



# PORO POINT

## MANAGEMENT CORPORATION

*A Member of The BCDA Group*



# ANNUAL REPORT

## 2016



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## MESSAGE from the PRESIDENT

**RODRIGO ROA DUTERTE**

My warmest greetings to the **Poro Point Management Corporation (PPMC)** on the publication of its **2016 Annual Report**.

The PPMC's participation in our country's ongoing progress has been remarkable in the past year. It has demonstrated organizational excellence and efficiency in developing and managing the Poro Point Freeport Zone which, in return, contributed greatly to the socio-economic development of Northern Luzon.

Our government thanks you for realigning the corporation's objectives with our shared goal of good governance. May the men and women behind its success continue to adhere to the tenets of fairness, accountability and transparency and work hard towards greater financial performance and corporate social responsibility.

I hope that as you continue to expand trade, investments, tourism and infrastructure, you will also help promote environmental awareness and protection within the economic zone. This way, you reaffirm your engagement with the rest of the Filipino people in nation-building and sustainable development.

Congratulations and I wish you all the best in the years ahead.

  
**RODRIGO ROA DUTERTE**  
President  
Republic of the Philippines



## MESSAGE from the CHAIRMAN

### Bases Conversion and Development Authority

As in every family, there's always one.

The child who is doing well in spite of little supervision or attention from the parents.

This is Poro Point.

Since its inception in 2003, Poro Point has contributed revenues of almost P 1 billion pesos (*P918.5 million pesos*) to the coffers of BCDA for its mandate to help strengthen the Armed Forces while building great cities.

With CHANGE as mantra, and a reinvigorated management and board of directors leading Poro Point, together with the new bold plans from BCDA, expect even spectacular results.

Poro Point will play a key role in the proposed masterplanning of all the BCDA properties.

Only 14 kilometers from the surfer's paradise that is San Juan town, 60 kilometers from BCDA's Camp John Hay, and less than 2 hours from Clark, one can see the potential of Poro Point as an anchor tourism and economic zone for BCDA in the north.

The big challenge will be how to successfully masterplan and integrate into one connected economic and tourism zone the BCDA properties —Poro Point, Camp John Hay, the Clark Freeport and Clark Special Economic Zone and the New Clark City.

Individually, they are strong. But together, they will be awesome.

Once connected and developed, these BCDA subsidiaries will be a unified economic powerhouse for the country.

Poro Point will be BCDA's "gifted child".

**GREGORIO D. GARCIA**



## MESSAGE from the PRESIDENT & CEO

### Bases Conversion and Development Authority

Poropoint has a strong potential as an international gateway for trade, business and tourism in the Philippines.

The unique presence of an airport and an international seaport in Poropoint has driven its successful transformation from being the historic Wallace Air Station into the Poropoint Freeport Zone, a premier business and leisure destination in the region.

Since its creation in 2003, the Zone posted cumulative revenues of over Php 900 million - with annual investments rising consistently. This year's Php 2.46 Billion cumulative investments contributed to the rise of job opportunities in the region.

With the Duterte administration's focus on developing areas outside of Metro Manila, Poropoint is geared for a more aggressive expansion through massive investments in infrastructure, information technology, and alternative water systems.

With "Build Build Build," the most ambitious infrastructure plan in Philippine history, connectivity between regions is assured - strengthening further the logistical backbone of our country to support trade and tourism.

Further, this will drive up the value of lands in the Zone, complementing plans to generate business from the Poropoint Lighthouse area, and the development of an ICT Park/Hub at the San Fernando Airport area.

With this, I would like to congratulate the Poropoint Management Corporation for consistently being one of the drivers of regional growth in the country through the years.

Your support for the vision of the President to push for inclusive growth will help reverse inequality in regions and create a better life for our fellowmen.



  
VIVENCIO B. DIZON



## JOINT MESSAGE

### THE CHAIRMAN AND THE PCEO OF PORO POINT MANAGEMENT CORPORATION



Years back, the transformation of the Poro Point Freeport Zone initiated by Poro Point Management Corporation (PPMC) is not limited to physical transformation of the Zone. Institutional programs have been set in place earning for PPMC awards and recognition.

In 2016, PPMC was conferred an Award for Excellence in Corporate Governance by the Governance Commission for Government Owned or Controlled Corporations (GCG) besting ninety (90) other GOCCs nationwide.

PPMC was Top three (3) among the ninety (90) GOCCs and ranked Number one (1) among the seventeen (17) GOCCs under the Trade, Area Development and Tourism Sector, which underwent the Corporate Governance Scorecard (CGS) assessment conducted by the Institute of Corporate Directors commissioned by the GCG.

The CGS is an evaluation tool that assesses the level of corporate governance of all GOCC's; identifies their strengths and weaknesses compared to existing corporate governance provisions; and appraises their adherence to best practices and international standards with the end view of raising their standards of corporate governance to be at par with ASEAN state-owned enterprises.

The assessment covered the three (3) areas: Stakeholder Relationships, Disclosure and Transparency; and Responsibilities of the Board. PPMC obtained a rating of 86% next only to Philippine Deposit Insurance Corporation (94.5%) and Land Bank of the Philippines (89%).

The award is a welcome opportunity as PPMC competes in the global stage. It demonstrates PPMC's commitment to good governance and this increases investor confidence in the PPFZ.

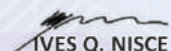
There are numerous areas for investments across the globe. Even in the Philippines, there are many economic and Freeport zones which offer the same incentives. PPMC competes with these areas to attract investments. PPMC has ventured into ISO 9001:2008 Certification on Quality Management System in order to be globally competitive since ISO Certification is a distinct recognition for quality that is recognized world-wide.

PPMC passed the certification audit for ISO 9001:2008 conducted by TÜV Rheinland Philippines, Inc. The 1<sup>st</sup> stage audit was conducted on October 31, 2014, while the 2<sup>nd</sup> stage was held on November 27 and 28, 2014. PPMC was awarded its ISO 9001:2008 Certification on March 5, 2015 with validity period until February 27, 2018.

On November 14 and 15, 2016, PPMC underwent and passed the Re-surveillance Audit Conducted by TÜV Rheinland Philippines, Inc. PPMC passed the said audit without any nonconformity for the continuance of the ISO 9001:2008 Certification.

PPMC is the first subsidiary of the Bases Conversion and Development Authority to be conferred its ISO 9001:2008 certification ever.

The scope of the certification is the Management and Administration of the PPFZ and covers PPMC's management, core and support processes. Included in the certification audit are the frontline services provided by PPMC to its investors and locators such as business registration, accreditation and permit application.

  
IVES Q. NISCE  
Chairman



## MESSAGE from GO POINT MANAGEMENT CORPORATION

The certification is a strong indication of PPMC's commitment towards performance excellence and delivery of quality service to its stakeholders. With the certification, prospective investors and locators are assured that PPMC has adopted international standards inside the zone and stakeholder satisfaction is of paramount importance.

As a strong index and concrete manifestation of PPMC's sustained commitment to good governance, it has consistently complied with all conditions required from all government agencies and GCG ensuring fairness, accountability, transparency, and integrity in all aspects of its operations.

The PPMC Board led in the promotion of good governance practices. PPMC has adopted and implemented its Manual of Corporate Governance and No Gift Policy pursuant to the Code of Corporate Governance for GOCCs and has complied with the Disclosure Requirements pursuant to the Governance Act of 2011 or Republic Act 10149. The Code of Ethics has been implemented and religiously complied with.

PPMC adhered to the posting of the Transparency Seal on PPMC's website. The transparency Seal includes information on PPMC's mandates and functions, names of officials with their position and designation. It also covers PPMC's annual report detailing its operational and financial reports, its corporate approved budget and targets, major programs and projects as well as their status of implementation.

In addition to the aforesaid transparency Seal, PPMC observed the posting requirements using the Philippine Government Electronic Procurement System (PhilGEPS) in accordance with Republic Act No. 9184, otherwise known as the Government Procurement Reform Act (GPRA) and its Revised Implementing Rules and Regulations (IRR) to promote transparency in all procurement activities and ensure widest dissemination of procurement opportunities. Procurement Monitoring Reports were regularly submitted to the Government Procurement Policy (GPPB) and likewise posted on PPMC's website.

PPMC likewise conducted and submitted its Agency Procurement Compliance Indicator Assessment to GPPB. All procurement activities of PPMC were in accordance with Republic Act (RA) No. 9184 and its Revised Implementing Rules and Regulations (IRR). Competitive bidding was the method of procurement of goods, infrastructure projects and services except as provided for in Rule XVI of the Revised IRR of RA No. 9184.

In compliance with Republic Act 9485, otherwise known as the Anti-Red Tape Act of 2007, PPMC's frontline services have been embodied in a Citizen's Charter published in the PPMC's website and posted in Bulletin Boards located in conspicuous places inside PPMC premises. PPMC reviewed and published the 6<sup>th</sup> revision of its Citizen's Charter in October 2016 reflecting streamlined operational processes and procedures.

In accordance with the Code of Conduct and Ethical Standards for Public Officials and Employees or Republic Act No. 6713, the Board of Directors and employees of PPMC complied with the submission of Statement of Assets, Liabilities and Net Worth and Disclosure of Business Interests and Financial Connections (SALN).

In addition to the aforesaid good governance conditions required of government agencies and GOCCs, PPMC consistently met the conditions required by the GCG.

PPMC has satisfied all its statutory liabilities including payment of taxes and has complied with government accounting audit rules and regulations on cash advances and liquidations.



**FLORANTE S. GERDAN**  
President & CEO

# PORO POINT MANAGEMENT CORPORATION



For 3<sup>rd</sup> consecutive years, PPMC registered a Net Income. Starting in 2014, PPMC's financial performance significantly improved, registering a Net Income in 2014, the first in eleven (11) years since its creation. This was also the case in 2015 wherein PPMC reported a Net Income of PhP 9.2 Million, a 17% increase or PhP 9.2 Million in 2015. For CY 2016, PPMC reported a Net Income of PhP 10.07 Million, a 9% increase or PhP 0.8 Million more than in CY 2015.

The following efforts resulted to the significant improvement in PPMC's Financial Position:

## a. Correction in the un-budgeted Depreciation Expense

In July 2014, PPMC finally turned over to BCDA several airport equipment amounting to PhP 14.7 million with a corresponding accumulated depreciation of PhP 7.6 million.

## b. Reversal of PhP 23.9 Million Operational Expense (OPEX) in 2003

In August 2014, BCDA agreed and approved the reversal of PhP 23.9 million Operational Expense in 2003 which was inadvertently to Capital Account due to the absence of an Estate Management Contract between BCDA and PPMC.

## c. Performance Agreement with BCDA

A Performance Agreement was entered into by and between BCDA and PPMC on April 5, 2013. The said Performance Agreement reflects the established and agreed revenue and expenditure sharing mechanism between BCDA and PPMC.

Revenues inside the Poro Point Freeport Zone were generated from the following sources: Lease Rentals, Airport fees and charges, Share on Gross Gaming Revenue, Revenue share on sale of real estate, Regulatory Fees and other Miscellaneous Fees. Total revenues for 2016 stood at PhP 87,127,669.01 bringing the cumulative revenues a PhP 920,268,650.01 Million since PPMC's creation in 2003.

Actual cumulative investments since the operationalization of the Zone totaled more than PhP 2 Billion, of which, PhP 446,577,901.64 Million was infused in CY 2016.

We have thirteen (13) locator inside the Zone, namely, Thunderbird Pilipinas Hotels and Resorts, Inc.; Leading Edge International Aviation Academy, Inc. (LEIAAI); Wallace Fuel Storage, Inc.; COVA Services and Consulting Philippines, Inc.; Poro Point Agro-Industrial Development Company, Inc.; Omni Aviation Corporation; Broadcasting Board of Governors (Voice of America); Poro Point Industrial Corporation; Smart Communications, Inc.; Poro Point Marine Enterprises Corporation; ZOOP 3S; Alpha Aviation Group (Philippines), Inc.; Joy to all Amusement Corporation and Poro Exim Corporation.

The General Aviation Traffic generated 36,491 traffic movements for the year ended 2016 which is 1% more than the traffic for the year 2015 and the increase in traffic was brought about by the high demand for aviation pilots and maintenance crew for the aviation industry.

Most of the passengers include the pilots and students of aviation schools. Passengers of chartered flights are mostly corporate officers and employees checking on their business interest in the area. There was an increase in passenger traffic from 38,613 in Year 2015 to 93,219 in Year 2016 or 141% increase in passenger traffic brought about by the increase in pilot trainings and increase in chartered traffic.

San Fernando Airport hosted the second charter flight of PAL Express in February 11, 2016. PAL Express serves passengers on a charter basis with a route Manila-San Fernando and vice, using the DH 400 AIRCRAFT with 72 passengers. The flight brought Japanese Nationals for friendly cooperation with the Cordillera-Japanese community in Baguio City.

Twenty seven (27) Aviation Schools regularly use the San Fernando Airport for their Long Cross Country Flight in Year 2016. In the CAAP Master List of Flying Schools, there are 36 active flying schools in the Philippines and nine schools operate in the Visayas/Mindanao area and 27 flying schools in Luzon. 75% of the 36 CAAP Active Pilot Schools in the Philippines utilized the San Fernando Airport for their long haul cross country training destination.

Twenty-Eight Chartered/Air Taxis utilized the San Fernando Airport for the year ended 2016 brought by the increased business activities of corporate clients.

Leading Edge International Aviation Academy, Inc. (LEIAAI) operates the AMT School Building and offered Aviation Maintenance Training Courses, which include Airframe Rating, Power Plant Rating, Airframe and Power Plant Rating, and Avionics Rating for the School Year 2015-2016.

LEIAAI started the construction of an additional 645 square-meter hangar and a 3-storey dormitory with a ground area of 355 square meters for the use of pilot students.

Cognizant of its vital role in transforming the PPFZ into a premier business and leisure hubs, PPMC continued its unwavering efforts in promoting investment opportunities to further advance the development of the PPFZ. For the year 2016, efforts were geared towards marketing and promoting the Zone as a tourist destination. PPMC likewise focused on showcasing the various tourism opportunities in PPFZ.





In 2016, PPMC continued its steadfast efforts in promoting the Poro Point Lighthouse for tourism development. After its challenging disposition in 2014 and 2015, efforts were pursued towards improving the terms and conditions of the lease to make the project viable for investors and other prospective locators.

PPMC revisited the terms of the lease and the revised Terms of Reference for the development of the area through long-term lease was approved by PPMC on November 21, 2016.

In the pursuit of strategies to further strengthen the position of the PPFZ in the tourism industry, PPMC has intensified its efforts on promoting the Poro Point Baywalk as a vital component of tourism development inside the Zone.

The Poro Point Baywalk is a 1.3-kilometer baywalk and features an events center, pedestrian walk and a separate bicycle lane, complemented by parks, playgrounds, picnic area, gazebos, and commercial strip.

On February 14, 2016, PPMC opened the baywalk to the public with its first event dubbed as “Valentine Date by the Bay.” The event featured a dating game, various performances and a Rock and Rave Party.

With scenic view and available facilities, the baywalk is now fast becoming a popular location for events, business activities and promenading. In 2016, several activities were held at the baywalk organized by various agencies, government, private and civil society groups. The baywalk hosted several fun runs, team building activities, zumba sessions, sportsfest and a regional fire Olympics. On ordinary days, it is frequented by joggers, bikers and families.

For the business sector, there are forty-four (44) cut lots along the bay walk’s commercial strip which can be leased for tourism- and commercial-related enterprises and which form part of the development of the mixed-use commercial area inside the Zone. In 2016, the engagement of services of Licensed Real Estate Brokers was approved in order to boost the marketing and promotion efforts for the baywalk commercial lots and to reach potential markets in Manila and other areas outside of La Union.

The Poro Point Baywalk with Events Center was a project initiated by PPMC to complement the tourism facilities inside the Zone and to boost the business environment inside the Poro Point Freeport Zone as it will further attract both local and foreign tourists.

PPMC has intensified its marketing and promotional efforts through its participation in various events, tourism and activities, investment forums, conferences, expositions and exhibits.

To cope with current and future developments for PPFZ in the context of building smart and green cities, PPMC participated in the NXCIITIES Philippines Conference with a theme “Building Urban Platforms for Innovation, Inclusion and Resilience.” The conference was organized by Bases Conversion and Development Authority (BCDA).

PPMC likewise participated in the BCDA Group Business Development Summit wherein the accomplishments, development plans and programs of BCDA and its subsidiaries were presented and discussed. And as an offshoot of the summit, a BCDA Group Marketing Integration Coordination meeting was organized with an end view of strengthening the investment promotion strategies of the BCDA Group and creating an Integrated Marketing Promotions and Business Development Plan for the BCDA Group.

The participation of PPMC in various tourism fairs provided an opportunity to showcase the tourism facilities in PPFZ. PPMC joined NLEX “Tara nasa Norte” Tourism and Travel Fair, Philippine Travel Mart, Annual Region 1 Tourism Convention and North Philippines Travel Expo. PPMC likewise actively participated in the activities of the Association of Tour Guides of La Union. In 2016, PPMC also established linkages with various government agencies to further strengthen the promotional efforts for the Zone. The BangkoSentralngPilipinas- Investor Relations Office (BSP-IRO) visited the Zone and conducted shoots and interviews for the inclusion of PPFZ in their audio-video presentation on the Philippine Economy. Various potential communication initiatives between BSP-IRO and PPMC was likewise discussed during the visit.

A site visit and a meeting was also held with Department of Tourism (DOT) and Tourism Infrastructure and Enterprise Zone Authority (TIEZA) regarding the proposed tourism programs and projects inside the Zone. Similarly, a site inspection and a meeting with officers of Department of Tourism Market Development Group- Cruise Tourism Group together with DOT Region 1 and consultants from Chart Management Consultants PTY Ltd. were conducted to explore the San Fernando International Seaport, the Zone, the Province of La Union and nearby provinces for North Luzon Cruise Ship destinations.

In addition, as a way of strengthening its linkages with public and private sector and civil society organizations, PPMC also supported and participated in various events such as the Province of La Union Travel and Tourism Expo, Kabisig Philippine Government Expo and Trade Fair 2016, Kusinallocandia of La Union Hotel Resort and Restaurant Association, La Union Conventions and Visitors Bureau’s activities and 11<sup>th</sup> La Union Surfing Break, among others.

The PPFZ has carved a niche in the tourism market through the successful development of the 65.5 hectares tourism complex by Thunderbird Pilipinas Hotels and Resorts, Inc.

# PORO POINT MANAGEMENT CORPORATION



PPMC, cognizant of the pivotal role of the PPFZ in promoting development beyond its confines, conceptualized a project that will not only strengthen its position in the tourism market but will attract domestic and foreign tourists to create a mass market that will encourage business and commerce in the PPFZ, City of San Fernando, La Union, and the rest of the Province of La Union- the SillagPoro Point Festival of Lights (SILLAG).

The outpouring of support from partners in government and private sectors, huge turnout of attendees and the positive feedback spoke of the success of the festival. PPMC has seen the increase in number of local and foreign tourist who flocked to the Zone during SILLAG Festival from 4,000 in 2012; 18,000 in 2013; 29,000 in 2014; 60,000 in 2015 to 120,000 in 2016. Five (5) years since its conceptualization in 2012, SILLAG is now part of the integrated tourism efforts of the Province of La Union.

The transformation of the 65.5 hectares Tourism Complex has well-positioned the PPFZ as a tourist destination in Northern Luzon generating an influx of visitors. PPMC through its locator, Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), has continued to develop the tourism facilities inside the PPFZ.

In 2016, the landscape at the Tourism Complex was further enhanced with these new development projects:

- Additional 47 Villas which will be operated as additional lodging units;
- Fiesta Casino Expansion;
- Expansion of the existing outdoor swimming pool and construction of additional infinity pool;
- Expansion of the Agora Events Center;
- Development of a Recreational Park which includes a clubhouse with gym and lap pool, outdoors sports facilities, Matisse Maze Gardens and Fountains and a Chapel.

PPMC started the preparation of plans and cost estimates for the replication of Philippine Air Force facilities, proposed road for the 3 hectares mixed-use commercial area and baywalk area, and Cable Landing Station for the Luzon Bypass Infrastructure Project.

PPMC as the regulatory authority inside the PPFZ strictly enforced and monitored compliance of locators with the National Building Code and its Implementing Rules and Regulations and related laws, rules and regulations.

PPMC has upheld its primary duty and function of management to secure, protect and preserve the properties of BCDA/PPMC from theft, robbery, arson, other crimes and/or other forms of destruction or damage.

PPMC has also provided Security, Safety and Health Services. It prevented the intrusion of informal settlers and peace and order where constantly maintained. The Philippine National Police, Department of Labor and Employment and other Government Line Agencies, and the PPFZ Registered Enterprises and locators promoted industrial peace, harmony and productivity within the PPFZ; thus maintaining a business atmosphere which encourages investments and enhances the lives and dignity of all workers.

PPMC continued to enforce traffic rules and regulations as deputized Land Transportation Office (LTO) officials where strategically posted.

One of the major indicators of PPFZ is its program that have an impact on the lives of the communities it serves. Conscious efforts were undertaken to ensure that the improvement of the quality of life of the local residents is included in the overall plan of the development of the Zone.

Thousands of direct and indirect employment were generated through the locators, contractors and suppliers, giving priority to residents of the impact areas. In 2016, total employment that was generated stand at 3,917, of which, 3712 or 94.77% were residents of the Province of La Union.

Inclusive growth is paramount to PPMC. Alongside the development efforts and creation of business opportunities in the PPFZ, PPMC pursued community projects to improve the quality of life of the impact communities.

“PPMC HELPS” Program was institutionalized as PPMC's vehicle to implement its Corporate Social Responsibility Program. HELPS stands for the various components of the program-Health, education/Environment, Livelihood Program and strengthening linkages.

PPMC as a socially corporate responsible citizen has continually initiated and participated in community projects through the “PPMC HELPS” in partnership with the LGU's, private companies and civil society organizations, which benefitted the impact areas such as the 5 adjoining barangays of Poro, San Agustin, San Francisco, San Vicente and Canaoay, the City of San Fernando, La Union, Municipalities of Bauang, San Juan and other municipalities of La Union.

PPMC supported the Health and Wellness programs of government and private agencies that include the Million Volunteer Run of the Philippine Red Cross, “SigawngLingkodBayani: Malasakit Para saTaumbayan, KapwaKawani at Kalikasan fun run of the Philippine Civil Commission, and Run for Unity of the La Union National High School Batch 86. Likewise, PPMC supported the LORMA Medical Center Walk for Sofia who is a biliary atresia patient and the “TakboparasaKalikasan” of LupongmgalIndibiduwalnaNangangalagasaKalikasan (LINK).



On October 19 to 20, 2016, typhoon “Lawin” struck the province of La Union. PPMC provided assistance to 200 families of the PPFZ impact barangays. Likewise, PPMC supported the disaster preparedness program of the Philippine National Red Cross-La Union Chapter.

PPMC supported schools by assisting them during the observance of the DepED National Maintenance Week- BrigadaEskwela in improving the schoolrooms and school grounds.

PPMC supported the rehabilitation of PNP Provincial firing Range Project in Barangay San Vicente, City of San Fernando, La Union as venue for police officers to enhance their marksmanship skills. PPMC also contributed in the improvement of the multipurpose hall of Saint Jude Thaddeus Church for a more conducive facility for sports, community gatherings, meetings and trainings.

PPMC supported civil society organization's education program such as the Colors of Mission of Saint Louis College intended for the Indigenous Peoples Scholarship Program.

Gawad Kalinga (GK) La Union Team conducted series of Values Formation in the GK sites at the Municipalities of San Juan and Bauang of the Province of La Union to reorient kapitbahayan members, and enhanced capabilities of the Poro Sea Lovers Association in charge of the management of the Poro Marine Protected Area Project.

PPMC regularly participated in coastal clean-up projects such as the International Coastal Clean Up Day in partnership with the City Environment Office (CENRO), PPFZ impact barangays and partner agencies inside the zone.

On February 16, 2016, PPMC initiated a “Love Mother Earth- Coastal Clean-up” activity wherein partner agencies inside the Zone. The Philippine Navy, Philippine Coast Guard, Philippine Air Force and PPFZ impact barangays voluntarily rendered service to promote a safe and clean environment along the San Fernando Bay.

On June 27, 2016, the CENRO together with the Institute of Social Order –Ateneo, Manila in partnership with PPMC launched the Poro Marine Protected Area Project and unveiled the Marine Protected Area Marker.

PPMC supported the Office of the Disaster Council-La Union in their Mangrove Tree Planting activities along the San Fernando Bay Cove and Environment Re-greening Advocacy Project of Amianan Tribune on its 49<sup>th</sup> Founding Anniversary.

PPMC encouraged the PPFZ impact communities to engage in micro-business enterprises as their additional source of income.

PPMC initiated a Livelihood Training on Food Processing, Product Enhancement, Packaging and Labelling in partnership with Integrated Social Order-Ateneo Manila, TESDA, Department of Agriculture, Bureau of Fishery and Aquatic Resources and GawadKalinga La Union which benefitted 35 community residents from the PPFZ impact barangays.

PPMC continued sustaining partnerships with its stakeholders to promote the economic and social development of the PPFZ.

PPMC supported the Philippine Information Agency (PIA) Radio Interview Program dubbed as “Ammuentayo”- So the People May Know project, a venue to promote the PPFZ to the public. PPMC programs/activities were advertised by various media infrastructures. Thirty one (31) media partners have been tapped in publishing PPMC events and/or major programs. It is anticipated that through broadcast and prints, the level of awareness of various stakeholders of the Poro Point Baywalk and Events Center will be increased to attract more groups and tourists to visit the area, the number of tourists and guests during the SILLAG Festival to show the would-be-locator viability of doing business in the area will be increased.

PPMC in partnership with the Local Government Unit of Bauang supported the GK site in Bauang in rehabilitating houses.

PPMC initiated an Inter-Competition Beach Volleyball which is being promoted as one of the activities at the Poro Point Baywalk. The project aims to increase the number of guests visiting the zone and strengthened participation of stakeholders in PPFZ undertakings. The competition was actively participated in by agencies such as Philippine Coast Guard, Philippine National Police, Philippine Navy, PPFZ Locators, impact barangays and other adjoining communities.

PPMC continued to support partner agencies on sports related activities of the Philippine National Police, Philippine Armed forces and the PPFZ impact barangays.

In compliance to the established Quality Management System of Poro Point Management Corporation, particularly in the measurement, analysis and improvement of services, PPMC engaged the services of a third party, the academic institution of Saint Louis College to conduct a Stakeholder Satisfaction Survey to measure the performance of PPMC's services in terms of meeting with stakeholders' requirements and expectations.

Stakeholders totaling thirty eight (38) included the Bases Conversion and Development Authority, Provincial Government of La Union, City Government of San Fernando, La Union, five (5) peninsular barangays of the Poro Point Freeport Zone, ten (10) government agencies, eleven (11) locators and ten (10) aviation schools.

In general, the stakeholders were highly satisfied in each of the five (5) main criteria: namely, Timeliness, Ease, Access, Staff, Quality and Outcomes.



The overall Index of Satisfaction along the five (5) dimensions is Highly Satisfactory. The Overall Level of Satisfaction on the services provided by PPMC was likewise rated Highly Satisfactory.

The positive results of the Satisfaction Survey are concrete indicators of PPMC's commitment towards meeting stakeholder requirements and expectations as well as its strong partnership with its stakeholders.

PPMC took cognizance of the recommendations of its stakeholders to be translated to an action plan for further improvement of its services.

Cognizant of the vital role of its human resources in pursuing development efforts inside the Zone, PPMC invested in the integral development of its people and provided a wide range of opportunities for the employees to hone their professional competence as well as to enhance their personal growth. Continuing professional education is complemented by a wellness and values formation program, thus enabling them to achieve a work-life balance.

The annual Job and Competency Analysis served as the basis in the formulation and implementation of the Human Resource Development Program. For CY 2016, a total of thirty five (35) training interventions were either implemented in-house or attended by employees.

The strategic direction of PPMC has evolved over the years as embodied in the Performance Agreement with the GCG and BCDA focusing on the following:

- Increased economic activity within the Poro Point Freeport Zone
- Increased operational profitability
- Improved business environment
- Achieved stakeholder satisfaction
- Streamlined frontline services
- Institutionalized a Quality Management System
- Developed a professional, competent and motivated workforce.



## PORO POINT MANAGEMENT CORPORATION



### BOARD of DIRECTORS





## BOARD of DIRECTORS



**IVES Q. NISCE, Chairman**

Age: 63, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 24/24

Chairperson, Poro Point Management Corporation

Since September 2011

Chairman Nisce was born in Zamboanga City on October 15, 1953 to lawyer Rodolfo M. Nisce and Eufrosina Querol Nisce, both deceased. Although both his parents come from La Union, they went to Mindanao to seek their fortune as Mindanao then was called the "land of opportunity". Rodolfo taught law at the Ateneo de Zamboanga College of Law while

Eufrosina, a graduate of the UST conservatory of music, gave piano lessons at Pillar College. In 1956, Rodolfo and Eufrosina brought their young family back to La Union.

Ives went to grade school at Christ the King College in San Fernando, La Union where he graduated salutatorian. He went to Saint Louis College for High School, also in San Fernando. In High School, he was consistently at the top of his class while at the same active in various extra-curricular activities. He was Corps Commander of their PMT (Preparatory Military Training), president of the Interact Club and likewise president of the Supreme Student Council. As expected, the diligent student graduated as valedictorian of High School class 1969 and received all of the honors awarded that year, namely- Gerry Roxas leadership award, Insular Life award for academic excellence and surprisingly, first in religion. Being a self-motivated young boy, Ives took his studies to heart. His graduation as a valedictorian was a source of great pride and joy to his parents.

Armed with his High School diploma and a clutch - full of medals, he headed for the big city. For college, he enrolled in arguably one of the best universities of the country, the Ateneo de Manila University. A scholar of the Gerry Roxas Foundation, he graduated with a degree in Economics in 1973 at a tender age of 19, one of the youngest in the graduating class.

He wanted to emulate his father, who was a lawyer. And so, he took the UP law aptitude test for the very first batch of DMMMSU (Don Mariano Marcos Memorial State University) law applicants in 1982. Although he topped the examinations with a percentile of 99.3%, he never got to pursue his law degree due to various work commitments.

He took up post-graduate studies at the Asian Institute of Management (AIM) where he was recognized in 1982, with an Outstanding Performance Award for placing first in business management game and second in the master operation scheduling game.

Barely a few months after his 20th birthday, Ives was offered a job by FNCB Finance as a management trainee. FNCB Finance, a subsidiary of the world's biggest banking group - Citibank, was at the time, the biggest finance company in the Philippines. No less than the president of the company, Roman Azanza, picked him to be one of only five initial management trainees.

In 1976, Ives father who had to undergo a heart by-pass surgery, urged him to return to the province to help manage the family owned Rang-ay Bank. It was a difficult decision for Ives to return to the province, for he was enjoying life in the city. But the older Nisce was persistent and in the end prevailed.

And so, from packaging multi-million peso floor stock financing lines, he was processing five thousand peso loans for farmers and micro - enterprises. From all night partying in Makati's watering holes, he was reduced to watching late night tv shows. But he learned to like his job. And he began to adjust to a provincial lifestyle. He immersed himself in the bank and joined several civic organizations in the community.

He parlayed the single unit bank he took over from his father to 26 banking units with branches in the provinces of Region 1 and the Cordilleras. Along the way, the bank received a multitude of awards from among others, Bangko Sentral ng Pilipinas, Land Bank of the Philippines, Western Union, Uniteller, SSS, Small and Medium Enterprise Credit, and PBSP (Philippine Business for Social Progress).



Today, Rang-ay Bank is the biggest bank in its class in the whole of the Ilocos and the Cordillera regions in the key areas of total resources, deposits and capital. Rang-ay Bank also has the largest banking network in the Northwest Luzon with 26 banking offices in 6 provinces.

On the side, Ives set-up successful Chowking and 7-11 franchises in the province. He also found time to serve as director treasurer of the BCDA subsidiary, John Hay Poro Point Development Corporation (JPDC) from 1991-1998. He was appointed as chair of the Poro Point Management Corporation, a government owned and controlled corporation from 2011 to 2016.

Ives is also active in the national association of the industry called, Rural Bankers Association of the Philippines (RBAP). He served the organization as director for two terms, then as vice-president and in the year 2000-2001 became president. The RBAP is a national association of more than 400 member rural banks with more than 2,000 banking offices spread all over the archipelago. His stint with the RBAP brought him all over the country addressing various federation of bankers. He also got to rub elbows with the movers and shakers of the Philippine financial system. And in all these encounters, he championed the cause of countryside banking, promoted development of local economies and advocated financial inclusion.

He represented the Philippine rural banking industry in conferences abroad, bringing him to Mumbai (India), Kuala Lumpur & Penang (Malaysia) and in Singapore. While actively managing the bank, Ives also found time to involve himself in community activities. He was president of the local Jaycee chapter and also became president of the local bankers association and provincial chairman of the agriculture and fisheries council for three terms.

Ives married the lovely Rose Canlas in 26 May 1979 in ceremonies at the Mary the Queen Church in Greenhills, Metro Manila. He brought his young wife to San Fernando to start a family. Rose gave up her dental practice at the Our Lady of Lourdes Hospital in Manilla, to start a private practice in San Fernando. In 2005, Dra. Rose was appointed to a five year term to the Board of Dentistry of the Professional Regulation Commission, and became the Board Chair in 2007-2008.

They are blessed with four children, namely - Dr. Ivy Rose (1980) a board certified endocrinologist; Ives Jesus II (1982) an AB Sociology graduate of the Ateneo de Manila University; and the twins Mikael Querol (1984) a dental board topnotcher with a Master's Degree in Orthodontics and Michael Ross (1984), a graduate of the University of Asia and the Pacific with a degree in Entrepreneurial Management.



**FLORANTE S. GERDAN, *President & CEO- Director***

Age: 49, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 24/24

Director, President and Chief Executive Officer,  
Poro Point Management Corporation

Since September 2011

1990 Civil Engineering Graduate from Technological Institution of the Philippines, Manila. He took Cadet Training at the Royal Military College in Canberra, Australia. He served in the Armed Forces of the Philippines from 1988 until 2004. He was elected as Mayor of the Municipality of Santa Fe, Nueva Vizcaya in 2004, a position he held until 2010.

# PORO POINT MANAGEMENT CORPORATION



**NICHOLAS R. TABORA**, *Treasurer-Director*

Age: 62, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 24/24

Director/Treasurer, Poro Point Management Corporation

Since September 2011

Mr Nicolas R. TABORA joins the PPMC board with an extensive experience in business management spanning 38 years. Having graduated from the De La Salle University in 1974 with a Degree of Bachelor of Science in Business Administration, he worked mostly in the field of commercial & investment banking in the country's top financial institutions for 14 years and a telecommunications company (Piltel) for 7 years. After a short stint in public office as Vice Mayor of Baguio City under President Cory Aquino, he assumed Presidency of the Tabora Group of Companies variedly engaged in manufacturing, banking, Realty development, consumer goods distribution and transport/hauling services in La Union, Pangasinan, Tarlac, Benguet and Baguio City. He is married to the former Anna Lorraine Kier and has three children - Nicolo, Nicole and Diandra.



**JORGE L. BANAL Sr.**, *Director*

Age: 77, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 24/24

Director, Poro Point Management Corporation

Since September 2011

A commerce Graduate of the Far Eastern University. He was a City Councilor for the Quezon City Council from 1988 to 1992 (Majority Floor Leader) and from 1995 until 2004 (President Pro Tempore). He served as a Member of the Board of Directors of the Bases Conversion Development Authority from 2007 until 2009. He is presently a Director of the Land Bank Realty Development Authority, a Member of the National Executive Board and Chairman for Public Relations of the Boy Scouts of the Philippines. Also, a Senior Citizen Representative to both the City Development Council of Quezon City, and the National Anti-Poverty Commission.



**ELMER NONNATUS A. CADANO**, *Director*

Age: 49, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 22/24

Director, Poro Point Management Corporation

Since September 2011

A Graduate Bachelor of Science in Community Development at University of the Philippines Diliman in 1991 continued his Bachelor of Law at the same university. He passed the Philippine Bar examination in 1997. He is currently the acting President and corporate secretary of Power Sector Assets & Liabilities Management Corporation (Psalm Corp.). He is also the Acting Vice President of Asset Management Group.





**LOUIS FUNA-AY CLAVER, Jr., Director**

Age: 72, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 22/24

Director, Poro Point Management Corporation

Since September 2011

A Bachelor of Laws Graduate from Saint Louis University; he passed the Philippine Bar Exam in 1974. He served as the Mayor of Bontoc, Mt. Province from 1980 to 1987 and from 2001 til 2004, He was an Executive Assistant to the Governor's Office of Mt. Province from 1991 to 1992 and was elected as Vice Governor of Mountain Province in 2007.



**CELIA V. GUZMAN, Director**

Age: 62, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 21/24

Director, Poro Point Management Corporation

Since September 2011

A graduate of Business Administration major in Marketing from the University of the Philippines, Diliman QC, Director Celia Venturina- Guzman started her professional career in marketing. She headed departments in Advertising, Market Research and Marketing Services within the Brown Group of Companies which include A.Brown Company, Inc. , W. Brown Company, Brown Direct Sales Corporation and Vulcan Industrial and Mining Corporation.

After 10 years in marketing, Dir. Guzman shifted to human resource management handling personnel and administration, industrial relations and training and development.

With her experience in human resource, she set-up a manpower agency catering to companies requiring temporary hires. Having heard that manpower outsourcing can be made into a cooperative system, she decided to close her agency and founded Yearnings Outsourcing Cooperative. She found this system more enriching and fulfilling because it provides jobs and more benefits to worker-members compared to agency-hired employees. To date their cooperative has around 7000 members nationwide from a humble beginning of 300 members.

She keeps her professional life active by joining organizations like People Management Association of the Philippines ( PMAP), PMAP Society of Fellows, COOPWORKS ( composed of worker cooperatives).

On the socio- cultural front, she gets involved in civic organizations, school alumni and sorority activities and keeps in touch with relatives and friends through get together here and abroad.

In June 2011 up to present, she got the chance to work as a public servant with her appointment as a member of the Board of Directors of Poro Point Management Corporation located in the City of San Fernando, La Union and a subsidiary of Bases Conversion and Development Authority. She considers this task very rewarding and fulfilling not only because of the knowledge she gains in running a government owned corporation but working with a cross section of citizens, from the military, people in government positions, respected businessmen and private citizens as well. She also is impressed with the professionalism and competency of the management and staff of PPMC and the other government institutions she has been exposed to which she thought is only prevalent in private corporations. Her human resource profession in the private practice was enhanced when she headed the HR and Nominations Committee of PPMC.

She puts her spiritual and family life on top priority and she believes that when one is always connected with GOD in her everyday undertaking, God will take care of the rest. The family serves as lifetime inspiration to fulfill the tasks that are given by God.

Director Guzman is married to Engr. Jimmy Guzman and they are blessed with four children who are tracking their respective professions with two of them helping Dir. Guzman in running the cooperative. She has two grandchildren who add spice to her busy schedule.

A breast cancer survivor for 20 years now, Director Guzman is willing to face the challenges of life believing that God is always there to guide and protect her.

# PORO POINT MANAGEMENT CORPORATION



**MANOLITO S. HIDALGO, Director**

Age: 58, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 24/24

Director, Poro Point Management Corporation

Since September 2011

Graduate of A.B. Economics in 1980, he finished his Legum Baccalaureus degree at San Beda college in 1983. He served as legal officer for the Civil Service Commission from 1994 to 1999 and for the Department of Public Works & Highways from 1999 til 2004. He is currently a law practitioner at the Hidalgo & Estepa Law Offices located at San Fernando City, Province of La Union.



**MITCHELI. VERZOSA, Director**

Age: 33, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 22/24

Director, Poro Point Management Corporation

Since September 2011

A BSBA-Major in Computer Application graduate of De La Salle - College of St. Benilde. He was the chairman of the Ilocos Sur Chapter of AKSYON DEMOKRATIKO in 2013. He is the present Vice President of Triple A Security Agency Incorporated, the president of Triple A General Services Incorporated and ASAP TAGUDIN CATV, and a managing Director of SPARTANS 3 Trading Corporation and of Northern Lights Corporation.



**ATTY. HOWARD RANDY ARZADON, Corporate Secretary**

Age: 33, Filipino

Date of Appointment: September 29, 2011

Number of Board Meetings attended in CY 2016: 22/24

Director, Poro Point Management Corporation

Since September 2011

Atty. Arzadon is a government corporate attorney at the Office of the Government Corporate Counsel. He obtained his Law Degree at the San Beda College of Law in Mendiola, Manila and his Economics degree at the University of the Philippines-Diliman. He is devoted public servant who caters to the legal needs of various Government Owned and Controlled Corporations



Presentation of Certificate of Recognition from BCDA to Hon. Ives Q. Nisce for exemplary service and dedication to upholding the principles of good governance, which enabled the BCDA group to deliver a sterling performance and succeed in expanding economic opportunities in the country - in support of the national development agenda of the national government



Turn-over of the chairmanship of PPMC from Hon. Ives Q. Nisce to Hon. Sherwin S. Rigor on December 8, 2016 at the PPMC Board Room.

Presentation of Plaque of Recognition to Hon. Ives Q. Nisce in grateful appreciation of his valuable contributions as Chairman of the Board of Directors from September 29, 2011 to December 8, 2016 and Member of the Board of Directors from January 15, 2003 to December 8, 2016.

His visionary leadership, vast expertise, high ideals, strong work ethic and commitment to public service have immensely contributed to the successful transformation and development of the Poro Point Freeport Zone, thus, generating significant increase in investments and revenues for the government and creating thousands of employment and livelihood opportunities that improved the quality of life of our fellow Filipinos.





## ORGANIZATIONAL EXCELLENCE

Alongside the physical transformation of the Poro Point Freeport Zone, Poro Point Management Corporation (PPMC) set in place institutional programs earning for PPMC awards and recognition.

### **Ranked No. 3 in the Nationwide Corporate Governance Assessment among 90 GOCCs and Number 1 in the Trade, Area Development and Tourism Sector**

PPMC was conferred an Award for Excellence in Corporate Governance by the Governance Commission for Government Owned or Controlled Corporations (GCG) besting other GOCCs.

PPMC was Top 3 among the 90 GOCCs and ranked Number 1 among the 17 GOCCs under the Trade, Area Development and Tourism Sector, which underwent the Corporate Governance Scorecard (CGS) assessment conducted by the Institute of Corporate Directors commissioned by the GCG.

The CGS is an evaluation tool that assesses the level of corporate governance of GOCCs, identifies their strengths and weaknesses compared to existing corporate governance provisions and appraises their adherence to best practices and international standards with the end view of raising their standards of corporate governance to be at par with ASEAN state-owned enterprises.

The assessment covered 3 areas: Stakeholder Relationships, Disclosure and Transparency and Responsibilities of the Board. PPMC obtained a rating of 86% next only to Philippine Deposit Insurance Corporation (94.5%) and Land Bank of the Philippines (89%).

The award is a welcome opportunity as PPMC competes in the global stage. It demonstrates PPMC's commitment to good governance and this increases investor confidence in the Poro Point Freeport Zone.

### **Award in Excellence in Corporate Governance**



*PPMC Chairman, Hon. Ives Q. Nisce, received the Award for Excellence in Corporate Governance from Director Rybigail L. Lao of the Governance Commission for Government Owned or Controlled Corporations during a ceremony on June 24, 2016 at the Ascott Hotel, Bonifacio Global City, Taguig.*

Also in photo from left to right: Director Louis Funa-ay Claver, Jr., Director Mitchel Verzosa, Director Celia Guzman, President & CEO Florante Gerdan, Director Nicolas Tabora, Director Jorge Banal





## HUMAN RESOURCES & ADMINISTRATION

**PPMC Passed Re-Surveillance Audit Conducted by  
TÜV Rheinland Philippines, Inc.**



For the 3<sup>rd</sup> straight year, PPMC passed the re-surveillance audit for the continuance of the ISO 9001:2008 Certification of its Quality Management System. The re-surveillance audit was conducted by TÜV Rheinland Philippines, Inc. on November 14 to 15, 2016. PPMC passed the said audit without any nonconformity. The Certification is valid until February 27, 2018. PPMC is preparing to transition to ISO 9001:2015.

The scope of the certification is the Management and Administration of the Poro Point Freeport Zone and covers PPMC's management, core and support processes. Included in the certification audit are the frontline services provided by PPMC to its investors and locators such as business registration, accreditation and permit application.

The certification is a strong indication of PPMC's commitment towards performance excellence and delivery of quality service to its stakeholders. With the certification, prospective investors and locators are assured that PPMC has adopted international standards inside the Zone and stakeholder satisfaction is of paramount importance.

### **ADHERENCE TO THE 3 PILLARS OF GOOD GOVERNANCE: FAIRNESS, ACCOUNTABILITY & TRANSPARENCY**

As a strong index and concrete manifestation of PPMC's sustained commitment to good governance, it has consistently complied with good governance conditions required of all government agencies and government owned and controlled corporations ensuring fairness, accountability, transparency, and integrity in all aspects of its operations.

#### **Leading the Way**

The PPMC Board led the organization in promoting good governance practices. PPMC has implemented its Manual of Corporate Governance and No Gift Policy pursuant to the Code of Corporate Governance for GOCCs and has complied with the Disclosure Requirements pursuant to the Governance Act of 2011 or Republic Act 10149. The Code of Ethics was likewise adopted pursuant to PPMC Resolution No. 2012-3-9 on March 19, 2012.

#### **Transparency in Transactions**

PPMC adhered to the posting of the Transparency Seal on PPMC's website. The Transparency seal includes information on PPMC's mandates and functions, names of officials with their position and designation. It also



covers PPMC's annual report detailing its operational and financial reports, its corporate approved budget and targets, major programs and projects as well as their status of implementation.

In addition to the aforesaid Transparency Seal, PPMC observed the posting requirements using the Philippine Government Electronic Procurement System (PhilGEPS) in accordance with Republic Act No. 9184, otherwise known as the Government Procurement Reform Act (GPRA) and its Revised Implementing Rules and Regulations (IRR) to promote transparency in all procurement activities and ensure widest dissemination of procurement opportunities.

Procurement Monitoring Reports were regularly submitted to the Government Procurement Policy (GPPB) and likewise posted on PPMC's website.

PPMC likewise conducted and submitted its Agency Procurement Compliance Indicator Assessment to GPPB. All procurement activities of PPMC were in accordance with Republic Act (RA) No. 9184 and its Revised Implementing Rules and Regulations (IRR). Competitive bidding was the method of procurement of goods, infrastructure projects and services except as provided for in Rule XVI of the Revised IRR of RA No. 9184.

## **Streamlining of Frontline Services**

In compliance with Republic Act 9485, otherwise known as the Anti-Red Tape Act of 2007, PPMC's frontline services have been embodied in a Citizen's Charter published on PPMC's website and posted in Bulletin Boards within PPMC premises. PPMC reviewed and published the 6<sup>th</sup> revision of its Citizen's Charter in October 20, 2016 reflecting streamlined operational processes and procedures and reduction in turnaround time.

## **Submission of Statement of Assets, Liabilities and Net Worth and Disclosure of Business Interests and Financial Connections.**

In accordance with the Code of Conduct and Ethical Standards for Public Officials and Employees or Republic Act No. 6713, the Board of Directors and employees of PPMC complied with the submission of Statement of Assets, Liabilities and Net Worth and Disclosure of Business Interests and Financial Connections (SALN).

## **Payment of Statutory Liabilities**

In addition to the aforesaid good governance conditions required of government agencies and GOCCs, PPMC consistently met the conditions required by the Governance Commission for Government Owned or Controlled Corporations.

PPMC has satisfied all its statutory liabilities including payment of taxes and has complied with government accounting audit rules and regulations on cash advances and liquidations.

## **LEVERAGING THE VALUE OF HUMAN RESOURCES IN ORGANIZATIONAL SUCCESS**

### **Competency-based Human Resources Development Program**

PPMC formulated and implemented its Human Resource Development Program based on its Competency-based Framework submitted to the Governance Commission for Government Owned or Controlled Corporations. This alignment has ensured that its people possess the competencies required to achieve corporate strategies, programs and projects.

Partnerships with premier training centers, educational institutions and professional organizations have been sustained to provide PPMC employees the best opportunities for learning. Holistic development is at the core of the various programs implemented to enable employees achieve quality work-life balance.



For CY2016, thirty five (35) human resource development interventions were implemented.

PPMC partnered with People Management Association of the Philippines- La Union Chapter (PMAP-LUC) for the implementation of training programs which benefitted PPMC employees as well as people managers in the Province of La Union and adjoining provinces.



*Seminar on Appreciating Emotional Intelligence for Today's Employees: Work Attitude and Values Enhancement conducted by People Management Association of the Philippines (PMAP) National President, Mr. Jesse Francis N. Rebutillo*

PPMC encouraged its Officers to join professional organizations to develop their leadership skills as well as technical competencies.



*PPMC spearheaded the establishment of PMAP La Union Chapter in 2012 with PPMC Vice President for HR and Administration, Ms. Maria Victoria De Guzman-Soriano, elected as President, a position she holds up to the present.*



*Architect Marc Lawrence P. Aquino was inducted as Member of the Council of Presidents of the United Architects of the Philippines La Union Chapter in 2012 up to the present.*



PPMC has sole police authority inside the Poro Point Freeport Zone. Security personnel undergo regular trainings, which include the Marksmanship Training conducted by Philippine National Police Region 1 on December 13, 2016.

To promote the well-being, satisfaction and motivation of its officers and staff, PPMC provides them a work environment that is conducive for working and learning by defining workstations, and formulating and observing quality workplace standards.

PPMC has set in place policies to ensure orderly conduct of its employees such as Office Decorum and Code of Discipline. PPMC has also instituted the quarterly Employees' Hour as a venue for management to communicate corporate plans, programs and accomplishments as well as to dialogue on issues concerning employee welfare and services.

While enhancing the professional and technical skills of employees, PPMC provided interventions to nurture employees' soft skills and to develop their core values. Annual team building activities and sports activities strengthened the *esprit de corps*.



*In recognition of the need for work-life balance, PPMC implemented its health and wellness program which included a sports festival, zumba sessions and health awareness seminars.*

## Re-Organization Process

The strategic direction of Poro Point Management Corporation has evolved over the years as embodied in the Performance Agreements with the Governance Commission for Government Owned or Controlled Corporations and Bases Conversion and Development Authority focusing on the following:

- Increased economic activity within the Poro Point Freeport Zone
- Increased operational profitability
- Improved business environment
- Achieved stakeholder satisfaction
- Streamlined frontline services
- Institutionalized a Quality Management System
- Developed a professional, competent and motivated workforce.

However, despite the changes in strategic direction, the organizational structure remains unchanged. The salary structure of PPMC employees has been the same since 2008.

Premised on the foregoing, the PPMC Board recognized the need to undergo reorganization. The PPMC Board approved the commencement of the reorganization of PPMC under GCG Memorandum Circular No. 2015-04. The reorganization has the following Guiding Principles:

1. Align the organization with the strategic direction to make it more responsive to the needs of the corporation and make it more competitive to attract, motivate and retain best talent.
2. Enable PPMC to accomplish its mandate with focus on the following:
  - Full Development of the Poro Point Freeport Zone through the Asset Disposition Program; Enforcement of the regulatory authority of PPMC inside the Poro Point Freeport Zone;
  - Ensuring long-term sustainability of PPMC through fiscal discipline and efficient management of resources.
  - Achieving organizational excellence in order to deliver quality public service to its stakeholders

A Change Management Team (CMT) has been constituted to implement a participatory process to be employed in the reorganization; establish a grievance machinery; and prepare and implement the Reorganization Plan. The CMT is composed of officers and employees, including representatives from rank-and-file employees and supervisors who chose from among themselves their respective representatives.





PPMC engaged the services of a third party, Human Resource Innovations, Inc. on July 21, 2016 to undertake its Current State Assessment. The Final Report was presented to the PPMC Board on December 8, 2016.



## HIGH SATISFACTION RATING FROM STAKEHOLDERS

Saint Louis College was commissioned to conduct a Stakeholder Satisfaction Survey to measure the performance of PPMC's services in terms of meeting stakeholders' requirements and expectations.

Thirty nine (39) stakeholders representing the following organizations participated in the survey: Bases Conversion and Development Authority, Provincial Government of La Union, City Government of San Fernando, La Union, five peninsular barangays of the Poro Point Freeport Zone, ten (10) government agencies, eleven (11) locators and ten (10) aviation schools.

Stakeholders were highly satisfied in each of the five (5) main criteria; namely, Timeliness, Ease of Access, Staff, Quality and Outcomes.

For the second year, the overall Index of Satisfaction along the five (5) dimensions is Highly Satisfactory. The Overall Level of Satisfaction on the services provided by PPMC was likewise rated Highly Satisfactory.

## LABOR CENTER OPERATIONS

### Enforcement of Labor Laws and Standards Inside the Poro Point Freeport Zone

PPMC joined the Department of Labor and Employment in the assessment of Thunderbird Pilipinas Hotels and Resorts, Inc. and COVA Services and Consulting Philippines, Inc. on August 25, 2016 and September 6, 2016. Both locators were found to be compliant.

An orientation of locators on Department Order 18-A, General Labor Standards Occupational Safety and Health Standards was conducted during the Locators' Meeting on September 7, 2017.



## — CORPORATE SOCIAL RESPONSIBILITY —

Inclusive growth is paramount to PPMC. Alongside the development efforts and creation of business opportunities in the Poro Point Freeport Zone, PPMC pursued community projects to improve the quality of life of the impact communities.

“PPMC HELPS” Program was institutionalized as PPMC’s vehicle to implement its Corporate Social Responsibility Program. HELPS stands for the various components of the program – health, education/environment, livelihood program and strengthening linkages.

PPMC as a socially corporate responsible citizen has continually initiated and participated in community projects through the “PPMC HELPS” Program in partnership with the government units, private companies and civil society organizations, which benefitted the impact areas such as the 5 adjoining barangays of Poro, San Agustin, San Francisco, San Vicente and Canaoy, the City of San Fernando, La Union, Municipalities of Bauang, San Juan and other municipalities of La Union.

### Health Program

PPMC supported the Health and Wellness Program of government and private agencies that includes the Million Volunteer Run of the Philippine Red Cross, “Sigaw ng Lingkod Bayani: Malasakit Para sa Taumbayan, Kapwa Kawani at Kalikasan” fun run of the Philippine Civil Commission, and Run for Unity of the La Union National High School Batch 86. Likewise, PPMC supported the LORMA Medical Center Walk for Sofia who is a biliary atresia patient and the “Takbo para sa Kalikasan” of Lupon ng mga Indibiduwal na Nangangalaga sa Kalikasan (LINK).



On October 19-20, 2016, typhoon “Lawin” struck the province. PPMC provided assistance to 200 families of the PPFZ impact barangays. Likewise, PPMC supported the Disaster Preparedness Program of the Philippine National Red Cross- La Union Chapter.



*Feeding assistance provided by Thunderbird Pilipinas Hotels and Resorts, Inc., one of the Poro Point Freeport Zone (PPFZ) locators which joined PPMC in efforts to assist 42 families affected by typhoon “Lawin”.*



## Education Program

PPMC supported schools by assisting them during the observance of the Department of Education's National Maintenance Week – BrigadaEskwela in improving the schoolrooms and school grounds.

PPMC supported the rehabilitation of PNP Provincial Firing Range Project in Barangay San Vicente, City of San Fernando, La Union which serves as venue for police officers to enhance their marksmanship skills. PPMC also contributed in the improvement of the multipurpose hall of Saint Jude Thaddeus Church for a more conducive facility for sports, community gatherings, meetings and trainings.

PPMC supported civil society organization's education program such as the Colors of Mission of Saint Louis College intended for the Indigenous Peoples Scholarship Program.

Gawad Kalinga (GK) La Union Team conducted series of Values Formation in the GK sites at the Municipalities of San Juan and Bauang of the Province of La Union to reorient kapitbahayan members, and enhanced capabilities of the Poro Sea Lovers Association in charge of the management of the Poro Marine Protected Area Project.



## Environment Program

PPMC regularly participated in coastal clean – up projects such as the International Coastal Clean Up Day in partnership with the City Environment Office (CENRO), PPFZ impact barangays and partner agencies inside the Zone.

On February 16, 2016, PPMC initiated a "Love Mother Earth – Coastal Clean Up" activity wherein partner agencies inside the zone, such as the Philippine Navy, Philippine Coast Guard, Philippine Air Force and PPFZ impact barangays voluntarily rendered service to promote a safe and clean environment along the San Fernando Bay.



On June 27, 2016, the City Environment & Natural Resources Office (CENRO) together with the Institute of Social Order– Ateneo, Manila in partnership with PPMC launched the Poro Marine Protected Area Project and unveiled the Marine Protected Area Marker located inside the PPFZ.



Receiving, in behalf of PPMC, a plaque from the Ateneo Institute of Social Order (ISO) Director Liza Lim and Poro Marine Protected Area (MPA) Chair-Moises-Cacap.



PPMC supported the Office of the Disaster Council – La Union in their Mangrove Tree Planting activities along the San Fernando Bay Cove and Environment Re-greening Advocacy Project of Amianan Tribune on its 49<sup>th</sup> Founding Anniversary.



## Livelihood Program

PPMC encouraged the PPFZ impact communities to engage in micro-business enterprises as their additional source of income.

PPMC initiated a Livelihood Training on Food Processing, Product Enhancement, Packaging and Labelling in partnership with Integrated Social Order – Ateneo Manila, TESDA, Department of Agriculture, Bureau of Fishery and Aquatic Resources and Gawad Kalinga La Union which benefitted 35 community residents from the PPFZ impact barangays.



## Employment Generation

One of the major goals of the bases conversion and development program is the creation of jobs to benefit the local communities.

Since the creation of Poro Point Special Economic and Freeport Zone and eventually the Poro Point Freeport Zone, livelihood opportunities have been generated for the impact areas. Thousands have been directly employed by the locators and contractors doing business inside the zone.

In 2016, total employment generated stood at 3,712, of which, 94.77% were residents of La Union.

## Strengthening Linkages / Sports Program

PPMC sustained partnerships with its stakeholders to promote the economic and social development of the Poro Point Freeport Zone.



PPMC supported the Philippine Information Agency (PIA) Radio Interview Program dubbed as “Ammuen Tayo” – So the People May Know project, a venue to promote the Poro Point Freeport Zone to the public. PPMC programs/activities were advertised by various media infrastructures. Thirty one (31) media partners have been tapped in publishing PPMC events and programs. It is anticipated that through broadcast and print media, the level of awareness of various stakeholders of the Poro Point Baywalk and Events Center will be increased as to attract more groups and tourists to visit the area and to show would be - locators the viability of doing business in the area.

PPMC initiated a Press Conference with the various media infrastructures and partner agencies for the promotion and publicity of Poro Point Baywalk with Event Center and SILLAG Poro Point Festival of Lights.



PPMC provided assistance to the impact areas of the Poro Point Freeport Zone such as the City of San Fernando, La Union, the neighboring municipalities of Bauang and San Juan. PPMC assisted these municipalities in partnership with the GK La Union covering the GK sites located in Barangay Acao in Bauang and in Barangay Talogtog in San Juan.



*PPMC in partnership with the Local Government Unit of Bauang supported the GK site in Bauang in rehabilitating two (2) housing units.*

PPMC initiated an Inter - Agency Beach Volleyball Competition which is being promoted as one of the activities at the Baywalk. The project aims to increase the number of guests visiting the zone and to strengthen participation of stakeholders in PPFZ undertakings. The competition was actively participated in by agencies such as Philippine Coast Guard, Philippine National Police, Philippine Navy, PPFZ Locators, impact barangays and other adjoining communities.



PPMC continued to collaborate in sports related activities with partner agencies such as the Philippine National Police, Philippine Armed Forces and the PPFZ impact barangays.

## — INFRASTRUCTURE MANAGEMENT —

### IMPLEMENTATION OF DEVELOPMENT PROJECTS

Monitoring of the implementation of the Infrastructure Projects and Development Projects at the Tourism Complex. These projects are being implemented by Thunderbird Pilipinas Hotels and Resorts, Inc.

1. Ongoing construction of 45 units 2- Bedroom Villas
2. Ongoing construction of 2 units 3- Bedroom Villas
3. Ongoing Phase 3 Infrastructure (Road, electrical supply of phase 3, sewer & drainage line, water line)
4. Ongoing construction of the Beach Club Infinity Pool, Restaurant & Restrooms
5. Completed the expansion of the Existing Pool
6. Completed the Pianosa Delishop Refurbishment (Repainting, Ceiling Installation, Floor Tiles replacement, Replacement of existing AC)
7. Completed the construction of the Agora Events Center
8. Completed the Fiesta Casino Expansion
9. Ongoing expansion of the Casino parking
10. Ongoing construction of Thunderbird Clubhouse
11. Ongoing construction of villas

### IMPLEMENTATION OF CAPEX PROJECT:

1. Ongoing construction of Baywalk with Events Center

### REPAIR AND MAINTENANCE WORKS

1. Implemented the proper maintenance of electrical system, equipment and facilities at the Airport, Administrative Building, CCA Building, Main Gate and Security Building.
2. Completed various repair and maintenance works for CY 2016.

### OFFICE OF THE BUILDING OFFICIAL

1. Strictly enforced and monitored compliance of locators such as Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), PAIDCO, PPMEC with the National Building Code and its Implementing Rules and Regulations and related laws, rules and regulations.

### LAND AND ASSETS MANAGEMENT

1. Ongoing processing of the transfer of title of the purchased lot from the heirs of Ana Mayo vda de Flores to the name of BCDA.
2. Conduct of survey for the 3 has mixed-use area and Baywalk area.
3. Ongoing processing of the application for Special Patent.
4. Ongoing research on the private lot to be purchased by BCDA/PPMC.
5. Ongoing research on the eight (8) titled lots for reversion of titles.
6. Ongoing processing of the reconstitution of titles.
7. Ongoing research on Civil Case No. 6346 Republic of the Philippines vs heirs of Rafael Galvez, et al.

### DEVELOPMENT OF OFF-SITE FACILITIES OR CONSTRUCTION OF OFF-SITE FACILITIES:

1. Ongoing preparation of plans and cost estimates for the replication of Philippine Air Force facilities.
2. Ongoing preparation of plans and cost estimates for the proposed road for the 3 has mixed-use commercial area and baywalk area.
3. Ongoing preparation of plans for the Cable Landing Station for the Luzon Bypass Infrastructure Project.



## CORPORATE PLANNING

Conducted the Mid-year Performance Assessment and Corporate Planning Workshop in Iloilo City on May 19-21, 2016.



From top left to right: Mr. Christian Paolo Quillamor, BCDA Planning Officer; Dir. Manolito S. Hidalgo; Dir. Mitchel I. Verzosa; Atty. Howard Randy Arzadon; Dir. Jorge Banal; Dir. Louis Funa-Ay Claver, Jr.; and Dir. Nicholas R. Tabora  
Seated from left to right: Dir. Celia V. Guzman; Pres. Florante S. Gerdan; Chairman Ives Q. Nisce; Ms. Maria Mecine T. Reyes, Airport Manager and Mr. Leonito L. Fontano, Air Traffic Service (ATS Area Head).



Ocular inspection of the facilities of the new Iloilo International Airport, conducted a bench marking with existing San Fernando Airport facilities.  
PPMC Board of Directors looked into the transformation of the old Iloilo Airport to a new business District of the City.



Board of Directors inspects the fire trucks and fire fighting equipment of the New Iloilo City Airport

# PORO POINT MANAGEMENT CORPORATION



*Board of Directors and Officers were welcomed by the Iloilo Dinagyang Festival dancers*



*Chairman Ives Nisce giving his welcome remarks during the Mid-Year Performance Assessment and Corporate Planning Workshop 2016*



*PPMC Board at work*



*PPMC Board of Directors and Officers*





## REGULATORY SERVICES

### ZONE SECURITY AND PUBLIC SAFETY

It is the primary duty and function of management to secure, protect and preserve the properties of BCDA/PPMC from theft, robbery, arson, other crimes and/or other forms of destruction or damage.

PPMC has maintained providing security, safety and health services at the PPFZ. Management has significantly maintained peace and order and prevented the intrusion of informal settlers. Constant coordination with the Philippine National Police, other government line agencies and all the PPFZ Registered Enterprises or Locators to achieve industrial peace, harmony and productivity within the PPFZ has given due consideration to the concept of the Freeport Zone in order to establish a business and commercial atmosphere which encourages investments and simultaneously promotes and enhances the lives and dignity of all workers.

PPMC monitors the increase of tourist arrivals inside the PPFZ to promote and invite prospective investors likewise business activities of the two (2) major infrastructures of the zone, the San Fernando International Seaport and San Fernando Airport, a viable provider to a future economic sustainability in the area.

As the estate manager over the freeport zone, PPMC implements traffic regulations as deputized Land Transportation Office (LTO) officials.



*Inspection of imported articles at San Fernando International Seaport*



*Implementation of LTO Traffic Rules & Regulations*



*Joint Inspection with PAGCOR of imported casino equipment*



*Inspection of local articles at PPFZ*

# PORO POINT MANAGEMENT CORPORATION



PPMC requires PPFZ Locators and PPFZ Accredited Enterprises to secure the necessary permits for any article, substance, merchandise, transaction, activity, or operation in the PPFZ. The Office for Regulatory Services (ORS) issues Certificate of Registration to Registered Enterprises and Certificate of Accreditation to Accredited Enterprises within thirty (30) calendar days from submission of complete application and required supporting documents. To streamline the services offered by ORS to stakeholders, the Performance Agreement of PPMC with GCG has simplified the turn-around processing time to be able to fast track issuance of certificates and permits applied by PPFZ Enterprises reduced from 30 calendar days to three (3) working days for Renewal of Existing Certificate of Registration and one (1) work day for Granting of New and Renewal of Existing Certificate of Accreditation or Permit to Operate.



*PPMC convenes with the PPFZ registered business enterprises quarterly for updates & reminder to adhere the Laws, Rules & Regulations governing PPMC & the government in general*



*PPMC Office for Regulatory for Services Officers issuing certificates and permits to stakeholders such as Certificate of Registration, Certificate of Accreditation, Permit to bring-in local/imported articles, Permit to bring-out Local/imported articles, Gate Pass, and Import Permit*

## ENVIRONMENTAL MANAGEMENT & HEALTH SERVICES

It is within the policy of the PPMC to promote the health and well-being of its stakeholders, thus, PPMC has to adopt and implement measures and standards for environmental pollution control of all areas within its territory and to enforce the same. For this purpose, the PPMC shall create an Ecology Center as prescribed by the rules and regulations governing the Poro Point Freeport Zone.

In 2013, PPMC has established the Environmental Management & Health Services since the Environment and Safety Officer plantilla position under the command of the Office for Regulatory Services was approved by the Governance Commission for GOCCs (GCG) through GCG Memorandum Order No. 2013-28 issued on June 19, 2013.

The Environment and Safety Officer (ESO) is responsible to implement PPMC Annual Health, Occupational Safety, Physical Fitness and Mental Health Program in compliance to rule 1960, Section 1966 of the Amended Occupational Safety and Health Standards of the Department of Labor and Employment (DOLE).



## BUSINESS DEVELOPMENT

Cognizant of its vital role in transforming the PPFZ into a premier business and leisure destination, PPMC continued its unwavering efforts in promoting investment opportunities to further advance the development of the PPFZ. For the year 2016, efforts were geared towards marketing and promoting the Zone as a tourist destination. PPMC likewise focused on showcasing the various tourism opportunities in PPFZ.

### Further Development of Tourism Complex

The transformation of the 65.5 hectares Tourism Complex has well-positioned the PPFZ as a tourist destination in Northern Luzon generating an influx of visitors. PPMC through its locator, Thunderbird Pilipinas Hotels and Resorts, Inc. (TPHRI), continues to develop the tourism facilities at the PPFZ.

In 2016, the landscape at the Tourism Complex was further enhanced with these new development projects:

- Additional 47 Villas which will be operated as additional lodging units
- Fiesta Casino Expansion
- Expansion of the existing outdoor swimming pool and construction of additional infinity pool
- Expansion of the Agora Events Center
- Development of a Recreational Park which includes:
  - Clubhouse with gym and lap pool
  - Outdoors Sports
  - Matisse Maze Gardens and Fountains
  - Chapel



■ **VILLAS at THIRA**  
*Thunderbird constructed additional 47 Santorini Villas which will be operated as additional lodging units.*



❑ *Fiesta Casino Expansion*



*Thunderbird expanded its events center facility - the **Agora Events Center**. It can accommodate up to a maximum of 1,200 people.*

## Expansion of the existing outdoor swimming pool and construction of additional infinity pool



### ❑ Expansive Infinity Pools

- ***FIRA Beach Club** - Thunderbird developed an Ibiza-inspired beach club with new infinity pool*
- *Expanded the existing outdoor infinity swimming pool from 400 square meters to 1,000 square meters.*





## Poro Point Lighthouse

In 2016, PPMC continues its steadfast efforts in promoting the Poro Point Lighthouse for tourism development. After its unsuccessful dispositions in 2014 and 2015, efforts were pursued towards improving the terms and requirements of the lease to make the project viable to investors and other prospective locators.



PPMC revisited the terms of the lease and the revised Terms of Reference for the development of the area through long-term lease was approved by PPMC on November 21, 2016.

## Poro Point Baywalk with Event Center

In pursuit of strategies to further strengthen the position of the PPFZ in the tourism industry, PPMC has intensified its efforts on promoting the Poro Point Baywalk as a vital component of tourism development inside the Zone.

The Poro Point Baywalk is a 1.3 kilometers baywalk and features an events center, pedestrian walk and a separate bicycle lane, complemented by parks, playgrounds, picnic area, gazebos, and commercial strip.



*44 gazebos line the 1.3 kilometers baywalk*



*Palm trees have been planted to enhance the beauty of the place*



*Playground equipment for children and their families to enjoy*

On February 14, 2016, PPMC opened the baywalk to the public with its first ever event. PPMC organized an event dubbed as “Valentine Date by the Bay.” The event featured a dating game, various performances and a Rock and Rave Party.

With the scenic view and available facilities, the baywalk is now fast becoming a popular location for events and other activities. In 2016, several activities were held at the baywalk organized by various agencies, both government and private, and civil society groups. The baywalk hosted several fun runs, team building activities, zumba sessions, sportsfest and a regional fire olympics. While on ordinary days, it is frequented by joggers, bikers and families.

For the business sector, there are forty-four (44) cut lots along the bay walk's commercial strip which can be leased for tourism- and commercial-related enterprises and which form part of the development of the mixed-use commercial area inside the Zone. In 2016, the engagement of services of Licensed Real Estate Brokers was approved in order to boost the marketing and promotion efforts for the baywalk commercial lots and to reach potential markets in Manila and other areas outside of La Union.

The Poro Point Baywalk with Events Center was a project initiated by PPMC to complement the tourism facilities inside the Zone and to boost the business environment inside the Poro Point Freeport Zone as it will further attract both local and foreign tourists.

# PORO POINT MANAGEMENT CORPORATION



## BAYWALK EVENTS

Valentine by the Bay

During the Rock and Rave Concert



Mr. Tutti Caringal of 6-Cycle Mind was the guest searcher of the Valentine Dating Game



The baywalk hosted several fun runs, team building activities, zumba sessions and sportsfest



The Poro Point Baywalk hosted the 1<sup>st</sup> Poro Point Freeport Zone Volleyball



Poro Point Baywalk hosted the Bureau of Fire Protection (BFP) Regional Fire Olympics. The event was participated in by BFP personnel from different fire stations, civilian from barangays and personnel from industrial/oriented companies.



The Poro Point Baywalk hosted the Zombie Run – a 5-kilometer horror race



## Marketing and Promotion

PPMC continuously intensified its marketing and promotional efforts through participation in various events, tourism and trade activities, investment forums, conferences, expositions and exhibits.

To cope with current and future developments in the PPFZ in the context of building smart and green cities, PPMC participated in the NXCITIES Philippines Conference with the theme “Building Urban Platforms for Innovation, Inclusion and Resilience.” The conference was organized by the Bases Conversion and Development Authority (BCDA).

PPMC likewise participated in the BCDA Group Business Development Summit wherein the accomplishments, development plans and programs of BCDA and its subsidiaries were presented and discussed. As an offshoot of the summit, a BCDA Group Marketing Integration Coordination meeting was organized with the end view of strengthening the investment promotion strategies of the BCDA Group and creating an Integrated Marketing, Promotions and Business Development Plan for the BCDA Group.

The participation of PPMC in various tourism fairs provided an opportunity to showcase the tourism facilities in PPFZ. PPMC joined NLEX “Tara na sa Norte” Tourism and Travel Fair, Philippine Travel Mart, Annual Region I Tourism Convention and North Philippines Travel Expo. PPMC likewise actively participated in the activities of the Association of Tour Guides of La Union.

In 2016, PPMC also established linkages with various government agencies to further strengthen the promotional efforts for the Zone. The Bangko Sentral ng Pilipinas – Investor Relations Office (BSP-IRO) visited the Zone and conducted shoots and interviews for the inclusion of PPFZ in their audio-video presentation on the Philippine Economy. Various potential communication initiatives between BSP-IRO and PPMC were likewise discussed during the visit.

A site visit and a meeting was also held with Department of Tourism (DOT) and Tourism Infrastructure and Enterprise Zone Authority (TIEZA) regarding the proposed tourism programs and projects inside the Zone. Similarly, a site inspection and a meeting with officers of Department of Tourism Market Development Group–Cruise Tourism Group together with DOT Region I and consultants from Chart Management Consultants PTY Ltd. were conducted to explore the San Fernando International Seaport, the Zone, the Province of La Union and nearby provinces for North Luzon Cruise Ship destinations.

In addition, as a way of strengthening its linkages with public and private sector and civil society organizations, PPMC also supported and participated in various events such as the Province of La Union Travel and Tourism Expo, Kabisig Philippine Government Expo and Trade Fair 2016, Kusina Ilocandia of La Union Hotel Resort and Restaurant Association, La Union Conventions and Visitors Bureau’s activities and 11<sup>th</sup> La Union Surfing Break, among others.

PPMC Business Development Team together with PPMC President Florante Gerdan and the Investment and Promotion Board Committee Members, Director Celia Guzman and Director Nicolás Tabora, participated in the BCDA’s first international conference on Building Urban Platforms for Innovation, Inclusion and Resilience at Shangri-La Hotel in Bonifacio Global City, Taguig.



# PORO POINT MANAGEMENT CORPORATION



PPMC joined the Provincial Government of La Union (PGLU) in three (3) major tourism and marketing events namely: NLEX “Tara na sa Norte” Tourism and Travel Fair, Philippine Travel Mart and the Annual Region I Tourism Convention



During the 2016 Philippine Travel Mart

During the NLEX “Tara na sa Norte”



PPMC joined BCDA during the 2016 North Philippines Travel Expo in Clark, Pampanga



During the 11<sup>th</sup> La Union Surfing Break



During the Kabisig Philippine Government Expo and Trade Fair 2016





## Sillag Poro Point Festival of Lights

PPMC staged the fifth (5<sup>th</sup>) year of SILLAG Poro Point Festival of Lights on April 8, 9 & 10, 2016. For the past five (5) years, PPMC has seen the increase in number of local and foreign tourists who flocked to the Poro Point Freeport Zone (PPFZ) during SILLAG Festival from 4,000 in 2012; 18,000 in 2013; 29,000 in 2014; 60,000 in 2015 to 120,000 in 2016. Over the years, the SILLAG Festival has been a significant tool in promoting not only the PPFZ but also the City of San Fernando and the rest of the Province of La Union.





## SAN FERNANDO AIRPORT OPERATIONS

### I. Aircraft and Passenger Movements

#### 1. Aircraft Traffic

The General Aviation Traffic generated 36,491 traffic movements for the year ended 2016 which is 1 % more than the traffic for year 2015. The increase in traffic was brought about by the high demand for aviation pilots and maintenance crew for the aviation industry.



#### 2. Passenger Traffic

Most of the passengers include the pilots and students of aviation schools. Passengers of chartered flights are mostly corporate officers and employees checking on their business interest in the area. There was an increase in passenger traffic from 38,613 in Year 2015 to 93,219 in Year 2016 or 141% increase in passenger traffic brought about by the increase in pilot trainings and increase in chartered traffic.

#### 3. PAL Express Charter Flight

San Fernando Airport hosted the second charter flight of PAL Express in February 11, 2016. PAL Express serves passengers on a charter basis with routing Manila – San Fernando and vice versa, using the DH 400 AIRCRAFT with 72 passengers. The flight brought Japanese Nationals for friendly cooperation with the Cordillera-Japanese Community in Baguio City.



#### 4. Aviation Schools

Twenty-Seven Aviation Schools regularly use the San Fernando Airport for their Long Cross Country Flight in Year 2016. In the CAAP Master List of Flying Schools, there are 36 active flying schools in the Philippines and nine schools operate in the Visayas/Mindanao area and 27 flying schools in Luzon. 75% of the 36 CAAP Active Pilot Schools in the Philippines utilized the San Fernando Airport for their long haul cross country training destination.





- |  |   |
|--|---|
| 1. Leading Edge International Aviation Academy, Inc. | 15. Asian Aero Space Academy                  |
| 2. Omni Aviation Corporation                         | 16. Strikewing Aviation Training Center, Inc. |
| 3. Philippine Airlines Aviation School               | 17. AIA                                       |
| 4. Alpha Aviation Group (Phils.) Inc.                | 18. Aero Equipt                               |
| 5. APG International Aviation Academy Inc.           | 19. MACFA                                     |
| 6. WCC Aviation Company, Inc.                        | 20. Subic Air                                 |
| 7. Airlink International Aviation School             | 21. EHSI                                      |
| 8. Fastlink Aviation Training Center                 | 22. Manhattan                                 |
| 9. Delta International Aviation Academy (AMA)        | 23. OHSA                                      |
| 10. Fly Fast Aviation School                         | 24. Perpetual                                 |
| 11. Masters Flying School, Inc.                      | 25. TERRA                                     |
| 12. All Asia Aviation Academy                        | 26. Aero Asia                                 |
| 13. AVIAIR Aviation School                           | 27. AASI                                      |
| 14. Fliteline Aviation School, Inc.                  |   |

## 5. Chartered Flights

Twenty-Eight Chartered/ Air Taxis utilized the San Fernando Airport for the year ended 2016 brought about by the increased business activities of corporate clients.

- |   |                                |                  |
|---|--------------------------------|------------------|
| 1. Jimmy Boyd                                   | 11. Royal Star                 | 21. PGI          |
| 2. Lion Air                                     | 12. Inaec Aviation Corporation | 22. WAC          |
| 3. National Grid Corporation of the Philippines | 13. Sta. Lucia Realty          | 23. R-2 Builders |
| 4. NPSR   | 14. Ayala Aviation             | 24. MISIBIS      |
| 5. PLDT Corporation                             | 15. Puregold                   | 25. CHI-INC      |
| 6. LGC Air Transport, Inc.                      | 16. North Sky Air              | 26. CAAC         |
| 7. PGA  | 17. UNILAB                     | 27. ICTSI        |
| 8. Cargo Hauz                                   | 18. AIRJUAN                    | 28. Integrity    |
| 9. RSA  | 19. PAL Express                |                  |
| 10. Helitrend                                   | 20. Patriot Freedom Air, Inc.  |                  |

## 6. Military Flights

Philippine Air Force, Philippine Navy, Philippine Coast Guard and the Philippine National Police utilized the San Fernando Airport.

## II. Locator at San Fernando Airport:

### Leading Edge International Aviation Academy, Inc.

#### A. Aviation Maintenance Training School

Leading Edge International Aviation Academy Inc. operates the AMT School Building and offered Aviation Maintenance Training Courses which include Airframe Rating, Power Plant Rating, Airframe and Power Plant Rating, and Avionics Rating for the School Year 2015-2016.





## B. Expansion of Hangar

LEIAAI started the construction of an additional 645 square-meters hangar and a 3-storey dormitory with a ground area of 355 square meters for the use of student pilots.



Can accommodate LEIAAI's fleet of aircraft.

**Maintenance Hangar**  
San Fernando Airport, San Fernando, La Union



**Apartment Quarters (three floors) for Instructors & Students Pilot.**



**LEIAAI, San Fernando City, La Union Office**



## LEGAL SERVICES

### I. Poro Point Freeport Zone (PPFZ) Revised Implementing Rules and Regulations

The Implementing Rules and Regulations was revised to implement the provisions governing the Poro Point Freeport Zone (PPFZ) and the Poro Point Management Corporation (PPMC), pursuant to Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, as amended by Republic Act No. 9400, and Presidential Proclamation Nos. 216 and 270, series of 1993 as amended by Presidential Proclamation No. 179 series of 1999, and Executive Order No. 132, series of 2003.

The former John Hay Development Corporation was split into two corporation; John Hay Management over Camp John Hay in Baguio City and Poro Point Management Corporation. PPMC is the implementing arm of the BCDA to develop the PPFZ into a self-sustaining and environmentally sound industrial, commercial, financial, tourism, transshipment and investment center with the end view of generating employment opportunities, attracting and promoting foreign investment and conversion of the former US Military bases into productive civilian use consistent with the national economic development program.

PPMC management held public consultations and with the participation of the stakeholders especially the LGUs, business entrepreneurs and other government agencies such as the Bureau of Customs, Immigration, Philippine Ports Authority, Departments of Tourism, Environment and Natural Resources, Agriculture, BIR and others. The inputs and recommendations of the said offices and agencies were taken into consideration and their cooperation is essential in running the affairs of the PPFZ.

The IRR has been completed and a draft was submitted to BCDA particularly in the following offices; Subsidiaries, Affiliates and Project Monitoring Department (SAPMD), Plans, Investment, and Legal whose comments and suggestions were incorporated. After several meetings with BCDA department heads, the final draft of the IRR was finally recommended for approval to the PPMC Board. Coordination with BCDA for their board approval is likewise taken up prior to the publication.

### II. Assistance to Application for Special Patent of the lots in Wallace area of the Zone to BCDA.

This refers to BCDA/PPMC's Special Patent application for the 1,455,478 square meters property in Camp Wallace, Poro Point, San Fernando City, La Union. PPMC is tasked to provide the following documentary requirements such as DOH Clearance, DPHW Clearance, Property Index Map, Panoramic View, Board Resolution, Verified and certified correct Technical Description, Survey and Approved Plan.

The development of the lots under the jurisdiction of former US Camp Wallace Air Station which was transferred to BCDA to convert it into useful civilian use.

So far, all the above documentary requirements have been submitted to the Department of Environment and Natural Resources. The application is in the Office of the Register of Deeds for Registration.

### III. Arbitration Case re Soiltech Private Pier

One of the so-called "jewels" of the Poro Point Freeport Zone is the San Fernando International Seaport and the other is the airport which when harnessed, will really stimulate business and economic progress.

The development, operation and management of the San Fernando Seaport and airport were transferred to BCDA through its implementing arm PPMC subject to the policies, rules and regulations promulgated by the Air Transportation Office, Civil Aviation Authority of the Philippines and Philippine Ports Authority.

Sometime in 2013, despite the above transfer and other legal issuances and opinion by the Department of Justice and Office of the Executive Secretary, the Philippine Ports Authority, (PMO, La Union) without public consultation issued a permit to construct a private pier in favor of Soiltech Corporation. The location of the new private pier lies within the territorial jurisdiction of the San Fernando Seaport pursuant to Republic Act No. 4567. PPMC and BCDA pursued the arbitration case against PPA before the Office of the Corporate Government Counsel. (OGCC). The parties agreed for the conduct of ocular inspection and verification survey to determine whether or not the private pier is within the territorial jurisdiction of the San Fernando Seaport. The case is deemed submitted for resolution after both parties submitted their Position Paper.

### IV. Assistance in Filing Reversion Case

Coordination with the office of Register of Deeds of La Union, City Assessor of San Fernando City and DENR Regional Office to secure records, location maps, tax declarations, certificates of title of the following eight (8) lots which are sought to be recovered through the filing of cancellation of titles and reversion case.

The Office of the Solicitor General is in charge in the filing of the above case pursuant to RA 7227 as amended. PPMC Legal is assisting BCDA Legal Service Department, Land and Assets Department on the ocular inspection and verification on site together with the Assistant Solicitors.



## — AUDIT & RISK OVERSIGHT COMMITTEE —

The Audit & Risk Oversight Committee (ARO Com) provides assistance to the PPMC Board in fulfilling its oversight responsibilities over the company's financial reporting policies and practices, system of internal controls, the internal audit functions and compliance with policies, laws, rules and regulations.

In executing its duties during the reporting period, the committee has:

- Reviewed the effectiveness of the Internal Control System.
- Assessed the adequacy, reliability and accuracy of financial information provided by management.
- Assessed compliance with applicable legal and regulatory requirements.
- Reviewed the effectiveness of the Internal Audit Service Office, including its annual plan, audit reports and responses of management to specific recommendations.
- Reviewed the Financial Statements and reports for proper disclosure of timely and reliable information.

The ARO Com approved the Risk Management Framework of PPMC. It evaluates the effectiveness of the risk management process with the assistance of the Internal Auditor. Risks are identified, measured, responded to and monitored through various control mechanisms. The risk management process is designed to ensure that:

- All relevant risks are identified and evaluated based on their potential impact and likelihood of occurrence.
- Risks and the required processes and controls to manage them are assessed in line with corporation's risk appetite.
- Appropriate management information and monitoring processes are in place so that necessary remedial action can be taken.

Any identified control deficiencies by the Internal Auditor were brought to the attention of the ARO Com. The committee reviewed the adequacy and effectiveness of internal controls in connection to the internal audit reports submitted by the Internal Auditor. The reports included audit observations which served as key feedback to validate and assess the effectiveness of the embedded internal controls in the operations of PPMC. Compensating controls or corrective actions were used to address areas of control that need to be improved.

The Committee's assessment is that the overall environment of the corporation is effective and that no material weaknesses in financial controls resulting in material loss or material errors were identified. Further, the Committee believes that the financial controls ensured that the financial records may be relied on as supported by the unqualified opinion of the Commission on Audit on the Financial Statements of Poro Point Management Corporation as of December 31, 2016.



## 2016 TREASURER'S REPORT




### FINANCIAL HIGHLIGHTS

For three (3) consecutive years, PPMC posted a net income of Php7.8 million in 2014, Php9.2 million in 2015 and Php10.07 million in 2016. This brought a very substantial positive impact on the Retained Earnings account of PPMC by reducing the Company's Accumulated Deficit from PhP60.5 million in 2013 to only PhP411,117.57 in 2016.

For the 2nd straight year, the Commission on Audit (COA) has issued an unqualified opinion stating that PPMC's 2016 Financial Statements "presents fairly the financial position of the PPMC as of December 31, 2016, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles." Likewise, PPMC has zero notice of disallowance from the COA for the years 2014 to 2016. In 2016, PPMC has also adopted for the first time the Philippine Financial Reporting Standards (PFRS) in the preparation of its Financial Statements as mandated by COA.

In 2016, PPMC achieved a weighted average score of 100% on its Performance Scorecard, which is composed of 20% financial perspective, 25% social impact perspective, 20% stakeholders perspective, 15% internal process perspective and 15% learning and growth perspective. On the financial perspective, PPMC exceeded its target of 16.64 percent earnings before interest, taxes, depreciation and amortization (EBITDA), ninety eight (98) percent zone revenue collection efficiency and PhP87 million zone revenues. In compliance with the good governance conditions, PPMC has likewise paid in full all its statutory liabilities such as payment of taxes due to the Government, payment of mandatory premiums, submission of reports provided in the Integrated Corporate Reporting System and cash advance liquidation. As a result, PPMC has submitted its application for the grant of 2016 Interim Performance-Based Bonus (PBB) for its Officers and Employees to the Governance Commission for GOCCs (GCG).

  
**NICOLAS R. TABORA**  
Treasurer

# PORO POINT MANAGEMENT CORPORATION



## Statement of Financial Position December 31, 2016 and 2015

	2016	2015	Variance
<b>A S S E T S</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	13,953,963.75	53,010,839.38	(39,056,875.63)
Investments in Time Deposits	50,701,626.06	-	50,701,626.06
Receivables	8,556,626.15	7,849,032.18	707,593.97
Inventories	1,326,496.43	1,391,080.77	(64,584.34)
Other Assets	3,055,687.22	8,195,782.08	(5,140,094.86)
<b>Total Current Assets</b>	<b>77,594,399.61</b>	<b>70,446,734.41</b>	<b>7,147,665.20</b>
<b>Non-Current Assets</b>			
Investments	15,015,000.00	15,015,000.00	-
Investment Property	71,009,513.00	43,728,886.78	27,280,626.22
Property, Plant and Equipment – net	8,709,291.84	11,469,918.22	(2,760,626.38)
Intangible Assets	40,797.06	93,945.41	(53,148.35)
Other Assets	2,420,340.05	2,862,034.00	(441,693.95)
<b>Total Non-Current Assets</b>	<b>97,194,941.95</b>	<b>73,169,784.41</b>	<b>24,025,157.54</b>
<b>TOTAL ASSETS</b>	<b>174,789,341.56</b>	<b>143,616,518.82</b>	<b>31,172,822.74</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Financial Liabilities	5,279,554.14	7,107,020.80	(1,827,466.66)
Inter-Agency Payables	1,547,313.70	1,225,315.09	321,998.61
Intra-Agency Payables	58,318,162.41	38,159,253.86	20,158,908.55
Trust Liabilities	1,032,962.95	1,073,233.78	(40,270.83)
Other Payables	7,441,635.94	3,918,637.50	3,522,998.44
<b>Total Current Liabilities</b>	<b>73,619,629.14</b>	<b>51,483,461.03</b>	<b>22,136,168.11</b>
<b>Non-Current Liabilities</b>			
Intra-Agency Payables	18,437,109.76	18,437,109.76	-
<b>TOTAL LIABILITIES</b>	<b>92,056,738.90</b>	<b>69,920,570.79</b>	<b>22,136,168.11</b>
Stockholders' Equity	83,143,720.23	83,143,720.23	-
Retained Earnings	(411,117.57)	(9,447,772.20)	(9,036,654.63)
<b>TOTAL EQUITY</b>	<b>82,732,602.66</b>	<b>73,695,948.03</b>	<b>9,036,654.63</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>174,789,341.56</b>	<b>143,616,518.82</b>	<b>31,172,822.74</b>

### CY 2016: Financial Position

Increase in total assets of Php31.1 million was brought about by the following:

- Increase in Investment Property under the account Construction of Baywalk with Events Center amounting to Php27.2 million.
- Decrease in other assets of Php5.1 million
- Increase in equity of Php9.03 million.





## Statement of Comprehensive Income For the Years Ended December 31, 2016 and 2015

	2016	2015	Variance
<b>REVENUES</b>			
Estate management fee	61,129,731.00	60,490,249.00	639,482.00
Miscellaneous	1,456,358.74	1,470,146.36	(13,878.62)
<b>GROSS INCOME</b>	<b>62,586,089.74</b>	<b>61,960,395.36</b>	<b>625,694.38</b>
<b>OPERATING EXPENSES</b>			
Personal Services	20,515,620.64	19,907,271.07	608,349.57
Maintenance and Other Operating Expenses	29,369,501.78	30,436,769.81	(1,067,268.03)
Non-Cash Expenses	2,624,131.70	2,402,407.03	221,724.67
<b>TOTAL EXPENSES</b>	<b>52,509,254.12</b>	<b>52,746,447.91</b>	<b>(237,193.79)</b>
<b>NET INCOME/ (LOSS)</b>	<b>10,076,835.62</b>	<b>9,213,947.45</b>	<b>862,888.17</b>

### CY 2016: Results of Operations

Under the Performance Agreement between BCDA and PPMC dated 5 April 2013, PPMC as estate manager shall receive from BCDA funds for its annual operating expenses to be recorded as Estate Management Fees. In 2016, the total approved budget of PPMC amounted to PhP84.4 million, of which PhP61.1 million is for PPMC's operating expenses and PhP23.3 is for BCDA's land related cost.

Miscellaneous income consists of interest income earned from investment in short-term time deposits and quarterly interest income from bank accounts and fees collected from various activities during the Sillag Festival of Lights such as fun run, hope lantern, trade/food fair and motor show.

Personal Services (PS) has increased by 3 percent from PhP19.9 million in 2015 to PhP20.5 million in 2016. PPMC implemented CPCS Implementing Circular No. 2016-01 dated 10 May 2016 pertaining to the grant of mid-year bonus and year-end bonus under Executive Order No. 203, s. 2016. The Mid-Year Bonus which is equivalent to one (1) month basic pay amounted to PhP0.99 million. Likewise, 34 employees were granted 10% step increase effective January 1, 2016 amounting to PhP.021 million.

Corporate spending has always been aligned with what the budget dictates. PPMC generated savings of PhP1.06 million for Maintenance and Other Operating Expenses (MOOE). Budget draw-down was recorded at 83 percent of the approved budget of PhP61.1 million and, as a result, a savings of 17 percent was realized for the year.

After considering all other income and expenses, PPMC registered a net income of PhP10.07 million. PPMC is optimistic about declaring dividends to its stockholders next year.



## Statement of Changes in Equity For the Years Ended December 31, 2016 and 2015

	2016	2015	Variance
<b>SHARE CAPITAL - P100.00 par value</b>			
Authorized, issued and fully paid - 800,000 shares	68,143,720.23	68,143,720.23	-
Adjustments/Reclassifications	-	-	-
Balance at end of year	68,143,720.23	68,143,720.23	-
<b>OTHER EQUITY INVESTMENTS</b>			
Balance at beginning of year	15,000,000.00	15,000,000.00	-
Adjustments/Reclassifications	-	-	-
Balance at end of year	15,000,000.00	15,000,000.00	-
<b>RETAINED EARNINGS</b>			
Balance at beginning of year	(9,447,772.20)	(19,649,013.56)	10,201,241.36
Correction of prior years' errors	(1,040,180.99)	987,293.91	(2,027,474.90)
As restated	(10,487,953.19)	(18,661,719.65)	8,173,766.46
Net Income (Loss)	10,076,835.62	9,213,947.45	862,888.17
Balance at end of the year	(411,117.57)	(9,447,772.20)	9,036,654.63
<b>TOTAL EQUITY</b>	<b>82,732,602.66</b>	<b>73,695,948.03</b>	<b>9,036,654.63</b>

In 2016, equity of PPMC increased by PhP9.03 million, attributable to the following reasons:

Increases in Equity:

- a. Net Income of PhP10.07 million
- b. Prior year adjustments amounting to PhP1.04 million



# ANNUAL REPORT 2016

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