OF QUORUM

1. Determination of the Corporate Secretary of the Existence of a Quorum.
2. The Alternate Chairman called the meeting to order at 1009am.

II. ROUND TABLE INTRODUCTION

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10 **MINUTES OF CITEM BOARD OF GOVERNORS MEETING**

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23 Undersecretary for Industry Promotion Group (IPG)

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28 Bangko Sentral ng Pilipinas

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31 CITEM

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53
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60 **III. ADOPTION OF THE AGENDA**

- 61
- 62 1. Reading and adoption of the Agenda.
- 63
- 64 2. The Corporate Secretary requested approval from the Board to include in the Agenda Approval on
- 65 the of the Grant for 2016 Performance Based Bonus (PBB) for CITEM Employees.
- 66
- 67 3. Approval of the Agenda.
- 68

69 **IV. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

- 70
- 71 1. Reading of the Minutes of the Previous Board Meeting.
- 72
- 73 2. In the interest of time, the Alternate Chairman proposed to allow Board Members five (5) days for
- 74 additional comments and corrections, otherwise, the Minutes are deemed Approved.
- 75
- 76 3. The Alternate Chairman asked on the long duration in the conduct of CITEM Board Meetings. She
- 77 asked on the frequency of Regular Meetings of the CITEM Board.
- 78
- 79 4. The Corporate Secretary informed the Board that CITEM Board Meetings should be conducted
- 80 Quarterly as a matter of policy.
- 81
- 82 5. Likewise, it was explained that the lull in conducting Board Meetings is caused by the lack of
- 83 Quorum due to the consequent delay in appointing Cabinet Officials in the Government Offices,
- 84 who are ex-officio members in the GOCC Governing Board. Further, this matter was noted by the
- 85 Governance Commission for GOCCs (GCG).
- 86
- 87 6. The Undersecretary requested the Board Secretariat to publish the dates for the quarterly
- 88 meetings.
- 89
- 90 7. Upon motion duly made and seconded, it was ---
- 91

92 “RESOLVED, that the Minutes of 31 May 2016

93 Board Meeting, being in order, is hereby APPROVED.

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95 (Res. No. BM 2017-06-01)

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97 **V. MATTERS ARISING FROM THE PREVIOUS MEETING**

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- 100 1. The Board was informed of the THREE [3] MATTERS ARISING from the previous meeting last 31
- 101 May 2016, and corresponding action taken:
- 102

MATTERS ARISING	ACTION TAKEN
Performance Agreement Negotiation [PAN] 2016 between the State through the GCG and CITE , through its Board of Governors	98.19% rating subject to GCG affirmation
CITEM Reorganization	Did not pursue
Disposal of Unserviceable Vehicles	Disposed through Public Auction

- 103
- 104 2. The Board, having no more comments, motioned and seconded:
- 105

106 “RESOLVED, that the Matters Arising

107 from the Previous 31 May 2016 Meeting,

108 being in order, is hereby Noted.”

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110 BM 2017-07-02

111 VI. FOR THE INFORMATION OF THE BOARD
112

- 113 1. Executive Director Clayton H. Tugonon presented the 2017 CITEM Policy and Strategic
114 Programs:
115
116 a. Zero Spending for Designer Consultants
117 b. Institutionalization of the CREATE Philippines Platform
118 c. Strengthened Partnership with the Department of Tourism
119 d. Strengthened Partnership with the DTI-Regional Operations Group
120 e. Institutionalization of IFEX as an Annual Event
121 f. Preparation for the Big, Innovation-driven, and Growing [BIG] Industries Show
122 g. Creation of the CITEM Sales Office to augment income
123 h. Organization of an Annual "Christmas Export Bazaar"
124
- 125 2. Executive Vice President Edward John T. Reyes commented that CITEM should consider
126 creating an online platform to keep up with the innovative climate of the digital age. Executive
127 Director Clayton H. Tugonon shared that CITEM is currently working on an online catalogue that
128 SMEs can use.
129
- 130 3. Undersecretary Nora K. Terrado noted that the CITEM Board meeting should incorporate a more
131 strategic agenda which would incorporate policies and direction setting.
132
- 133 4. Executive Director Clayton H. Tugonon presented the CITEM Mid-year Accomplishments:
134
135 a. Manila FAME April
136 b. IFEX Philippines
137 c. Taste ASEAN Partnership in IFEX
138 d. Relaunch of the Health and Wellness Sector
139 e. Katha Awards
140 f. Partnerships and Sponsorships Made
141 g. Development of the CITEM Online Catalogue
142 h. Accomplishment of the following overseas projects:
143 i. Winter Fancy Food Show
144 ii. Ambiente
145 iii. Gulfood
146 iv. Salone
147 v. Foodex
148 vi. International Contemporary Furniture Fair
149 vii. Taipei Food Show
150
- 151 5. Executive Director Clayton H. Tugonon presented the figures for the CITEM 2017 First Semester
152 Accomplishments which the Board duly noted.
153
- 154 6. Undersecretary Nora K. Terrado shared the context of Executive Director Clayton H. Tugonon's
155 report, wherein GCG has set the parameters for CITEM's financial performance through:
156 a. PS Cost as Revenue,
157 b. Cost Recovery Ratio, and
158 c. Increasing Annual Trend requirement
159
- 160 7. Executive Director Clayton H. Tugonon presented the remaining CITEM Projects:
161 a. Manila FAME October
162 b. CREATE Philippines
163 c. Overseas Events
164 i. Maison et Objet
165 ii. CAEXPO
166 iii. ANUGA
167 iv. International Furniture Fair Tokyo
168
169

- 170 8. The Board, having no more comments, motioned and seconded:

171
172 "RESOLVED, that the 2017 Executive Director's
173 Report for 1st Semester Projects (January-June),
174 being in order, is hereby NOTED"
175
176

(Res. No. BM 2017-07-03)

177 **VII. CITEM 2017 FINANCIAL UPDATES**

- 178
179 1. Deputy Executive Director Ma. Lourdes D. Mediran presented the 2017 CITEM Financial
180 Performance noting that CITEM is on track of its financial targets.
181
182 2. Undersecretary Nora K. Terrado noted that there should have been a 2016 Financial report for
183 the Board as part of the meeting's agenda. She proposed to have a Board Meeting dedicated for
184 Financial performance and analysis.
185
186 3. The Board, having no more comments, motioned and seconded:

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188 "RESOLVED, that the update for
189 CITEM's 2017 Financial Performance,
190 being in order, is hereby Noted."
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BM 2017-07-04

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194 **VIII. CITEM 2018 PROPOSED CORPORATE OPERATING BUDGET**

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196 1. Deputy Executive Director Ma. Lourdes D. Mediran presented the CITEM Proposed Corporate
197 Operating Budget for 2018.
198
199 2. The recommended National Government (NG) Subsidy level for CITEM projects is PHP 231.876,
200 a 5% increase from the previous NG subsidy grant to CITEM. Breakdown of NG Subsidy are as
201 follows:
202 Tier I Projects PHP 206.876M
203 Tier II Creative Marketplace PHP 25.000M
204
205 3. Breakdown of NG Subsidy:
206 a. Operations PHP 184.135M
207 b. Support to Operations PHP 15.914M
208 c. General Administrative Support and Services PHP 31.827M
209 PHP 231.876
210
211 4. For 2018, it was emphasized that from the NG Subsidy given, CITEM is required to generate
212 income or cost recovery ratio (CRR) of 45% , that is a minimum revenue of PHP82.861M.
213
214 5. It was explained that the 2018 projected PS Budget of PHP 74.965M is for the 124 plantilla
215 positions at SSL3 rate. Presently, only 81 positions are filled up.
216
217 6. However, should the SSL4 be implemented to the GOCC in 2018, the PHP74.965M covers only
218 90 positions.
219
220 7. Executive Vice President Edward John T. Reyes shared that CITEM as a GOCC cannot
221 automatically assume SSL4. However, for budgeting purposes, there is no harm in accounting for
222 the possibility of SSL4 being applied to GOCCs.
223
224 8. Executive Director Clayton H. Tugonon shared that one of CITEM's problems stems from the
225 competitiveness of CITEM in terms of employee retention due to the lower SSL3 salary.
226

- 227 9. Board Member Wilhelmina C. Mañalac clarified the Management's intention of hiring employees
228 based on SSL3 or SSL4 salary. Deputy Executive Director Ma. Lourdes D. Mediran clarified that
229 if SSL4 would be the basis, CITEM can only hire 9 additional personnel to join the CITEM
230 workforce due to budgetary constraints.
231
232 10. However, Executive Director Clayton H. Tugonon shared his reservations in proposing for a
233 bigger budget due to the consequence of an increased CRR financial target.
234
235 11. Executive Vice President Edward John T. Reyes commented that there is no problem in asking
236 for more budget from the government since it is project-related – under the assumption that
237 CITEM can properly defend and articulate the proposal.
238
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240 12. The Board, having no more comments, motioned and seconded:

241
242 "RESOLVED, that the Corporate Operating Budget and
243 Work Program for FY 2018 in the amount of PHP
244 314.737M based on DBM recommended subsidy level
245 of PHP 231.876, being in order, is hereby APPROVED"
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Res. No. BM 2017-07-05

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249 **IX. CONTINUING AUTHORITY TO NEGOTIATE WITH GCG ON PERFORMANCE NEGOTIATION**
250 **AGREEMENT**
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- 252 1. Deputy Executive Director Ma. Lourdes D. Mediran presented the proposed changes for the
253 CITEM Strategy Map and 2017 Scorecard:
254

Changes	FROM	TO
1. Measures for SO3: Increase Stakeholder Awareness	Number of New Exhibitors (10% weight)	Publicity Mileage Generated (15% weight)
	Number of New Buyers (10% weight)	
2. Renamed SO4 to properly articulate the objective	Ensure the Graduation of SMEs from Signature Events to Overseas Trade Shows	Ensure the Graduation of SMEs from CITEM Subsidy Availment
3. Reallocated the remaining 5% weight from the changes made to SO3 to SO2-SM2: Percentage of Returning Exhibitors in Signature Events	5%	10%
4. Removal of the Social Impact Perspective from the Strategy Map as per GCG recommendation.	Enrich Lives Through Exports	-

- 255
256 2. Undersecretary Nora K. Terrado commented that Publicity Mileage is not a good indicator for
257 Stakeholder Awareness. The measure should be an Outcome indicator as is required by the
258 Outcome-based approach of the government. As per DTI's case, the measure for awareness is a
259 Stakeholder Awareness Survey.
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3. Executive Director Clayton H. Tugonon explained that the rationale of the proposal is the management of risk brought by the unforeseen developments in the country which prompted several countries to post travel advisories not to come to the Philippines. This prompted management to write to GCG for the renegotiation for an alternative measure.
4. Undersecretary Nora K. Terrado clarified her position regarding this matter. As a Board Member, she defers the decision to the Board subject to approval of the GCG. However, as a Supervising Agency of CITEM, she required to incorporate Stakeholder Engagement Report [SER] as a measure of CITEM's stakeholder's awareness.
5. Assistant Governor Wilhelmina C. Mañalac echoes the suggestion of using a survey for the measure. However, Assistant Division Chief Jewel H. Udarbe clarified that the survey is already incorporated in the scorecard as part of the Customer Satisfaction objective.
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6. However, Undersecretary Nora K. Terrado noted that the Customer Satisfaction Survey is different from a Stakeholder Awareness Survey.
7. Executive Vice President Edward John T. Reyes commented that if needed, CITEM can always negotiate with GCG, especially for unavoidable circumstances such as the current dilemma of convincing buyers to come to the country given all the negative publicity the Philippines is receiving right now.
8. The Board, having no more comments, motioned and seconded:

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"RESOLVED, that CITEM Management is given continuing authority to Negotiate with the Governance Commission for GOCCs (GGC) on CITEM's Performance Scorecard and Commitment, being in order, is hereby APPROVED"

Res. No. BM 2017-07-06

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Further Resolved, that CITEM Management is hereby given continuing authority to sign and enter Performance Agreement Negotiation (PAN) with the GCG, subject to ratification of the CITEM Board, being in order, is hereby APPROVED".

(Res. No. BM 2017-07-07)

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X. INCREASE IN SIGNING AUTHORITY OF CITEM OFFICIALS

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1. Atty. Anna Grace I. Marpuri reported on the proposed increase in the signing authority of CITEM Officials.
2. To expedite the processing of Purchase Requests, Budget Utilization Requests, Disbursement Vouchers, Checks and Contracts, increase in the level of signing authority of CITEM Officials is hereby proposed

3. Presently, CITEM Officials, its Division Chiefs, Department Managers , and Deputy Executive Directors, and Executive Directors have the following limits of signing authorities on financial documents :

POSITION	SIGNING AUTHORITY FOR PURCHASE REQUESTS, BUDGET UTILIZATION REQUESTS, DISBURSEMENT VOUCHERS, CHECKS AND CONTRACTS
DIVISION CHIEFS	Up to PHP 10,000.00 (except Checks)
DEPARTMENT MANAGERS	Up to PHP 100,000.00
DEPUTY EXECUTIVE DIRECTOR	Up to PHP 300,000.00
EXECUTIVE DIRECTOR	Up to PHP 5,000,000.00

4. Expense Requirements such as exhibition space rental, booth construction, professional/consultancy, logistics requirements are recurring services and inherent to organizing trade fairs, and other programs of CITEM.
5. To expedite the processing of documents necessary in the regular conduct of the day to day operations of the Agency, it is deemed necessary to increase signing authority of certain CITEM Officials:
- Division Chiefs – up to PHP 50,000.00, except Checks
 - Department Managers – up to PHP 200,000.00

6. The Board, having no more comments, motioned and seconded:

“RESOLVED, that the proposed increase in signing authority of certain CITEM Officials for Purchase Requests, Budget Utilization Requests, Disbursement Vouchers, Checks and Contracts:

Division Chiefs --- up to PHP 50,000
(except checks and contracts)
Department Managers --- up to PHP 200,000
being in order, is hereby APPROVED”

(Res. No. BM 2017-07-08)

XI. DISPOSAL OF UNSERVIEABLE VEHICLES

- Atty. Anna Grace I. Marpuri reported on the proposal to dispose THREE [3] unserviceable vehicles, which were inspected by the CITEM Inspection Team and a representative from the Commission on Audit;
- It was recommended that these 3 officials were beyond economical repair and recommended for the disposal through public auction.
- Likewise, the CITEM Management further requests for the purchase of new vehicle in replacement of the unserviceable vehicles to be disposed.

- 364 4. The Board, having no more comments, motioned and seconded:

365 "RESOLVED, that the Disposal of Official CITEM Vehicles:

366 Mitsubishi L-200 Double Cab Pick-up, 1995, 2500cc, Diesel engine

367 Chassis no. K14TJUNSL-11806

368 Motor no. 4D56A-E4969

369 Plate no. SEF-447

370 Property no. 6855

371 Dong Fengxing Van 2008, 2500cc, Diesel engine

372 Chassis no. LGB1ACE108ZOO4893

373 Motor no. 4G64S4M-SGA-7449

374 Plate no. SKE-674

375 Dong Fengxing Van 2008, 2500cc, Diesel engine

376 Chassis no. LGB1ACE108ZOO4892

377 Motor no. 4G64S4M-SGA-7448

378 Plate no. SKE-653

379 Being in order, is hereby APPROVED".

380 (Res. No. BM 2017-07-09)

381 "Further RESOLVED, that CITEM Management is
382 hereby authorized to purchase one (1) unit of vehicle
383 in replacement of the unserviceable vehicles to be
384 disposed, being in order, is hereby APPROVED".

385 (Res. No. BM 2017-07-10)

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395 **XII. FAMILY VISIT AND HOUSING ALLOWANCE FOR CERTAIN EMPLOYEES**

- 396 1. Atty. Anna Grace I. Marpuri explained that the basis of the proposal on approval by the Board f te
397 Housing allowance and Family visit privilege is Section 56 of GAA 2017 and CESB Board
398 Resolution 815 series of 2009, respectively;
- 400 2. Likewise, this proposal has the objective of softening the impact of the displacement of the official
401 from his domicile, pursuant to GAA, NBC and as mentioned above, CITEM shall provide Housing
402 Allowance to the affected official equivalent to 15% of his present Basic Monthly Salary (BMS), or
403 actual whichever is lower.
- 404 3. However, this proposal , for approved shall be subject to the approval of GCG.
- 405 4. The Board, having no more comments, motioned and seconded:

406 "RESOLVED, that the Grant of Monthly Housing Allowance to
407 the Appointive Member of the CITEM Board/Executive Director,
408 equivalent to 15% of the existing Basic Monthly Salary, being in
409 order is hereby APPROVED".

410 (Res. No. BM 2017-07-11)

411 "RESOLVED, that the Grant of Monthly Family/Home Visit Privilege to
412 the Appointive Member of the CITEM Board/Executive Director, being in
413 order is hereby APPROVED".

414 (Res. No. BM 2017-07-12)

422 **XIII. RATIFICATION OF CONTRACTS**

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- 424
- 425 1. Atty. Anna Grace I. Marpuri reported, that as a matter of Policy, expense contracts amounting to
- 426 PHP1 MILLION PESOS and above shall be presented to the Board for Ratification.
- 427
- 428 2. It was reported that for the period March – June 2017, there are 14 Contracts that are subject for
- 429 Ratification of the Board.
- 430
- 431 3. Board Member Reyes inquired if Management can affirm that it has properly observed and
- 432 followed the required the rules and procedures on Procurement Laws, aka RA 9184.
- 433
- 434 4. Deputy Executive Director Ma. Lourdes D. Mediran, as the BAC chairperson, assured the CITEM
- 435 Board that all contracts that require Procurement Process have observed and follow all the
- 436 necessary rules in accordance with RA 9184.
- 437
- 438 5. The Board, having no more comments, motioned and seconded:

439 “RESOLVED, that Contracts executed by CITEM

440 Management for the period 01 March 2017 – 30 June 2017,

441 being in order, is hereby RATIFIED”

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(Res. No. BM 2017-07-13)

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445 **XIV. APPLICATION OF GRANT FOR 2016 PERFORMANCE BASED BONUS**

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- 448 1. GCG Memorandum Circular 2017-01 established the rules and regulations for the Interim
- 449 Performance Based Bonus (PBB) System for Qualified Officers and Employees of GOCCs
- 450 covered by the GCG pursuant of the GOCC Governance Act of 2011 (RA 10149)
- 451
- 452 2. In order to be granted PBB, the Agency should pass its Annual Performance Scorecard, and
- 453 complied with the Good Governance Conditions as stated in GCG Memorandum Circular 2017-
- 454 01.
- 455
- 456 3. Presently, CITEM has complied all those conditions in order to be granted PBB.
- 457
- 458 4. Likewise, the application to grant of the PBB incentive requires Board Approval.
- 459
- 460 5. The Board, having no more comments, motioned and seconded:

461 “RESOLVED, the application to the GCG on the Grant

462 Of 2016 Performance Based Bonus (PBB) to qualified

463 CITEM Employees and officers, is hereby APPROVED.

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(Res. No. BM 2017-07-14)

465 “Resolved Further, allocation in the amount of

466 PHP 1,524,135.85,chargeable against corporate

467 funds, for the grant of 2016 PBB to qualified officers

468 and employees, provided the grant of the 2016 PBB is

469 subject to approval and/or adjustment of the GCG.”

470 (Res. No. BM 2017-07-15)

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477 **XV. SCHEDULE FOR THE NEXT MEETING**

- 478
- 479 1. Atty. Anna Grace I. Marpuri informed the Board that the next meeting is on 28 September 2017.
- 480
- 481 2. Assistant Governor Wilhelmina C. Mañalac proposed to have the Board meetings in the
- 482 afternoons.
- 483

484 **XVI. ADJOURNMENT**

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486 The meeting was adjourned at 12:09PM.

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489 This 6th day of July 2017, at HALLONE, ITC Complex, Pasay City, Philippines.

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493 Prepared by:

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496 **ATTY. ANNA GRACE I. MARPURI**

497 Corporate Board Secretary

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