



PORO POINT MANAGEMENT CORPORATION
A Subsidiary of Bases Conversion and Development Authority

February 15, 2016



HON. CESAR L. VILLANUEVA
Chairman

Governance Commission on Government Owned or Controlled Corporations
3rd Floor Citibank Center
Citibank Plaza, Paseo de Roxas
Makati City

Dear Chairman Villanueva:

Greetings from the Poro Point Freeport Zone!

This has reference to the Performance Agreement by and between the Governance Commission for GOCCs (GCG) and Poro Point Management Corporation (PPMC) for CY 2015-2016.

In this regard, this is to respectfully submit PPMC's Performance Agreement for CY 2015-2016, which embodies the agreements reached during our Performance Agreement Negotiation last 10 November 2015 signed by our PPMC Directors

Thank you very much.

Very truly yours,

HON. FLORANTE S. GERDAN
President and CEO

ADMINISTRATIVE OFFICE
Gov. Joaquin L. Ortega Avenue, Poro Point
City of San Fernando 2500, La Union
Philippines
Tel. Nos. : 63 (072) 2424016, 2429984, 7090726
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Web Site : www.pporoairportfreeport.com
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SAN FERNANDO AIRPORT OFFICE
Mayor Enrique Dacanay Avenue, City of San Fernando 2500, La Union
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Fax No. : 63 (072) 607-5648



PERFORMANCE AGREEMENT

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

GOVERNANCE COMMISSION FOR GOCCs (GCG)

- and -

PORO POINT MANAGEMENT CORPORATION (PPMC)

WHEREAS, the Parties above entered into a Performance Agreement covering CY 2016;

WHEREAS, the Parties agreed to renegotiate certain targets for CY 2015, pursuant to Section 7.2 of GCG MC No. 2013-02 (Re-Issued), which provides that "GOCCs can renegotiate the targets set in their Performance Agreements for the current year if the same are no longer feasible due to substantial changes in circumstances that could not have been foreseen at the time the targets were agreed upon."

WITNESSETH: THAT –

The Parties agree to the following terms:

- 1. Renegotiation.** – PPMC's Performance Scorecard in its 2015 Performance Agreement is hereby amended pursuant to the attached **Renegotiated Performance Scorecard**. All other conditions in the Performance Agreement covering CY 2015 shall remain effective.
- 2. Mission and Vision.** – PPMC's Mission and Vision are as follows:
Mission: To develop and manage the Poro Point Freeport Zone in order to promote the economic and social development of Northern Luzon in particular, and the country in general while ensuring the conservation and protection of our environment and natural resources.
Vision : By 2020, the Poro Point Freeport Zone is an international gateway for trade, business and tourism.
The agreed Strategy Map for achieving the vision is attached hereto as **Annex A**.
- 3. Measurement of Performance.** – Performance for 2015-16 shall be measured based on the Performance Scorecard attached hereto as **Annex B and Annex B-1, respectively**. It is understood that the GOCC must achieve a weighted-average of at least 90% based on the agreed targets for 2015-16 to be eligible to grant any Performance-Based Bonus.
- 4. Strategic Initiatives.** – PPMC hereby commits to undertaking the following key programs and/or projects identified as having a significant impact on its Performance Scorecard (PES Form 2) attached hereto as **Annex C**, to wit:

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- (a) Strategic Initiative 1: Disposition of the remaining leasable areas of the 3-hectare Mixed-Use Commercial Area (for retail);
- (b) Strategic Initiative 2: Disposition of the Poro Point Baywalk Commercial Area/Strip;
- (c) Strategic Initiative 3: Disposition of the leasable areas in the Mixed-Use Commercial Area (formerly Industrial Area);
- (d) Strategic Initiative 4: Provision of required utility infrastructure within the Zone;
- (e) Strategic Initiative 5: Sillag Poro Point Festival of Lights; and
- (f) Strategic Initiative 6: Asset Disposition of the leasable areas of the San Fernando Airport.

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. PPMC shall include updates on the foregoing Strategic Initiatives in its submission of quarterly monitoring reports to the GCG.

5. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03 namely:

5.1. *Conditions Common to National Government Agencies and GOCCs:*

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

5.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*

- (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as cleared by the Department of Finance (DOF), whenever applicable.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
- (c) Adoption of a "Manual of Corporate Governance" pursuant to Section 42 of the CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07) that is approved by GCG and uploaded on the GOCC's website.
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
- (e) Adoption of a **No GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.



(DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.

(h) Submission of Corporate Operating Budgets (COBs):

- i. For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 123 on "Budget Call for FY 2016;"
- ii. For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 123.

6. PPMC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, PPMC shall copy furnish the Governance Commission copies of all written communications between PPMC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.

Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **INELIGIBLE** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.

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

DONE, this 19th day of January 2016, in the City of Makati, Philippines.

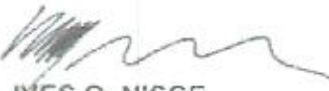
GOVERNANCE COMMISSION FOR
GOCCs


BY AUTHORITY OF THE COMMISSION:


CESAR L. VILLANUEVA
Chairman


MA ANGELA E. IGNACIO
Commissioner

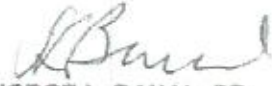
PORO POINT MANAGEMENT
CORPORATION


WES Q. NISCE
Chairman


FLORANTE S. GERDAN
Board Member
President and CEO



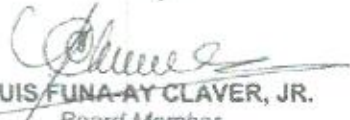
RAINIER B. BUTALID
Commissioner



JORGE L. BANAL, SR.
Board Member



ELMER M. CADANO
Board Member



LOUIS FUNA-AY CLAVER, JR.
Board Member



CELIA V. GUZMAN
Board Member



MANOLITO S. HIDALGO
Board Member

←



VLADIMIR S. RODRIGUEZ
Board Member



NICOLAS RUNEZ TABORA
Board Member



MITCHELL VERZOSA
Board Member

*Deemed resigned on December 10, 2015



PORO POINT MANAGEMENT CORPORATION



PPMC CHARTER STATEMENT AND STRATEGY MAP

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

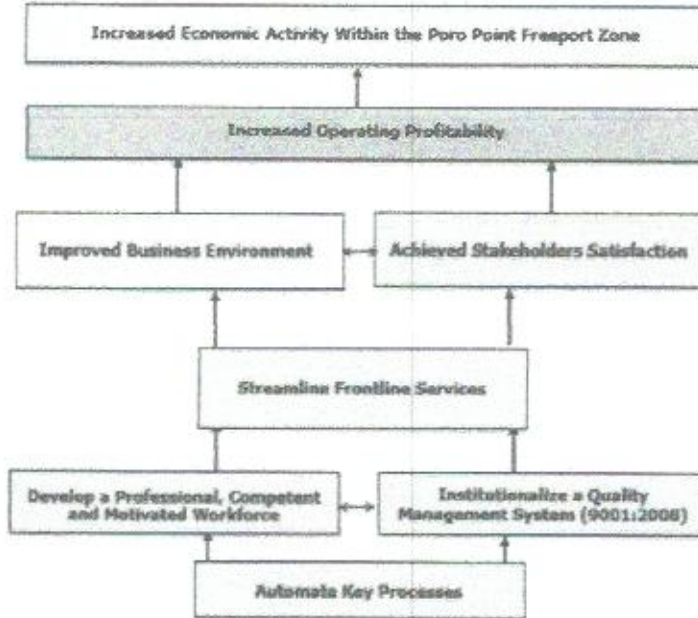
MISSION:

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

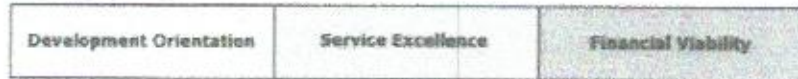
CORE VALUES:

- Integrity
- Stewardship
- Excellence

- SOCIAL IMPACT
- FINANCIAL
- CUSTOMER SATISFACTION
- INTERNAL PROCESS
- ORGANIZATIONAL LEARNING & INNOVATION



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PORO POINT MANAGEMENT CORPORATION

	Component	Objective/Measure	Formula	Weight	Rating System	Baseline Data		Target
						2013	2014	2015
SOCIAL IMPACT	SO 1	Increased Economic Activity Within the Poro Point Freeport Zone						
	SM 1	Percent of new locators or projects signed meeting best use criteria (Investment, Employment and Lease Rate)	Actual Number of Locators/Projects signed meeting the best-use criteria / Total Number of Locators/Projects signed for the year	10%	Actual/Target x Weight	100%	100%	100% compliance on new projects and Publication of Requests for Expressions of Interest for the Long-term Lease and Development of the 6 has. Lighthouse Property
		Number of new locators or projects signed		0%				2 locators
	SM 2	Actual Investment in the Freeport Zone	Actual Cumulative Investment of all locators inside the PPFZ as of December 31, 2015 / Total Target Investment x 100 x Weight	10%	(Actual Increase / Target Increase) x Weight	₱1,593 M	₱1,680 M	₱1,800 Mn

		Component			Baseline Data		Target	
	Objective/Measure	Formula	Weight	Rating System	2013	2014	2015	
	SM 3	Percent of locators complied with employment commitment (includes existing)	Actual Number of Locators complied with the above 110% employment commitment / Total Number of Locators with employment commitment	5%	Actual / Target x Weight	100%	100%	100% (above 110% of the locators' commitment level)
		<i>Sub-total</i>		25%				
	SO 2	Increased Operating Profitability						
FINANCIAL	SM 4	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin	Actual EBITDA (Management Fee + Miscellaneous Income) minus (Personal Services + MOOE excluding interest, taxes, depreciation, amortization) over (Management Fee + Miscellaneous Income) / Total Revenue	10%	Actual / Target x Weight	4%	14%	6%
	SM 5	Actual Zone Revenue	Actual Zone Revenue for the year	5%	Actual / Target x Weight	₱68.6 M	₱72.1 M	₱76 Mn
	SM 6	Zone Revenue Collection Efficiency	Actual Collection/Total Zone Revenue for the year	5%	Actual / Target x Weight	96.89%	95%	97%
		<i>Sub-total</i>		20%				

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		Component			Baseline Data		Target	
		Objective/Measure	Formula	Weight	Rating System	2013	2014	2015
STAKEHOLDERS	SO 3	Improved Business Environment						
	SM 7	Access to ICT infrastructure (telecom, internet); provide redundancy	Milestone achieved	5%	All or nothing		1 telecom provider	Award of Contract for Construction of BPO Building
	SM 8	Percent of locators with access to alternative sources of water aside from deepwells	Actual Number of Locators with access to alternative sources of water aside from deepwells / Total no. of locators	5%	3/12 - 5% 2/12 - 3% 1/12 - 1% 0/12 - 0%	0%	0%	25% (3/12)
	SO 4	Achieved Stakeholders Satisfaction						
	SM 9	Stakeholders Satisfaction Rating based on a survey conducted by a third party	Average of the Ratings of all Stakeholders Repondents	10%	3 on a 5-point scale - 10% 2.75 on a 5-point scale - 7.5% 2.5 on a 5-point scale - 5% 2 below - 0%	n/a	n/a	3 on a 5-point scale
		<i>Sub-total</i>		20%				
INTERNAL PROCESS	SO 5	Streamline Frontline Services						
	SM 10	Turn Around Time for Business Registration and Renewal of Permit to Operate and Registration Certificates from Receipt of Complete	Average processing time of New Business Registrants processed within the applicable period	5%	Actual / Target x Weight			Start-up Business Registration : 19 days

		Component			Baseline Data		Target
	Objective/Measure	Formula	Weight	Rating System	2013	2014	2015
	Requirements	Average processing time of Locators renewed within the applicable period	5%	Actual / Target x Weight			Renewal of Registration Certificates: 8 days
		Average processing time of Locators renewed within the applicable period	5%	Actual / Target x Weight			Renewal of Permit to Operate: 4 days
	<i>Sub-total</i>		15%				
LEARNING AND GROWTH	SO 6	Institutionalize a Quality Management System (9001:2008)					
	SM 11	ISO Certification from a Certifying Body	Notice from third party Certifying Body that PPMC passed the Surveillance Audit	5%	All or nothing	ISO 9001:2008 Certified	Passed Re-Surveillance Audit
	SO 7	Upgrading of the San Fernando Airport to meet International Civil Aviation Organization Standards					
	SM 12	Privatization of San Fernando Airport	Certification from CAAP	5%	All or nothing	Manualization of Airport Processes approved by the Board	Board Approval of the Terms of Reference for the Privatization (non-PPP mode) of the Operations and Management of the San Fernando Airport (Approval of the Asset Disposition Program for the San Fernando Airport - please see attached Stages/Phases)
	SO 8	Develop a Professional, Competent and Motivated Workforce					
SM 13	Training of Aerodrome personnel to achieve certification	Actual Number of Aerodrome personnel who passed the training / Number of Aerodrome personnel required to undergo training	5%	Actual / Target x Weight			Passed the training

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Component					Baseline Data		Target
Objective/Measure	Formula	Weight	Rating System	2013	2014	2015	
SO 9	Automate Key Processes						
SM 14	Creation of IT-Based system for key processes	The automated Document Tracking System is established and in place	5%	All or nothing			Automation of Document Tracking System
		<i>Sub-total</i>	20%				
		TOTAL	100%				

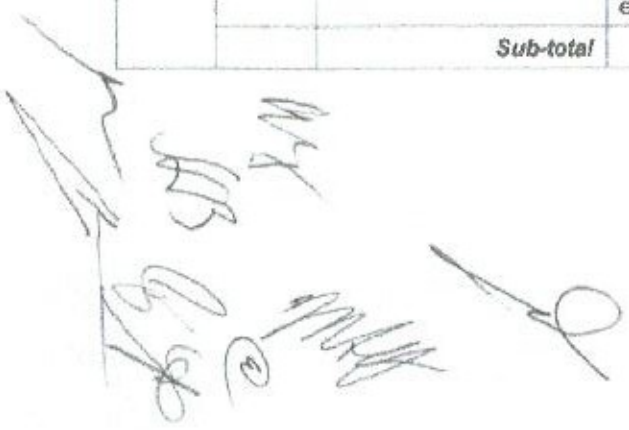
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PORO POINT MANAGEMENT CORPORATION

		Component			Baseline Data			Target		
Objective/Measure		Formula	Weight	Rating System	2013	2014	2015	2016		
SOCIAL IMPACT	SO 1	Increased Economic Activity Within the Poro Point Freeport Zone								
	SM 1	Number of new locators or projects signed meeting best use criteria	Actual Number of Locators/Projects signed meeting the best-use criteria	10%	Actual / Target x Weight				B 5 Baywalk enterprises, one (1) BPO locator, (1) Lighthouse Project, and (1) leasable areas of San Fernando Airport	
	SM 2	Actual Investment in the Freeport Zone	Actual Cumulative Investment of all locators inside the PPFZ as of December 31, 2015 / Total Target Investment x 100 x Weight	10%	(Actual Increase / Target Increase) x Weight	₱1.59 B	₱1.68 B	₱1.8 B	₱2.2 B	
	SM 3	Percent of locators complied with employment commitment (includes existing)	Actual Number of Locators complied with the above 110% employment commitment / Total Number of Locators with employment commitment	5%	Actual / Target x Weight	100%	100%	100%	100%	
		Sub-total		25%						



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		Component			Baseline Data		Target		
Objective/Measure		Formula	Weight	Rating System	2013	2014	2015	2016	
FINANCIAL	SO 2	Increased Operating Profitability							
	SM 4	Earnings Before Interest Taxes, Depreciation and Amortization (EBITDA) Margin	Actual EBITDA (Management Fee + Miscellaneous Income) minus (Personal Services + MOOE excluding interest, taxes, depreciation, amortization) over (Management Fee + Miscellaneous Income) / Total Revenue	10%	Actual / Target x Weight	4%	14%	6%	16.64%
	SM 5	Actual Zone Revenue	Actual Zone Revenue for the year	5%	Actual / Target x Weight	₱68.6 M	₱72.1 M	₱76 M	₱93 M
	SM 6	Zone Revenue Collection Efficiency	Actual Collection/Total Zone Revenue for the year	5%	Actual / Target x Weight	96.89%	95%	97%	98%
	Sub-total			20%					
STAKEHOLDERS	SO 3	Improved Business Environment							
	SM 7	Access to ICT infrastructure (telecom internet); provide redundancy	Milestone achieved	5%	All or nothing		1 telecom provider	Award of Contract for Construction of BPO Building	1 additional telecom provider
	SM 8	Percent of locators with access to alternative sources of water aside from deepwells	Actual Number of Locators with access to alternative sources of water aside from deepwells / Total no. of locators	5%	Actual / Target x Weight	0%	0%	25% (3/12)	50% (7/14)

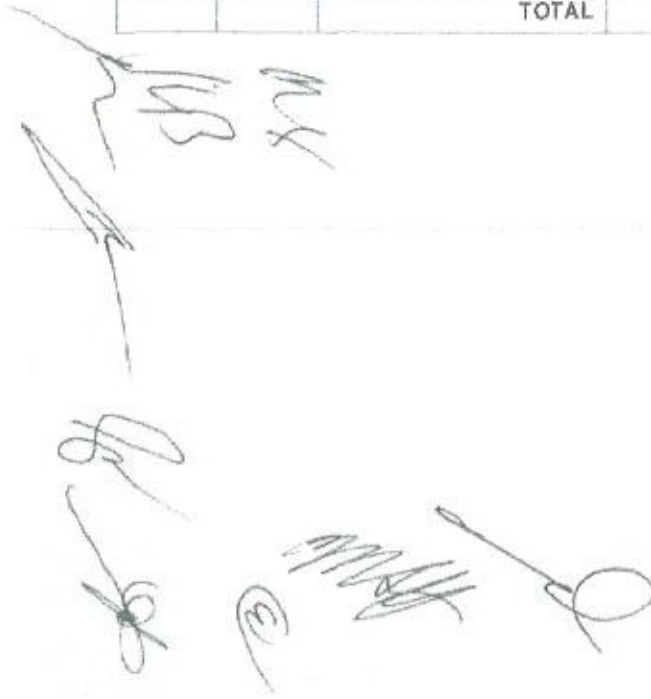
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		Component			Baseline Data		Target		
		Objective/Measure	Formula	Weight	Rating System	2013	2014	2015	2016
	SO 4	Achieved Stakeholders Satisfaction							
	SM 9	Stakeholders Satisfaction Rating based on a survey conducted by a third party	Average of the Ratings of all Stakeholders Repondents	10%	Actual / Target x Weight	n/a	n/a	3 on a 5-point scale	3.5 on a 5-point scale
		<i>Sub-total</i>		20%					
INTERNAL PROCESS	SO 5	Streamline Frontline Services							
	SM 10	Turn Around Time for Business Registration and Renewal of Permit to Operate and Registration Certificates from Receipt of Complete Requirements	Average processing time of New Business Registrants processed within the applicable period	5%	Actual / Target x Weight			Start-up Business Registraton : 19 days	Start-up Business Registration : 18 days
			Average processing time of Locators renewed within the applicable period	5%	Actual / Target x Weight			Renewal of Registration Certificates: 8 days	Renewal of Registration Certificates: 3 days
			Average processing time of Locators renewed within the applicable period	5%	Actual / Target x Weight			Renewal of Permit to Operate: 4 days	Renewal of Permit to Operate: 1 day
	<i>Sub-total</i>		15%						
LEARNING AND GROWTH	SO 6	Institutionalize a Quality Management System (9001:2008)							
	SM 11	ISO Certification from a Certifying Body	Notice from third party Certifying Body that PPMC passed the Surveillance Audit	5%	All or nothing		ISO 9001:2008 Certified	Passed Re-Surveillance Audit	Passed Re-Surveillance Audit

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	Component				Baseline Data		Target		
	Objective/Measure	Formula	Weight	Rating System	2013	2014	2015	2016	
LEARNING AND GROWTH	SO 8	Develop a Professional, Competent and Motivated Workforce							
	SM 12	Implementation of the Competency-Based Framework	Based on result of assessment	5%	All or Nothing			Finalize competency-based framework; Establish baseline data on competency level of employees	+ 5 improvement from the Baseline
	SO 9	Automate Key Processes							
	SM 14	Creation of IT-Based system for key processes	The automated Document Tracking System is established and in place	5%	All or nothing			Automation of Document Tracking System	Automation of Accounting System
		<i>Sub-total</i>			20%				
	TOTAL			100%					



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PORO POINT MANAGEMENT CORPORATION

I. STRATEGIC INITIATIVE PROFILE 1

1. **Name of Project :** Disposition of the remaining leasable areas of the 3-hectare Mixed-Use Commercial Area (for retail)
2. **Contact Person/ Project Team Head:**

Hon. Florante S. Gerdan
President and CEO
Poro Point Management Corporation
3. **Project Description:** PPMC has identified an area of three (3) hectares inside the PPFZ as Mixed-Use Commercial Area (for retail), which can cater to Information Technology (IT)-Business Process Outsourcing (BPO) Industry and to other commercial-related industries and establishments.
4. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
1. Marketing and Invitation of private sector participation	Continuing (Jan-Dec. 2016)	Continuing (Jan-Dec. 2016)	₱1,500,000 Marketing & Promotion Budget	PPMC Corporate Operating Budget	
		Total	₱1,500,000		

5. **Measures Affected:** Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin; Disposition Program

II. STRATEGIC INITIATIVE PROFILE 2

1. **Name of Project :** Disposition of the Poro Point Baywalk Commercial Area/Strip
2. **Contact Person/ Project Team Head:**

Hon. Florante S. Gerdan
President and CEO
Poro Point Management Corporation
3. **Project Description:** To enhance the competitiveness of PPFZ in attracting more locators, one of the identified infrastructure projects of PPMC is the construction of the Poro Point Baywalk with Events Center. The Poro Point Baywalk will have a Commercial Strip that will be leased out to prospective locators. This Commercial Strip will be open to all interested developers/investors and will also cater to local business owners and Small and Medium Enterprises (SMEs).

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4. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
1. Marketing and Invitation of private sector participation	Continuing (Jan-Dec. 2016)	Continuing (Jan-Dec. 2016)	₱1,500,000 Marketing & Promotion Budget	PPMC Corporate Operating Budget	
Total			₱1,500,000		

5. **Measures Affected:** Actual Zone Revenue; Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin.

III. STRATEGIC INITIATIVE PROFILE 3

1. **Name of Project:** Disposition of the leasable areas in the Mixed-Use Commercial Area (formerly Industrial Area)

2. **Contact Person/Project Team Head:**

Hon. Florante S. Gerdan
President and CEO
Poro Point Management Corporation

3. **Project Description:** With the completion of the new Master Development Plan (MDP), PPMC also sets its sight in disposing portions of the Mixed-Use Commercial Area (formerly Industrial Area). This area is part of the Phase 1A and 1B of the MDP including portions of Phase 2 and Phase 3.

4. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
1. Marketing and Invitation of private sector participation	Continuing (Jan-Dec. 2016)	Continuing (Jan-Dec. 2016)	₱1,500,000 Marketing & Promotion Budget	PPMC Corporate Operating Budget	
Total			₱1,500,000		

5. **Measures Affected:** Actual Area Leased-out; Actual Investment in the Freeport Zone; Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin; Actual Zone Revenue; Stakeholders Satisfaction Survey Rating

***Note:**

1. The resolution of legal issues with PPIC thru Compromise Agreement is ongoing. This is a joint effort of Bases Conversion and Development Authority (BCDA) and Poro Point Management Corporation (PPMC).

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IV. STRATEGIC INITIATIVE PROFILE 4

1. **Name of Project :** Provision of required utility infrastructure within the Zone
2. **Contact Person/ Project Team Head:**

Hon. Florante S. Gerdan
President and CEO
Poro Point Management Corporation
3. **Project Description:** Poro Point Management Corporation aims to provide utilities such as power, water and telecommunications within the Poro Point Freeport Zone (PPFZ).
4. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
1. Study/ Research on the provision of utilities inside the PPFZ	3 rd Quarter 2015	4 th Quarter 2015	N/A	N/A	Ongoing
2. Coordination with various utility companies such as power, water & telecommunications	3 rd Quarter 2015	4 th Quarter 2015	N/A	N/A	
3. Preparation of Programs/Detailed Plans of Action, Timelines and/or Agreements for the provision of power, water and telecommunications inside the PPFZ.	4 th Quarter 2015	1 st Quarter 2016	N/A	N/A	Ongoing
	Total				

5. **Measures Affected:** Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin; Stakeholders Satisfaction Rating

V. STRATEGIC INITIATIVE PROFILE 5

1. **Name of Project :** Sillag Poro Point Festival of Lights
2. **Contact Person/ Project Team Head:**

Hon. Florante S. Gerdan
President and CEO
Poro Point Management Corporation
3. **Project Description:** A distinct historical landmark in the Poro Point Freeport Zone, City of San Fernando, La Union, is a lighthouse called the Poro Point Lighthouse. It serves as a beacon for ships and boats plying the sea at night. Similarly, the PPFZ is envisioned as the Beacon of the North by catalyzing the socio- economic development in Northern Luzon. PPMC set its sight on the promotion of the 6-hectare Poro Point

Lighthouse as an integral component of the tourism development inside the PPFZ.

With the Poro Point Lighthouse as the perfect symbolism of the PPFZ, PPMC launched an annual summer festival dubbed as SILLAG Poro Point Festival of Lights on April 28, 2012. The SILLAG Festival was conceptualized with an end view of promoting not only the PPFZ but as well as the City of San Fernando, La Union and the whole Province of La Union. SILLAG is a derivative of "sellag" an Ilocano word which means moonbeam or illumination from the moon.

The SILLAG festival aims to promote the 6-hectare lighthouse property as a vital component of an Integrated Tourism Complex and to attract domestic and foreign tourists to create a mass market to encourage business and commerce in the Poro Point Freeport Zone, City of San Fernando, La Union and the rest of the Province of La Union.

4. Project Milestones:

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
1. Preparation of Programs, Detailed Plans of Action, Responsibilities, Partner Agencies, Timeliness and Budget/ Resource Requirements	September 2015	February 2016	₱2,500,000 (proposed budget)	PPMC Corporate Operating Budget	
2. Formation of Committees	September 2015	January 2016			
3. Conduct planning sessions (within PPMC and with partner agencies)	September 2015	March 2016			
4. Implement preparatory activities per action plan	September 2015	April 2016			
		Total	₱2,500,000		

5. **Measures Affected:** Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin; Stakeholders Satisfaction Rating based on survey conducted by a third party.

VI. STRATEGIC INITIATIVE PROFILE 6

1. **Name of Project :** Asset Disposition of the leasable areas of the San Fernando Airport

2. **Contact Person/ Project Team Head:**

Hon. Florante S. Gerdan
 President and CEO
 Poro Point Management Corporation

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3. **Project Description:** There are leasable areas of the San Fernando Airport for lease to Aviation Schools and General Aviation Related Services. PPMC will explore or entice investors to set up shopping mall, hangar facilities for maintenance and aviation engineering schools for aircraft maintenance. The stages of the Asset Disposition of the San Fernando Airport are as follows:

Phase 1 – Asset Disposition of the leasable areas of the San Fernando Airport (1-hectare area located near the LEIAAI Hangar) for aviation related business/activities

Phase 2 – Asset Disposition of the leasable areas of the San Fernando Airport (In front of Terminal Building/North Wing) for commercial related activities and/or areas for aviation related activities

Phase 3 – Asset Disposition of the leasable areas of the San Fernando Airport (In front of Terminal Building/South Wing) for commercial related activities and/or areas for aviation activities

Phase 4 – Asset Disposition of the Operation and Management of the San Fernando Airport

4. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
1. Update the San Fernando Airport Subdivision Plan and Identify Remaining Leasable Areas	September 2015	November 2015		PPMC Corporate Operating Budget	
2. Marketing and invitation of Private sector participation	January 2016	December 2016			

5. **Measures Affected:** Stakeholders Satisfaction

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Performance Scorecard

PORO POINT MANAGEMENT CORPORATION

	Component		Weight	Rating System	Data Provider	Baseline Data		Target		Renegotiated
	Objective/Measure	Formula				2013	2014	2015	2016	
SOCIAL IMPACT	SO 1 Increased Economic Activity Within the Poro Point Freeport Zone									
	SM 1	Number of new locators or projects signed meeting best use criteria	Actual Number of Locators/Projects signed meeting the best use criteria	10%	Actual/Target x weight		-		8 5 Baywalk enterprises, one (1) BPO locator, one (1) Lighthouse Project and (1) leasable areas of San Fernando Airport	1. Approval of the PPMC Board of the Revised Term Sheet for the Lease of the Poro Point Baywalk Commercial Lots 2. Approval of the PPMC Board of the Revised Terms of Reference for the Long-Term Lease and Development of the Poro Point Lighthouse 3. Approved Policy Direction for the disposition of the San Fernando Airport
	SM 2	Actual Investment in the Freeport Zone	Actual Cumulative Investment of all locators inside the PPFZ as of December 31, 2016 / Total Target Investment x 100 x Weight	10%	Actual Increase/Target Increase x Weight	PhP 1.59 B	PhP1,680 M	PhP1,800 M	PhP2,200 M	
	SM 3	Percent of locators complied with employment commitment (includes existing)	Actual Number of Locators complied with the above 110% employment commitment / Total Number of Locators with employment commitment x 100 x Weight	5%	Actual / Target x Weight	100%	100%	100%	100%	
	Sub-total									25%
FINANCIAL	SO 2 Increased Operating Profitability									
	SM 4	Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin	Actual EBITDA (Management Fee + Miscellaneous Income) minus (Personal Services + MOOE excluding interest, taxes, depreciation, amortization) over (Management Fee + Miscellaneous Income) / Target EBITDA x 100 x Weight	10%	Actual / Target x Weight	4%	14.00%	6%	17%	
	SM 5	Actual Zone Revenue	Actual Zone Revenue for the year / Target Zone Revenue x 100 x Weight	5%	Actual / Target x Weight	PhP 68.6 M	PhP 72.1 M	PhP76 Million	PhP93 Million	PhP 83 Million
	SM 6	Zone Revenue Collection Efficiency	Actual Collection/Total Zone Revenue for the year x 100 x Weight	5%	Actual / Target x Weight	96.89%	95%	97%	98%	
	Sub-total									20%
STAKEHOLDERS	SO 3 Improved Business Environment									
	SM 7	Access to ICT infrastructure (telecom, internet); provide redundancy	Milestone achieved	5%	All or nothing		1 telecom provider	Award of Contract for Construction of BPO Building	1 additional telecom provider	SM 7: Provision of required road infrastructures Target: Approval of the funding of the construction of 2.7405 kilometers, 4-lane concrete pavement road with sidewalk, drainage and electrical duct with a total project cost of PhP 100 Million
SM 8	Percent of locators with access to alternative sources of water aside from deepwells	Actual Number of Locators with access to alternative sources of water aside from deepwells	5%	Actual/Target x weight	0%	0%	3/12 - 25%	7/14 - 50%	Completion of the Program of Works, Plans and specifications and subsequent approval of the funding for the construction of a Cistern and Water Distribution Network (Phase 1) in the amount of PhP 19.5 million which will provide water resource requirement for the following areas: 3-hectare Mixed-Use Commercial Area and Poro Point Baywalk Events Center Area.	

90.4. Achieved Stakeholders Satisfaction											
INTERNAL PROCESS	SM 9	Stakeholders Satisfaction Rating based on a survey conducted by a third party	Average of the Ratings of all Stakeholders Repondents	10%	3.5 on a 5-point scale - 10% 3.0 on a 5-point scale - 7.5% 2.75 on a 5-point scale - 5% 2.5 below - 0%		n/a	n/a	3 on a 5-point scale	3.5 on a 5-point scale	Completion of the Stakeholders Satisfaction Survey in December 2016 and the submission of the results together with the annual performance scorecard on or before February 28, 2017.
	Sub-total			20%							
	90.5. Streamline Frontline Services										
	SM 10	Turn Around Time for Business Registration and Renewal of Permit to Operate and Registration Certificates from Receipt of Complete Requirements	A. Average processing time of New Business Registrants processed within the applicable period	5%	Actual/Target x weight				a. Start-up Business Registration=19 days	a. Start-up Business Registration=18 days	
	B. Average processing time of Locators renewed within the applicable period		5%	Actual/Target x weight				b. Renewal of Registration Certificates = 8 days	b. Renewal of Registration Certificates = 3 days		
	C. Actual No. of Locators renewed within the applicable period / Total No. of Locators for Renewal of Permit to Operate x 100 x Weight		5%	Actual/Target x weight				c. Renewal of Permit to Operate = 4 days	c. Renewal of Permit to Operate = 1 days		
Sub-total			15%								
90.6. Institutionalize a Quality Management System (9001:2008)											
LEARNING AND GROWTH	SM 11	ISO Certification from a Certifying Body	Notice from third party Certifying Body that PPMC passed the Surveillance Audit	5%	All or nothing			ISO 9001:2008 Certified	Passed Re-Surveillance Audit	Passed Re-Surveillance Audit	
	SM 12	Implementation of the Competency-Based Framework	Based on result of assessment	5%	All or nothing				Finalize competency-based framework; Establish baseline data on competency level of employees	.5 improvement from the Baseline	
	90.7. Automate Key Processes										
SM 14	Creation of IT-Based system for key processes	The automated Document Tracking System is established and in place.	5%	All or nothing				Automation of Document Tracking System	Automation of Accounting System	Automation of Disbursement System	
Sub-total			20%								
TOTAL			100%								