



Office of the President of the Philippines
GOVERNANCE COMMISSION
FOR GOVERNMENT OWNED OR CONTROLLED CORPORATIONS
3/F, Citibank Center, 8741 Paseo De Roxas, Makati City, Philippines 1226

16 October 2013

HON. IVES Q. NISCE

Chairman

HON. FLORANTE S. GERDAN

President and CEO

PORO POINT MANAGEMENT CORPORATION

Gov. Joaquin L. Ortega Avenue, Poro Point

San Fernando City, La Union

**RE : TRANSMITTAL OF PERFORMANCE AGREEMENT FOR
2013 – 2014**

Dear Chairman Nisce and President and CEO Gerdan,

This is to formally transmit the Performance Agreement for 2013-2014 between PPMC and GCG, which embodies the agreements reached during our Performance Agreement Negotiation last 10 September 2013.

To schedule a formal signing of the agreement or for any clarifications, please email Director Clarence G. Pascual of Corporate Governance Office A at cgpascual@gcg.gov.ph. Alternatively, PPMC may also simply send back to the Commission 2 copies of the agreement initialed on every page and signed at the end.

FOR YOUR APPROPRIATE ACTION.

Very truly yours,

CESAR L. VILLANUEVA

Chairman

10/23/13

10:03 am

Sncarlo



PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02) between the –

GOVERNANCE COMMISSION FOR GOCCs (GCG)

- and -

PORO POINT MANAGEMENT CORPORATION (PPMC)

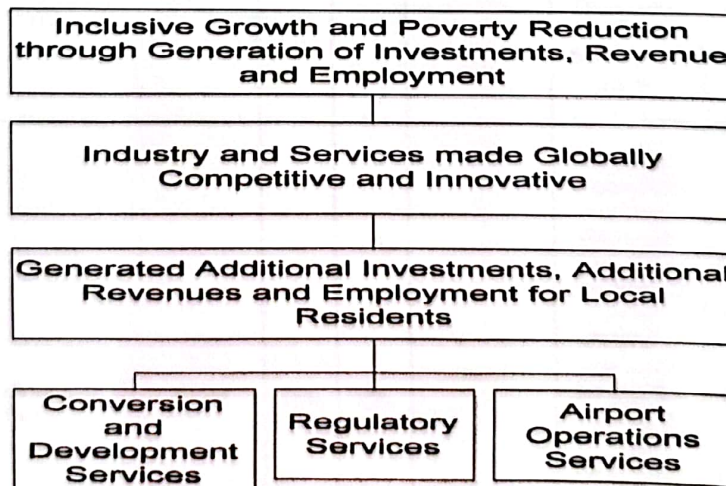
WITNESSETH: THAT –

The Parties agree to the following terms:

1. **Period.** – This Agreement shall be effective for a period of two (2) calendar years beginning from the execution of this agreement and ending on 31 December 2014.
2. **Charter Statement and OPIF Logframe.** – PPMC's Charter Statement and OPIF Logframe for the Period specified in Section 1 hereof, shall be as follows:

Mission: To develop and manage the Poro Point Freeport Zone in order to promote the economic and social development of Northern Luzon in particular, and the country in general while ensuring the conservation and protection of our environment and natural resources.

Vision: By 2020, the Poro Point Freeport Zone is an international gateway for trade, business and tourism.



Handwritten signatures and initials are present below the diagram, including "A.S.R.", "AS", and "h".

3. **Measurement of Performance.** – Based on the Interim Performance Scorecard 2013-2014 attached hereto as **Annex A**, the PPMC's Performance for 2013-2014 shall be based on the following Measures/Performance Indicators and Annual Targets, to wit:

MFO	Performance Indicator	Weight		Baseline 2012	Annual Targets	
		2013	2014		2013	2014
MFO 1 – Conversion and Development Services	Quantity 1: Approval of the Disposition Program for the 6-hectare Lighthouse Area	10%	10%	No Asset Disposition Program	Submission to BCDA Board for approval of TOR for the 6-hectare Lighthouse Area	Actual award of the Long term Lease to Develop the 6-hectare Lighthouse Area in the name of and for the sole benefit of PPMC
	Quantity 2: Approval of the Disposition Program for the 45.75 has. Industrial Area	0%	0%	-	-	Submission to BCDA Board for approval of TOR (area to be determined)
	Quantity 3: Area of ICT Park leased-out to private sector (Php 50 Mn and below) in the name of and sole benefit of PPMC	10%	10%	-	Global Resources - 5,000 sq.m	5,000 sq.m.
	Quantity 4: Leasable airport area at P50 Million below in the name of and sole benefit of PPMC	10%	10%	-	Leading Edge - 1,600 sq.m. Omni Aviation - 50 sq.m. Delta Ama Aviation School - 50 sq.m.	1,000 sq. m.
	Financial: Supervisory Fee	10%	10%	-	Establish supervisory fee level (Minimum amount required to cover operation cost, plus percentage of the gross receipts generated for BCDA) Execution of MOA - long-term arrangement with BCDA	Maintain MOA arrangements with no subsidies from BCDA

MFO	Performance Indicator	Weight		Baseline	Annual Targets	
		2013	2014	2012	2013	2014
Subtotal of Weights:		40%	40%			
MFO 2 – Regulatory Services	Quantity: Percentage of Applications for Permits and Registration Certificates Processed (approved or disapproved)	5%	5%	100%	100%	100%
	Quality: Compliance of Registered Enterprises on Payment of 5% Special Tax on Gross Income Earned (GIE)	5%	5%	100%	100%	100%
	Timeliness 1: Average Number of Days to Make Recommendations to the Board for Start-Up Business from Receipt of Complete Requirements	5%	5%	5 days	5 days	5 days
	Timeliness 2: Turn Around Time for Renewal of Permit to Operate and Registration Certificates from Receipt of Complete Requirements	5%	5%	5 days	5 days	5 days
Subtotal of Weights:		20%	20%			
MFO 3 – Airport Operations Services	Quantity 1: Actual No. of Aircraft Movement	10%	10%	-	12,359	13,595
	Quantity 2: Number of New Written Agreements with Aviation Schools	10%	10%	-	5	10
	Quality 1: Maintain Current Status as Community Airport	10%	10%	Community Airport (No Downgrade)	Community Airport (No Downgrade)	Community Airport (No Downgrade)
	Quality 2: Establish Parallel Track for the Conversion of Airport into a Regional/International Airport	0%	0%	Get clearance from Proper Agencies to follow a Parallel Bidding for the TAS	Get clearance from Proper Agencies to follow a Parallel Bidding for the TAS	Bidding for the Transaction Advisory Services
Subtotal of Weights:		30%	30%			

a.h.a. [Signature] [Signature] [Signature] [Signature] [Signature]

MFO	Performance Indicator	Weight		Baseline	Annual Targets	
		2013	2014	2012	2013	2014
General Administrative Services (GAS)	ISO Certification	10%	10%	-	Approved Quality Manual and six (6) QMS Mandatory Procedures	ISO Certified
Subtotal of Weights:		10%	10%			

It is understood that the GOCC must achieve an average/weighted-average of at least 90% to be eligible to grant any Performance-Based Bonus.

4. **Strategic Initiatives.** – PPMC hereby commits to undertaking the following key programs and/or projects identified as having a significant impact on its Performance Scorecard (PES Form 2) attached hereto as Annex B, to wit:

CY 2013

- (a) Strategic Initiative 1- Master Planning of 146-hectare Poro Point Freeport Zone
- (b) Strategic Initiative 2 - Resolution of legal issues with Poro Point Industrial Corporation (PPIC)
- (c) Strategic Initiative 3 - Bidding for the Long-Term Lease and Development of the Poro Point Lighthouse
- (d) Strategic Initiative 4 - Privatization of operations, maintenance and management of the San Fernando Airport through Public-Private Partnership (PPP) Initiative
- (e) Strategic Initiative 5 - Relocation of Informal Settlers
- (f) Strategic Initiative 6 - Sillag Poro Point Festival of Lights
- (g) Strategic Initiative 7 - Review, update and implementation of Implementing Rules and Regulations (IRR) governing the Poro Point Freeport Zone
- (h) Strategic Initiative 8 - Aerodrome Certification

CY 2014

- (a) Strategic Initiative 1- Resolution of legal issues with Poro Point Industrial Corporation (PPIC)
- (b) Strategic Initiative 2 - Bidding for the Long-Term Lease and Development of the Poro Point Lighthouse
- (c) Strategic Initiative 3 - Privatization of operations, maintenance and management of the San Fernando Airport through Public-Private Partnership (PPP) Initiative
- (d) Strategic Initiative 4 - Relocation of Informal Settlers at the San Fernando Airport
- (e) Strategic Initiative 5 - Sillag Poro Point Festival of Lights
- (f) Strategic Initiative 6 - Bidding for the Long-Term Lease and Development of the 45.75-hectare Industrial Area

(g) Strategic Initiative 7 - Bidding for the Long-Term Lease and Development of the 2.25-hectare Information and Communications Technology (ICT) Park

(h) Strategic Initiative 8 - Aerodrome Certification

5. **Quarterly Submission of Performance Monitoring.** – PPMC shall submit a quarterly monitoring report to the GCG within thirty (30) calendar days from the close of each quarter using the monitoring report attached hereto as **Annex C**.

6. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02, namely:

6.1. *Conditions common to National Government Agencies and GOCCs:*

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent;
- (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Networth (SALN);¹

6.2. *Conditions specific to GOCCs covered by R.A. No. 10149:*

- (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as of the end of the applicable calendar year, whenever applicable. Liabilities that are still under dispute and there has been no final and executory judgment/decision as of the date of the release of the PBB by the GOCC shall be excluded for the purpose of this provision.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
- (c) Adoption of a "Manual of Corporate Governance" pursuant to Section 42 of the CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07) that is approved by GCG and uploaded on the GOCC's website.
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
- (e) Adoption of a **No GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.

7. PPMC hereby undertakes to have its Performance Scorecard rated by its customers and solicit feedback on how the same may be improved. PPMC shall determine the most effective method for accomplishing the said purpose. Such information shall be reported to GCG together with the quarterly monitoring report. The rating shall not affect the performance indicators/measures in PPMC's Performance Scorecard, and shall be

¹ See CIVIL SERVICE COMMISSION MEMORANDUM CIRCULAR No. 3, s. 2013.

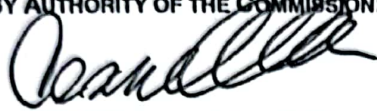
used solely as a reference by GCG and PPMC during Performance Agreement Negotiations/Renegotiations.

8. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 16th day of October 2013, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION FOR
GOVERNMENT-OWNED OR –
CONTROLLED CORPORATIONS**

BY AUTHORITY OF THE COMMISSION:



CESAR L. VILLANUEVA
Chairman



MA. ANGELA E. IGNACIO
Commissioner



RAINIER B. BUTALID
Commissioner

**PORO POINT MANAGEMENT
CORPORATION**



IVES Q. NISCE
Chairman



FLORANTE S. GERDAN
President and CEO



AMPARO M. ASPIRAS
Board Member



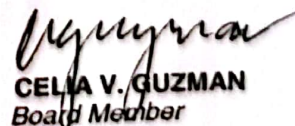
JORGE L. BANAL, SR.
Board Member



ELMER NA. CADANO
Board Member



LOUIS FUNA-AY CLAVER, JR.
Board Member



CELIA V. GUZMAN
Board Member



NICOLAS R. TABORA
Board Member



MITCHELL VERZOSA
Board Member

PORO POINT MANAGEMENT CORPORATION

Description	Performance Measures				Baseline Data <i>(if available)</i>				Targets	
	Formula	Weight		Rating System	Data Provider <i>if applicable</i>	2010	2011	2012	2013	2014
		2013	2014							
MFO 1 : Conversion and Development Services										
Quantity 1: Approval of the Disposition Program for the 6-hectare Lighthouse Area		10%	10%					No Asset Disposition Program	Submission to BCDA Board for approval of TOR for the 6-hectare Lighthouse Area	Actual award of the Long term Lease to Develop the 6-hectare Lighthouse Area in the name of and for the sole benefit of PPMC
Quantity 2: Approval of the Disposition Program for the 45.75 has. Industrial Area		0%	0%					-	-	Submission to BCDA Board for approval of TOR (area to be determined)
Quantity 3: Area of ICT Park leased-out to private sector (Php 50 Mn and below) in the name of and sole benefit of PPMC		10%	10%					-	Global Resources - 5,000 sq.m	5,000 sq.m.

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Interim Performance Scorecard 2013-2014 (Annex A)

Description	Performance Measures		Baseline Data (if available)					Targets			
	Formula	Weight	2013	2014	Rating System	Data Provider if applicable	2010	2011	2012	2013	2014
Quantity 4: Leasable airport area at P50 Million below in the name of and sole benefit of PPMC		10%	10%							Leading Edge - 1,600 sq.m. Omni Aviation - 50 sq.m. Delta Ama Aviation School - 50 sq.m.	1,000 sq. m.
Financial: Supervisory Fee		10%								Establish supervisory fee level (Minimum amount required to cover operation cost, plus percentage of the gross receipts generated for BCDA) Execution of MOA - long-term arrangement with BCDA	Maintain MOA arrangements with no subsidies from BCDA
Subtotal of Weights:		40%	40%								

Performance Measures				Baseline Data (if available)					Targets			
Description	Formula	Weight		Rating System	Data Provider if applicable	2010	2011	2012	2013	2014	2013	2014
		2013	2014									
MFO 2 : Regulatory Services												
Quantity: Percentage of Applications for Permits and Registration Certificates Processed (approved or disapproved)		5%	5%					100%	100%	100%	100%	100%
Quality: Compliance of Registered Enterprises on Payment of 5% Special Tax on Gross Income Earned (GIE)		5%	5%					100%	100%	100%	100%	100%
Timeliness 1: Average Number of Days to Make Recommendations to the Board for Start-Up Business from Receipt of Complete Requirements		5%	5%					5 days	5 days	5 days	5 days	5 days

Description	Performance Measures		Baseline Data (if available)				Targets		
	Formula	Weight	Rating System	Data Provider if applicable	2010	2011	2012	2013	2014
					2013	2014			
Timeliness 2: Turn Around Time for Renewal of Permit to Operate and Registration Certificates from Receipt of Complete Requirements		5%					-	5 days	5 days
Subtotal of Weights:			20%	20%					
MFO 3. Airport Operations Services									
Quantity 1: Actual No. of Aircraft Movement		10%					11,771	12,359	13,595
Quantity 2: Number of New Written Agreements with Aviation Schools		10%					-	5	10
Quality 1: Maintain Current Status as Community Airport		10%					Community Airport (No Downgrade)	Community Airport (No Downgrade)	Community Airport (No Downgrade)

P P M C | 5 of 5
 Interim Performance Scorecard 2013-2014 (Annex A)

Description	Performance Measures		Rating System	Data Provider if applicable	Baseline Data (if available)				Targets		
	Formula	Weight			2013	2014	2010	2011		2012	2013
Quality 2: Establish Parallel Track for the Conversion of Airport into a Regional/International Airport		0%	0%							Get clearance from Proper Agencies to follow a Parallel Bidding for the TAS	Bidding for the Transaction Advisory Services
Subtotal of Weights:		30%	30%								
General Administrative Services (GAS)											
ISO Certification		10%	10%							Approved Quality Manual and six (6) QMS Mandatory Procedures	ISO Certified
Subtotal of Weights:		10%	10%								
TOTAL OF WEIGHTS:		100%	100%								