

MINUTES OF CITEM BOARD OF GOVERNORS MEETING

31 May 2016

Office of the Undersecretary for Industry Promotion Group Conference Room
3/F DTI International Building,
375 Sen. Gil J. Puyat Ave., Makati City

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

Ms. Rosvi C. Gaetos
CITEM

Ms. Leila C. Martin
Land Bank of the Philippines

Citem Officers

Ms. Ma. Lourdes D. Mediran
Deputy Executive Director

Ms. Aurelia O. Cruz
OIC, Corporate Services

Atty. Anna Grace I. Marpuri
Corporate Board Secretary

Ms. Doris U. Gacho
Division Chief, Corporate Planning

Ms. Wilma G. Dulay
OIC, Finance

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 Nora K. Terrado called the meeting to order at 1:45 pm.
2. The Undersecretary welcomed the CITEM Board Members as well as the CITEM officers present in the Board meeting.

IV. APPROVAL AND ADOPTION OF THE AGENDA

1. Reading and approval of the Agenda.

V. MATTERS ARISING FROM THE PREVIOUS BOARD MEETING

1. Undersecretary N.K. Terrado requested the members of the Board to do a page by page review of the minutes of the previous meeting held last 04 November 2015.
2. Likewise, she asked the Board Members for comments and clarifications on the Minutes of the 04 November 2015 meeting.
3. The Board moved for the approval of the Minutes of the 04 November 2015.
4. Upon motion duly made and seconded, it was ---

"RESOLVED, that the Minutes of 04 November 2015 Board Meeting, being in order, is hereby APPROVED AND CONFIRMED."

(Res. No. BM 2016-05-01)

VI. MATTERS ARISING FROM THE PREVIOUS BOARD MEETING

1. The Board was informed that there were TWO (2) MATTERS arising from the 04 November 2015 Board Meeting:
 - A. CITEM to undertake organization structure benchmarking with CITEM counterpart agencies; and
 - B. Submission of executed contracts to the Commission on Audit in compliance with COA circular 76-43 and 87-728.
2. The Corporate Board Secretary explained that the above board matters were already acted upon by CITEM.
3. Having no more comments and clarifications upon motion duly made and seconded, it was---

"RESOLVED, that the Matters Arising from Previous 04 November 2015 Regular Board Meeting, being in order, is hereby NOTED."

(Res. No. BM 2016-05-02)

VII. EXECUTIVE DIRECTOR'S 2016 1ST SEMESTER ACCOMPLISHMENT REPORT

1. Ms. Gaetos gave a Background on CITEM's past performance before she reported the CITEM 1st Semester Accomplishment Report. She then presented to the Board the CITEM's operational performance in CY 2016 1st Semester.
2. She presented the 2014 and 2015 performance of CITEM with favorable indicators:

	Percentage of Increase from CY 2014 to CY 2015	CY 2014 Values	CY 2015 Values
Revenue from Project Trade Fairs	73 %	Php 35.6 M	Php 61.6M
Exhibitors/ MSMEs Assisted	77 %	985	1,739
Export Sales	107%	\$ 212M	\$ 438.3 M
Actual Sales to Cost		1:66	1:128

- 111 3. It was likewise presented that for the past five (5) years, CITEM heavily invested in the
 112 following:
 113 a. Integrated approach to export promotions;
 114 b. Value Creation
 115 c. Service expansion and upgrading

- 116 4. CITEM achieved the following in line with the breakthrough goals from DTI:
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	QUICKWINS	VICTORY IN PROGRESS
MANDATE	Expand Manila FAME and Design Week Philippines to include Creative and Innovation Sectors	Average 35% CRR for all projects that will ensure PHP55.1M Total Revenue
Accomplishment as of 30 April 2016	100% Accomplished Slingshot Philippines was adopted and embraced in April Manila FAME as part of the Creative Innovation Sector	38% Accomplished As CITEM commitment to the GCG, it shall achieve a Cost Recovery Ratio (CRR) of thirty five percent (35%) average for all CITEM projects that will ensure PHP 55.1M total revenue

- 119 5. On CITEM International commitments, accomplishments were as follows:
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PROJECTS	Export Sales	SMEs assisted	Revenues Generated (in Php)	Media mileage Generated (in Php)	Inquiries Received
Winter Fancy Food Show	\$ 45 Million (Export Sales)	17	Php 1.8 M	PhP 16.23 M	555
Tokyo International Gift Show	\$ 0.32M	3	PHP 0.07M		78
Ambiente International Fashion Showcase	\$ 2.52M	17	PHP 1.32M	PHP 11.64M	605
Gulfood	\$110M	24	PHP 4.52M	PHP 8.49M	1759
Foodex	\$27.5M	18	PHP 2.13M	PHP 5.73M	470
Salone	\$1.5M	4 brands assisted	PHP 0.42M	PHP 16M	
ICFF	\$0.35M	5 brands assisted			1242

- 122 6. For the 63rd Manila FAME signature event, accomplishments reported follows:
 123 a. 235 SMEs assisted
 124 b. 10 Foreign Companies assisted
 125 c. 1880 inquiries received
 126 d. USD 9.10M export sales generated
 127 e. PHP 11.48M revenue generated
 128 f. PHP 151.43M media mileage generated
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 130 7. The Artisans Village, a special feature and component in Manila Fame, brought forth all the
 131 distinct products from the featured Regions. CITEM engaged the services of a specialist to
 132 conduct product development CITEM to help the regions develop, modernize, upgrade and
 133 make their products marketable to foreign buyers.
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- 136 8. On Design Week Philippines (DWP), the event was held in *Intramuros*, 16-24 April 2016, and
137 accomplished:
- 138 a. 29 Events organized
 - 139 b. 708 participants engaged
 - 140 c. 6 Katha awardees
 - 141 d. PHP 28.43M media mileage generated
- 142
- 143 9. Slingshot Philippines, organized by the Department of Trade and Industry and CITEM, aims to
144 build and nurture the innovation ecosystem. Likewise, the event served to inspire and
145 energize the Philippine startups and innovation community, motivated to catapult new
146 enterprises shaped by the present game changing realities of disruption, technology and
147 scale. Accomplishments were as follows:
- 148 a. 30 start-up companies assisted
 - 149 b. 11 design solution companies assisted
 - 150 c. 577 conference delegates accomplished
 - 151 d. PHP 26.41M media mileage generated
- 152
- 153 10. For the second semester of 2016, CITEM will continue or implement:
- 154 a. CITEM will continue brand building, developing Red Box finalists, strengthening the
 - 155 Artisans Village for October with the support of the local government units (LGUs).
 - 156 b. Organize Two (2) selling missions to bring in at least Php 1 Million
 - 157 c. Expand Manila FAME by embracing other sectors.
 - 158 d. Design Center to occupy Hall One to bring in additional revenue to CITEM
 - 159 e. Achieve ISO certification, in compliance with the GCG commitment to CITEM
 - 160 f. 35% CRR in order for CITEM to pay the 105 existing personnel under the SSL4
- 161
- 162 11. CITEM is currently preparing 5 major overseas trade shows:
- 163 a. Taipei Food Show
 - 164 b. NY Now
 - 165 c. Maison et Objet Paris
 - 166 d. CAEXPO
 - 167 e. SIAL Paris
- 168
- 169 12. Board Member Leila C. Martin, based on the presentation, asked clarification on how media
170 mileage was measured?
- 171 a. Ms. Gaetos answered publicity or any mileage is monitored and tracked by the
 - 172 CITEM Marketing Communications Division. The mileage is computed based on a
 - 173 formula utilized by advertising groups.
- 174
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- 176 13. It was further explained that CITEM's media mileage is sourced from:
- 177 a. CITME's in-house PR and Publicity team
 - 178 b. The other one is driven by Manila FAME or other CITEM led events who come to the
 - 179 show; and write a review or blog their comments
- 180
- 181 14. CITEM should translate how media mileage be reflected to actual savings rather that cost or
182 expense, particularly from media mileage generated from voluntary online blogs and reviews.
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- 184 15. Usec. Terrado suggested for CITEM to hire a third party to measure media mileage. Likewise,
185 the mileage should translate into a specific value.
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- 187 16. Having no more comments and discussion, it was ---
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189 "RESOLVED, that the 2016 Executive Director's
190 Report for 1st Semester Projects (JANUARY –
191 JUNE), being in order, is hereby NOTED."

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(Res. No. BM 2016-05-03)

VIII. 2016 CITEM FINANCIAL REPORT

1. The 2015 Financial Performance Indicators were at:

Current Ratio	2.68%
Cash in Bank Ratio	2.35%
Solvency Ratio	0.18%
Profitability Ratio	-0.01%

2. While CITEM's financial position during CY 2015 in terms of assets were at:

Cash in Bank (Operational Fund)	32%
Cash in Bank (Restricted Fund)	55%
Total percentage of assets	86%
Fixed assets	8%

3. Whereas, CITEM's financial position during CY 2015 in terms of liabilities were at:

Retained Earnings	21%
Total Liabilities	15%

4. Ms. Au also presented CITEM's financial performance for CY 2014, as follows:

Gross Income	Php 223.839 Million
Corporate Income (Other Service Income-Participation Fees)	Php 37.38 Million
Government Subsidy	Php 186.443 Million
CY 2014 Corporate Income	Php 74.719 Million

5. Ms. Au also noted high-performing trade shows in terms of overseas cost versus revenue during FY 2016, which are the:

Tokyo Gift Show	88%
Gulfood	59%
Foodex	45%
Tapei Food show	38%

6. For the next overseas participation, participation costs will be increased to achieve target minimum amount of Php 20 Million revenue for overseas fairs.

7. Having no more comments---

"RESOLVED, that the 2016 CITEM
Financial Report, being in order, is hereby NOTED."

(Res. No. BM 2016-05-04)

IX. SUMMARY OF MARCH 2016 CITEM BOARD APPROVED MATTERS THROUGH REFERENDUM

1. The March 2016 CITEM Board Approved Matters through Referendum:

- Designation of Supervising Undersecretary for Industry Promotion Group(IPG), Nora K. Terrado, as the Alternate Chairman of the Board
- Approval of the supplemental budget for Capital Outlay for 2016
- Increase in signing authority of the Executive Director for purchase requests and contracts from Php 3 Million to Php 5 Million
- Approval and authority to secure corporate credit card as alternate mode to settle corporate purchases and obligations

- 253 e. Approval and authority to open a new regular account with Land Bank of the
254 Philippines
255 f. Acts of management for the period of December 2015 to February 2016
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257 2. Having no more comments---

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259 "RESOLVED, that the summary of March 2016
260 CITEM Approved Matters through Referendum,
261 being in order, is hereby NOTED."
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263 (Res. No. BM 2016-05-05)
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265 X. CITEM REORGANIZATION
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- 267 1. In a recent meeting of CITEM with the Governance Commission for GOCCs (GCG), it
268 presented its proposed financial viability plan:
269 a. CITEM to undertake the Reorganization Plan
270 b.
271 2. The plan to undertake reorganization will ensure efficiency and effectiveness in CITEM
272 operations.
273
274 3. It was mentioned that CITEM's main objective to undergo reorganization is due to the
275 issuance of EO 203, s. 2016, entitled "Adopting the CPCS and a General Index of IOS for the
276 GOCC Sector covered by R.A. 10149 and for other purposes." It was further explained that to
277 implement the EO 203, two (2) requirements must first be satisfied: (a) GOCC to undertake
278 reorganization under GCG Memorandum Circular 2015-04; and (b) a GOCC must be
279 classified as a non-losing corporation.
280
281 4. She mentioned, however, that CITEM, at present, cannot implement CPCS due to its
282 classification as a *non-winner* corporation (losing), meaning CITEM was a corporation highly
283 subsidized by the government.
284
285 5. Momentarily, CITEM only generated revenues for salaries without revenue for administrative
286 overhead.
287
288 6. CITEM will use DBM funds for its operations to create Php 90 Million until CY 2020 as
289 compared to what it generates now which is only at Php 50 Million.
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291 7. Likewise, CITEM is seeking immediate approval from the Board for Reorganization as one of
292 the strategic trends in financial viability.
293
294 8. Having no more comments and clarification and upon motion duly made and seconded, it
295 was---

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297 "RESOLVED, that the Commencement of the Reorganization of
298 CITEM under GCG Memorandum Circular 2015-04 and
299 providing its governance structure, being in order, is hereby
300 APPROVED AND CONFIRMED."
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302 (Res. No. BM 2016-05-06)
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304 "RESOLVED FURTHERMORE, that the creation and
305 composition of the Change Management Team (CMT), being in
306 order, is hereby APPROVED AND CONFIRMED."
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308 (Res. No. BM 2016-05-07)
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XI. 2016 PERFORMANCE NEGOTIATION AGREEMENT (PNA) BETWEEN GCG AND CITEM

1. The State through the Governance Commission for GOCCs (GCG) is mandated to establish a Performance Evaluation System (PES), including performance scorecards which shall apply to all GOCCs in general.
2. The PES shall provide the framework for setting the organizational targets of a GOCC.
3. Last February 01, 2016, CITEM signed a Performance Negotiation Agreement (PNA) with the Governance Commission for GOCCs (GCG) that contained the Performance Scorecard 2016, Strategic Measures, Specific Objectives and Good Governance Conditions that will measure the performance of CITEM for 2016.
4. Having no more comments and clarification and upon motion duly made and seconded, it was---

"RESOLVED, that the 2016 Performance
Negotiation Agreement between CITEM and the GCG,
is hereby APPROVED and CONFIRMED."

(Res. No. BM 2016-05-08)

XII. DISPOSAL OF UNSERVICEABLE CITEM VEHICLES

1. It was reported that CITEM has 2 unserviceable vehicles beyond economic repair, subject for disposal.
2. The Board finds no objection to the disposal of the unserviceable vehicles.
3. Having no more comments and clarification and upon motion duly made and seconded, it was

"RESOLVED, that the disposal of Official CITEM Vehicles:

MITSUBISHI L300 Deluxe 1996 prod. 200cc Gasoline Engine
Chassis # L067WQ24-01912
MOTOR 4G63A-A8719
PLATE SEK-736
PROPERTY NO 7913

DONG FENG FENGXING LINGZHI VAN 2008 MPV SEDAN, BEIGE COLOR
Engine Chassis # LGB1ACE158ZOO4887
MOTOR 4G64S4M-SGA7440
PLATE SEK-662
PROPERTY NO. 13854

Being in order, is hereby APPROVED AND CONFIRMED.

(Res. No. BM 2016-05-08)

XIII. ACTS OF MANAGEMENT FOR CONTRACTS
FOR THE PERIOD FEBRUARY – MAY 2016

1. There are 17 and 77 contracts for Ratification and for Information of the Board, respectively;
2. These contracts were executed and entered by CITEM from 15 February 2016 to May 2016 for consultancy agreements, contracts of lease, contracts of services, procurement of goods, and MOAs.
3. As a matter of policy contracts with considerations of Php 1 Million and above should be presented to the Board for ratification.

- 372 4. Having no more comments and clarifications and upon motion duly made and seconded, it
373 was---
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376 "RESOLVED, that the Contracts executed
377 by CITEM Management for the period
378 15 February - 31 May 2016, being in
379 order, is hereby RATIFIED."

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381 (Res. No. BM 2016-05-09)
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383 XIV. OTHER MATTERS
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- 385 1. No other matters were presented to the Board.
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387 XV. SCHEDULE OF NEXT BOARD MEETING
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- 389 XVI. ADJOURNMENT. The meeting adjourned at 3:30 in the afternoon.
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392 This 31st day of May 2016 at Department of Trade and Industry International Building, 375 Sen. Gil J.
393 Puyat Ave., Makati City, Philippines.
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ATTY. ANNA GRACE I. MAPURI
Corporate Board Secretary