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**MINUTES OF CITEM BOARD OF GOVERNORS MEETING**

18 June 2014  
OSEC Conference Room  
5/F Industry and Investments Building  
385 Sen. Gil J. Puyat Ave., Makati City

I. Quorum

IN ATTENDANCE:

Alternate Chairman

Ponciano C. Manalo, Jr.  
Undersecretary for Trade and Investment Promotions Group

Board Members

Ma. Mercedes G. Yacapin  
National Food Authority

Rosvi C. Gaetos  
CITEM

Wilhelmina C. Manalac  
Bangko Sentral ng Pilipinas

Also Present:

Ma. Lourdes D. Mediran  
Deputy Executive Director

Aurelia O. Cruz  
OIC, Corporate Services

Atty. Anna Grace I. Marpuri  
Corporate Board Secretary

Doris U. Gacho  
Corporate Planning

Wilma C. Dulay  
Finance Division

II. DETERMINATION AND EXISTENCE OF QUORUM

1. The Corporate Board Secretary determined the existence of a Quorum.

III. CALL TO ORDER

1. After confirmation from the Corporate Board Secretary of the existence of a quorum, Undersecretary Ponciano C. Manalo, Jr., the Alternate Chairman, called the meeting to order at 210 pm.
2. The Undersecretary welcomed the CITEM Board Members as well as the CITEM Officials present at the Board meeting.

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63 V. ELECTION OF THE CHIEF EXECUTIVE OFFICER OF CITEM  
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- 65 1. The Board unanimously confirmed the nomination and voted in favor of Ms. Rosario  
66 Virginia C. Gaetos as the newly elected Executive Director of CITEM for the period 30  
67 June 2013 – 01 July 2014.  
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69 2. Immediately thereafter, the Executive Director took her Oath of Office before  
70 Undersecretary Ponciano C. Manalo, Jr.  
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72 3. Upon motion duly made and seconded, it was—  
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74 "RESOLVED, that the appointment of Rosario  
75 Virginia C. Gaetos as Appointive member of the  
76 CITEM Board representing the Private Sector,  
77 being in order, is hereby CONFIRMED"  
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79 (Res. No. BM 2014-06-01)

80 "RESOLVED, that the approved nomination of  
81 Rosario Virginia C. Gaetos by the President of  
82 the Philippines to be elected as Executive  
83 Director of CITEM, being in order, is hereby  
84 CONFIRMED"  
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86 (Res. No. BM 2014-06-02)

87 "RESOLVED, that Rosario Virginia C. Gaetos is  
88 hereby duly elected as the Executive Director of  
89 the Center for International Trade Expositions  
90 and Missions.  
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92 (Res. No. BM 2014-06-03)  
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94 VI. 2013 ANNUAL ACCOMPLISHMENT REPORT  
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- 96 1. The Board was given a copy of the CITEM 2013 Annual Accomplishment Report.  
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98 2. Having no more comments and clarifications and upon motion duly made and seconded,  
99 it was—  
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101 "RESOLVED, that the 2013 Annual  
102 Accomplishment Report, being in order, are  
103 hereby NOTED"  
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105 (Res. No. BM 2014-06-06)  
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107 VII. 2014 WORK PROGRAM AND ACCOMPLISHMENT REPORT FOR JANUARY TO MAY  
108 2014  
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111 1. Ms. Gaetos presented to the Board the 2011-2015 CITEM Strategic Directions and  
112 the 2014 CITEM projects  
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114 2. Ms. Yacapin commented that the presentation was very impressive.  
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116 3. It was likewise presented to the Board the 2014 Accomplished Work Program from  
117 January- May 2014, as follows:  
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119 a. Design Philippines in Korea



- b. Winter Fancy Food
- c. International Fashion Showcase
- d. Gulfood
- e. Foodex Japan
- f. Maison et Objet Asia
- g. Design Week Philippines
- h. Manila FAME March
- i. Fashion Access
- j. Salone Internazionale del Mobile
- k. Thailand Bangkok International Gifts + Bangkon International Houseware Fairs
- l. Seoul furniture Expo
- m. Design Philippines in NY (ICFF)
- n. Thaifex

4. The remaining 2014 CITEM projects to be implemented are as follows:

- a. Taipei Food Show
- b. Maison et Objet Paris
- c. China Asean Expo
- d. The Hotel Show
- e. Design Week Philippines
- f. Manila FAME October
- g. Sial Paris
- h. Asean Trade Fair Exhibition
- i. Philippine Brands in Motion

5. The Alternate Chairman informed the Board that the DTI Secretary might attend the SIAL Paris on 19-23 October 2014 together with some Cabinet Officials.

6. For the Philippine participation in Maison et Objet on 05-09 September 2014 in Paris, France, CITEM was instructed to increase its space allocation from 149.5 sqm to 250sqm in order to sustain its presence IN 2013.

7. The summary of CITEM 2014 accomplishments:

- a. Generated total export sales of USD145.086M that contributed 0.05% of estimate 2014 GDP of USD289.62B.
- b. Conducted capability building program for the SMEs that equip them with necessary pricing, branding guidelines and business plan.
- c. On CITEM's young designer's development for March Manila FAME, CITEM was able to help 24 young rising designers for home, fashion, and holidays and gifts.

8. On image building and branding, CITEM participated in shows under the Design Philippines banner that generated export orders:

	EXPORT ORDERS
a. Maison Le Beige	\$ 13.963M
b. Mason et Objet Asia	\$ 268,474
c. Salone Internazionale del Mobile	\$ 4.402M

9. Under the Fashion Philippines, CITEM participated in International Contemporary Furniture Fair (ICFF) in NY; Fashion Access in HK and International Fashion Showcase in London.

10. For Food Philippines, CITEM likewise participated in Gulfood, Winter Fancy Food and Foodex in Japan.

11. The Alternate Chairman instructed CITEM to encourage its Food Exhibitors to certify their products to Halal to access its growing export market. As reported, the global industry for Halal products is estimated at \$2 trillion. This will be a lot of opportunity for the exhibitors to grow and they need to capitalize on it.
12. It was likewise reported that OTOP participation in Manila FAME was a remarkable success due to the volume of orders negotiated and sales generated during the show.
13. Ms. Gaetos cited the story of Lolo Bobby, one of the OTOP participants and a Yolanda victim, that his cutting board and cheese board products were bestsellers in Manila FAME.
14. The Undersecretary instructed CITEM to ensure that MF and IFEX exhibitors are compliant with the BIR ruling on the Privilege Store, requiring them to issue Official receipts (OR) for each sale of goods sold or services rendered.
15. Ms. Gaetos further reported that CITEM's social economic impact of CITEM's signature events (Manila FAME and IFEX) were as follows:
  - a. Contributes to utilization of Philippines M.I.C.E. venues
  - b. Helps increase hotel occupancy during off season
  - c. Attracts quality visitors with higher disposable income and users of tourism facilities
  - d. Global platform for B2B (Exports)
  - e. Serve as venues for the exchange of ideas and transfer of technology
  - f. Promote International Goodwill
  - g. Create a high degree of positive international publicity for the
16. The CITEM signature events likewise created an estimate of 600,390 jobs for the USD 667.10M sales generated. (Formula 1 job generated for every PHP 50,000 worth of sales).

#### VIII. 2015 STRATEGIC DIRECTIONS

1. CITEM 2015 Strategic Directions:
  - a. Momentum Marketing: Moving Brands Forward
  - b. One Brand, One Image, One Message
  - c. Bring the World to Manila
  - d. Touching Lives
2. The Alternate Chairman suggested that CITEM should make assessment whether participation in an overseas project will create impact, bring good image for the Philippines and will benefit the stakeholders.

"RESOLVED, that the Executive Director's  
Report for 2014, being in order, are hereby  
NOTED"

(Res. No. BM 2014-06-07)

#### IX. UPDATE ON GCG PERFORMANCE NEGOTIATION CONTRACT 2013-2014 AND RENEGOTIATION OF TARGETS

1. The Board was informed that last October 2013, CITEM signed a Performance Negotiation Agreement (PNA) with the Governance Commissions for GOCCs (GCG),



that contained performance scorecards, and the Organizational Performance Indicator Framework (OPIF) that will measure the performance of CITEM for 2013-2014.

2. CITEM asked clearance from the Board to renegotiate performance targets it committed to GCG for 2013-2014, as follows:

PERFORMANCE INDICATOR	FROM	TO
Number of promotional events organized overseas	7	4
Number of international Exhibitors that joined promotional events organized by CITEM	161	50
Manualization of Core Processes	CITEM Trade Portal	CITEM Portal

3. Ms. Yacapin commented that the GCG will make comparison on CITEM's previous accomplishments versus its present commitments and targets. With this, CITEM should have a strong justification/reason to renegotiate its performance targets.
4. On CITEM's commitment to have a web portal, the Usec inquired whether CITEM is maintaining a website that has link to the website of DTI, stakeholders and exhibitors.
5. Ms. Manalac likewise asked whether the CITEM website has a system that can tract the number of net users visiting the website.
6. Ms. Gaetos answered that CITEM is maintaining a website that has link to DTI and to some of its exhibitors, thus, making it more interactive. In addition to the website, CITEM uses Facebook, Twitter and Instagram, as social media communication tools interacting with the public and its stakeholders.
7. She likewise informed the Board that CITEM is at present requiring its exhibitors to create their own websites.
8. Ms. Yacapin inquired whether CITEM has already made arrangement with the DOST-ICTO on website hosting services in compliance with Administrative Order 29 ?
9. Ms. Doris Gacho, informed the Board that CITEM is aware of the government directive and the CITEM -MIS Division has set an arrangement with DOST-ICTO regarding the web hosting services.
10. Likewise, Ms. Malou Mediran added that the DOST-ICTO in the meantime allowed CITEM to have its own website format and template.
11. Having no more comments and clarifications and upon motion duly made and seconded, it was—

"RESOLVED, that the renegotiation of Performance Negotiation Contract 2013-2014 between CITEM and GCG, being in order, is hereby APPROVED"

(Res. No. BM 2014-06-08)

#### X. CITEM FINANCIAL REPORTS 2013-2014

- 298 1. Ms. Au Cruz presented to the Board the summary of the 2013-2014 CITEM Financial  
299 Reports.

- 300  
301 2. It was reported that the sources of funds for the 2013 Corporate Operating Budget  
302 (COB) and actual uses are as follows:

SOURCES OF FUNDS	2013	ACTUAL
a. NG Subsidy- GAA	PHP 188.118	PHP 188.118
b. Corporate Income	63.429	55.459
c. Cash Drawdown	<u>31.407</u>	<u>3.548</u>
	PHP 282.954	PHP 247.125

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314 3. The PHP 282. 954 COB for 2013 was allocated for personal services, MOOE and  
315 CAPEX, and likewise presented its actual uses:

	C.O.B	ACTUAL
a. Personal Services	PHP 59. 848	PHP 52.416
b. MOOE	203.106	188.523
c. CAPEX	<u>20.00</u>	<u>6.170</u>
	PHP 282.954	PHP 247.125

- 324  
325 4. It was explained that the PHP 31.407 cash drawdown was allocated to PHP 20.00M  
326 for CAPEX and PHP 11.407M to augment the MOOE.

- 327  
328 5. The approved Personal Services of PHP 59.848 was allocated to fund the salaries of  
329 115 plantilla positions of CITEM.

- 330  
331 6. The corporate income of CITEM for 2013 was targeted at PHP63.429. However due  
332 to late campaign for foreign exhibitors and low interest rates in T-Bills, CITEM only  
333 generated PHP 55.459M which incurred deficit by 13%.

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335 7. For 2014, the Corporate Operating Budget and Actual as of 31 May 2014 uses were  
336 reported as follows:

SOURCES OF FUNDS	2014	ACTUAL
a. NG Subsidy- GAA	PHP 190.443	PHP 60.906
b. Corporate Income	39.697	18.282
c. Cash Drawdown	<u>65.114</u>	<u>47.128</u>
	PHP 282.954	PHP 126.316

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349 8. The budget ceiling for 2014 COB of PHP 295. 284, its total uses are as follows:

	C.O.B	ACTUAL (as of May 2014)
a. Personal Services	PHP 60.492	PHP 19. 305
b. MOOE	208.217	105.083.



c. CAPEX

26.575  
PHP 295.284

1.928  
PHP 126.316

9. For 2014, the Corporate income was targeted at PHP 39.697M because of discounts given to the exhibitors and the absence of IFEX event in 2014.
10. It was reported that CITEM initially requested from DBM subsidy of PHP300M.
11. Ms. Manalac clarified that CITEM's target corporate income for 2015 is PHP42M. However, the figure will adjust pending the amount of subsidy that DBM will give to CITEM.
12. She likewise inquired whether CITEM can fully utilize the allotted amount PHP26M allotted for CAPEX this 2014?
13. Ms. Au Cruz answered that the PHP26M budget for CAPEX will be used for CITEM Office Renovation and procurement of Office fixtures and equipment. Presently, CITEM is in the process of procuring the services and supplies necessary to implement the project.
14. On Financial Position of CITEM, Ms. Au Cruz reported that CITEM is very liquid, on liquidity ratio (current assets/current liabilities) was 2.28:1 in 2012; 2.14:1 in 2013; and 3.19:1 as of April 2014.
15. Having no more comments—

"RESOLVED, that the 2013 and 2014 CITEM  
Financial Reports, being in order, is hereby  
NOTED"

*(Res. No. BM 2013-01-09)*

XI. FOR CITEM APPROVAL AND CONFIRMATION

XII. REVISED CITEM MANUAL OF CORPORATE GOVERNANCE

1. It was explained to the Board that the GCG and all GOCCs are mandated to adopt its respective Code of Corporate Governance that contains framework of rules, systems and processes that governs the performance of the Board of Governors and Management of their respective duties and responsibilities to the State and to the stakeholders.
2. IN 25 February 2014, the CITEM Board, through a referendum, duly approved the CITEM Code of Corporate of Governance. This was submitted to the GCG for review and evaluation.
3. The GCG, after its initial evaluation and review, made recommendation to revise the CITEM Code of Corporate Governance.
4. The REVISED CITEM MANUAL OF CORPORATE GOVERNANCE is based on the suggestions and comments of the GCG.
5. Having no more comments and clarifications and upon motion duly made and seconded, it was—

"RESOLVED, that the CITEM MANUAL OF  
CORPORATE GOVERNANCE, being in  
order, is hereby APPROVED and  
CONFIRMED"

XIII. NO GIFT POLICY

3. Pursuant to Sec. 29 of the Code of Corporate Governance for GOCCs, all GOCCs are mandated, through their Governing Board, to adopt a NO GIFT POLICY and to ensure its strict implementation within the organization.
4. The Board was informed that CITEM previously issued an Office Order No. 2013-193 dated 10 December 2013, on Absolutely No Gift Policy and was posted in the CITEM website.
5. The GCG however in its letter dated 15 March 2014, requested CITEM to adopt a NO GIFT POLICY, that contains set of rules, define its coverage, exemption and penalties, to be duly approved by the Board.
6. Having no more comments and clarifications and upon motion duly made and seconded, it was—

"RESOLVED, that the CITEM NO GIFT POLICY, being in order, is hereby APPROVED and CONFIRMED"

(Res. No. BM 2014-06-11)

XIV. DISPOSAL OF UNSERVICEABLE VEHICLES AND TO PURCHASE REPLACEMENT

1. Ms. Au Cruz explained to the Board that CITEM have 2 unserviceable vehicles beyond economic repair, subject for disposal and proposed of its replacement.
2. It was further explained that prior clearance and approval from the Board is necessary y before disposal of the vehicles through public auction.
3. The Board finds no objection as to the disposal of the unserviceable vehicles and its replacement.
4. However, as to the approval to purchase replacement of the unserviceable vehicles, Ms. Yacapin said that CITEM should seek prior approval and/or clearance from the Department of Budget and Management (DBM).
5. Having no more comments and clarifications and upon motion duly made and seconded, it was—

"RESOLVED, that the disposal of 2 official unserviceable vehicles, being in order, is hereby APPROVED and CONFIRMED"

(Res. No. BM 2014-06-12)

"RESOLVED FURTHER, that the approval to purchase replacement thereof on said vehicles, is hereby APPROVED and CONFIRMED. Provided however, that CITEM should seek clearance/approval of DBM prior to purchase of new vehicle.

(Res. No. BM 2014-06-13)

XV. RATIFICATION OF ACTS OF MANAGEMENT

1. The Corporate Secretary reported that there are 20 contracts for Ratification and 269 are for the information of the Board.



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2. The contracts for ratification and information of the Board are contracts executed and entered by CITEM from 01 January 2014 to 31 May 2014 for consultancy agreements, contracts of lease, contracts of services, procurement of goods, and MOAs.
  3. Having no more comments and clarifications and upon motion duly made and seconded, it was—

"RE

SOLVED, that the Ratification of Acts of CITEM management for contracts of lease, services, MOAs and other agreements entered into from 01 January 2014 to 31 May 2014, being in order, are hereby RATIFIED"

(Res. No. BM 2014-06-14)

#### XVI. CITEM REORGANIZATION

1. CITEM presented to the Board for comments and suggestion on CITEM to initiate reorganizational plan that will ensure efficiency and effectiveness in CITEM operations.
2. It was reported that the 2008 Approved rationalization plan for CITEM is no longer relevant as it does not reflect the present operating structure of CITEM and is not responsive to current market trends.
3. Ms. Yacapin, advised CITEM to be cautious and have a thorough study as the reorganization issue will bring jitters/ anxiety to everyone in the organization.
4. The Board likewise commented that CITEM should not rush into making a decision to reorganize.
5. The Board instructed CITEM Management to make a detailed presentation on the Reorganizational Plan for CITEM i.e. Implications, consequences, pros and cons, separation package to employees who will be affected.
6. In the meantime, the Board gave clearance for CITEM Restructuring, if necessary.

#### XVII. SCHEDULE OF THE NEXT BOARD MEETING

#### XVIII. ADJOURNMENT

The meeting adjourned at 4:38 in the afternoon.

This 18<sup>th</sup> day of June 2014 at the Department of Trade and Industry, Sen. Gil J. Puyat Ave., Makati City, Philippines.

  
ATTY. ANNA GRACE T. MARPURI  
Corporate Board Secretary