

PRESIDENT'S REPORT

Calendar Year 2014

JOHN HAY MANAGEMENT CORPORATION

The John Hay Management Corporation (JHMC) has strengthened its position as the catalyst for economic growth and job generation in the Cordillera Region for year 2014. It has remained steadfast in its mandate to develop the 625-hectare Camp John Hay (CJH) as a premiere tourist and investment destination, and a center for human resource development. The JHMC has institutionalized reforms and good governance measures in the regulation of the John Hay Special Economic Zone (JHSEZ) and the John Hay Reservation Area (JHRA), and as responsible stewards of about 53% of the forested land of the City of Baguio, it has strictly implemented programs to maintain forest density, and clean air and water resources.

Under the Aquino administration, the locators in the JHSEZ increased by 50% over the past four years, with a total of 117 business enterprises in year 2014. This resulted in an unprecedented increase of 196% in jobs generated in the Zone for the same period, with a total of 4,176 employees for year 2014. Approximately 70% of these jobs were provided for by the business processing outsourcing (BPO) facilities. More importantly, 90% of the workforce in the Zone are residents of the BLISTT (Baguio City, La Trinidad, Itogon, Sablan, Tuba, Tublay) and the Cordillera.

The President's Report covers the accomplishments of JHMC for the calendar year 2014, in accordance with the Performance Agreements (PA) made with the Governance Commission for Government-Owned or Controlled Corporations (GCG), and the Bases Conversion and Development Authority (BCDA).

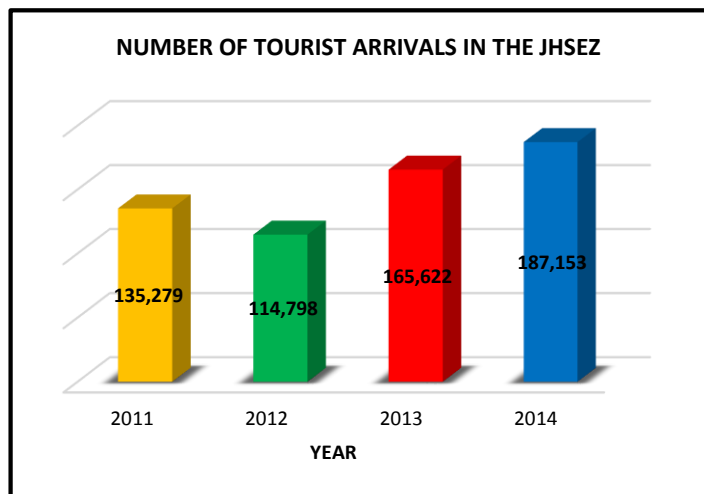
It is a privilege and an honor to report the major accomplishments of the JHMC.

ASSET MANAGEMENT

TOURISM

Tourism has been the most stable industry in the City of Baguio over the years. It is the primary vehicle for job generation and economic regeneration. Based on data from accommodation facilities, the tourist arrivals in Camp John Hay increased by 13% with about 187,153 for CY 2014 (as compared to 165,622 visitors for CY 2013).

The boost in tourist arrivals was a result of the promotion of the Camp for recreational and eco-cultural tourism, for Meetings,



Source: JHSEZ Hotels

Incentives, Conventions and Exhibitions (M.I.C.E.), and the opening of new retail shops and restaurants at the Ayala Techno-Hub.

The marketing of the Historical Core as a preferred destination for corporate events and family occasions was intensified. There were 48 marketing events, functions and eco-tours held in 2014, with nuptials consistently accounting for about 68% of events.

The opening of the Tarlac-Pangasinan-La Union Expressway (TPLEX) in 2014 significantly shortened travel time to the City of Baguio, and is seen to have likewise contributed to the increase in the number of tourists.

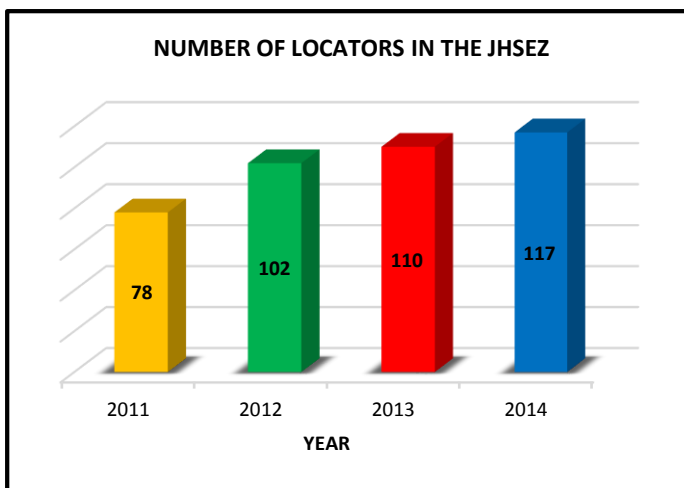
BUSINESS DEVELOPMENT AND JOB GENERATION

John Hay Special Economic Zone (JHSEZ) Locators and Job Generation

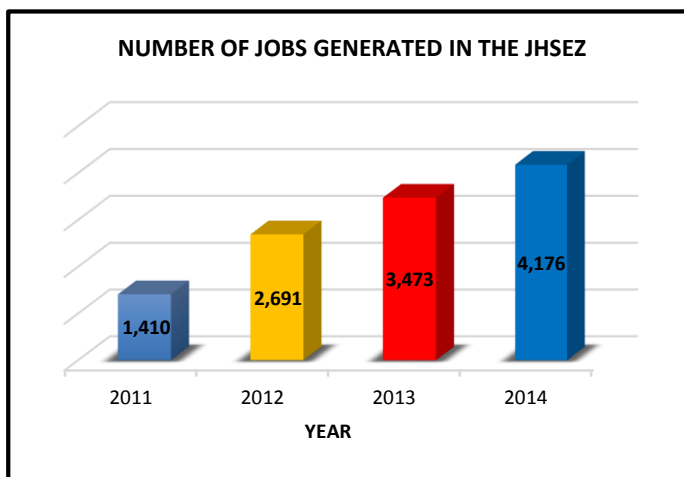
The locators in the JHSEZ increased to 117 business enterprises in CY 2014 (from 110 in CY 2013). In the Ayala Techno-Hub alone, with the opening of its second business processing outsourcing (BPO) facility and additional retail shops and restaurants, the locators increased to a total of 34 in CY 2014 (from 30 in CY 2013).

Employment in the JHSEZ likewise increased by 20% for CY 2014 with a total of 4,176 employees (compared to 3,473 employees in year 2013). Approximately 70% of these jobs were provided for by the BPOs (as compared to 50% in CY 2013), namely the InterContinental Hotels Group and Convergys. This represents a 40% increase in the employment provided by the BPO industry with 2,450 employed in 2014, as compared to 1,746 employed in year 2013.

More importantly, 90% of the workforce are sourced from the BLISTT, ensuring that the local residents are the direct beneficiaries of the developments in Camp John Hay. The participation of the JHMC in four (4) Jobs Fairs conducted during the year, likewise contributed to the increase in job generation.



Source: JHMC SEZAD



Source: JHMC SEZAD

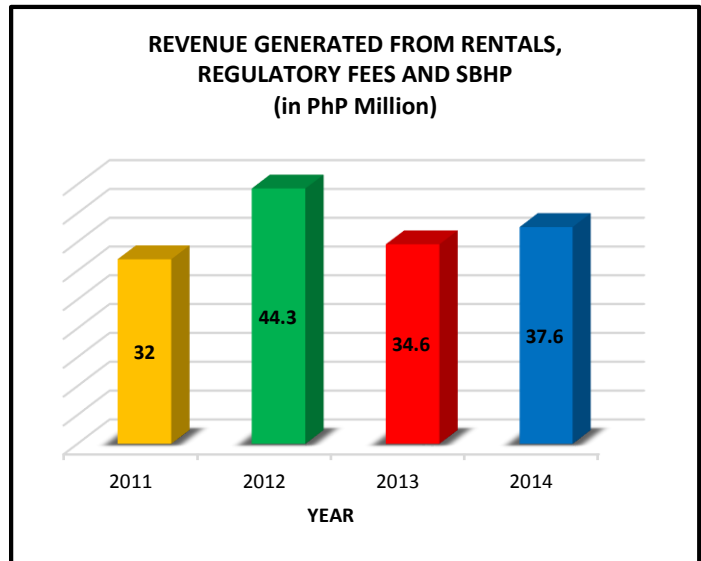
Revenue Generation

The Estate Management Fee collected from the BCDA for the year amounted to PHP 67,881,861.00 pursuant to the Amended Performance Agreement.

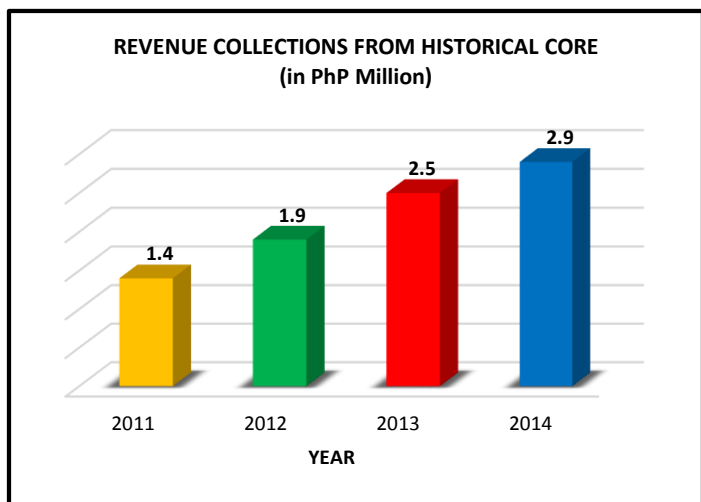
In 2014, the revenue generated from collections of lease rentals, ticket sales and venue rentals at the Historical Core, the regulatory fees in the JHSEZ, and the Scout Barrio Housing Project increased by 9% and amounted to PHP 37,652,724.60 (from PHP 34,650,676.89 in year 2013).

The revenue of PHP 37,652,724.60 is broken down as follows:

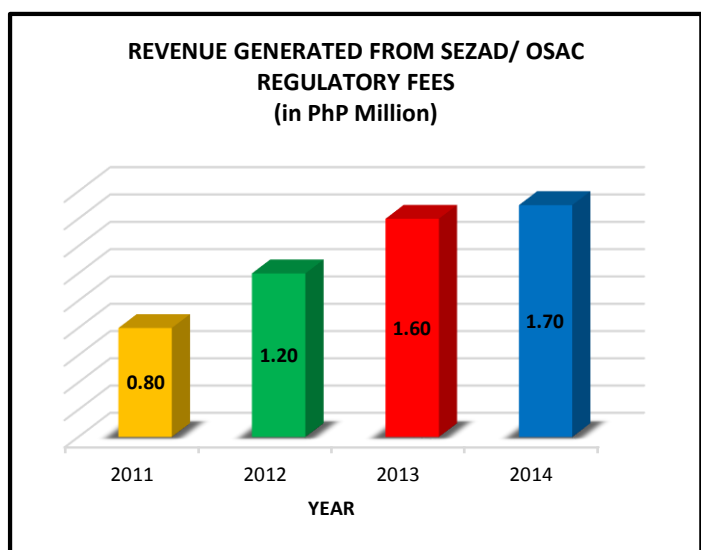
1. The lease rentals in the JHSEZ and from the Philippine Economic Zone Authority (PEZA) amounted to PHP 28,994,946.47 in 2014 (from PHP 27,580,857.04 in 2013).
2. The Historical Core generated a gross revenue of PHP 2,931,320.00 from ticket sales, events and venue rentals, representing a 16 % increase for the year (from PHP 2,530,788.70 in CY 2013).
3. The Special Economic Zone Administration Department (SEZAD) collections from regulatory fees amounted to PHP 1,714,211.90 (from PHP 1,569,576.18 in 2013).
4. The JHMC –Office of the Building Official and the Environment and Project Management Divisions generated a revenue of PHP 380,990.15 from PHP 541,678.25 in 2013. The decrease in this revenue is due to the stricter regulation of building new structures in the Zone for the year, as a consequence of the legal case against the private developer of the Camp.
5. The Scout Barrio Housing Project (SBHP) collections amounted to PHP 3,131,447.95 in 2014, as compared to PHP 1,036,109.53 in the previous year.



Source: JHMC Finance Department



Source: JHMC Finance Department



Source: JHMC Finance Department

Camp John Hay Development Corporation Lease

Among the major challenges of JHMC were its efforts toward the resolution, in favor of government, of the non-payment of lease rentals by the private developer, Camp John Hay Development Corporation (CJH DevCo), for the 247-hectare property within the JHSEZ. Their arrears amounted to about PHP 3.5 Billion as of 31 December 2014.

JHMC played a major role in the arbitration case in the Philippine Dispute Resolution Center, Inc. (PDRCI) between the BCDA and CJH DevCo. The officers of JHMC and the BCDA took the stand as principal witnesses of the government and held their own admirably against the unrelenting cross examination of the seasoned lawyers of CJH DevCo.

LAND AND ASSET MANAGEMENT



Sheridan Drive Center



Voice of America Loghomes



Mini-Hydro Power Plant

Asset Disposition Program

In order to generate additional sources of revenue for government, the JHMC Board approved the Terms of Reference (TOR) for three (3) BCDA assets in year 2014 as follows:

1. Long Term Lease of the Sheridan Drive Center, a 2.5 hectare property within the JHSEZ for Accommodation Facilities; and
2. Long Term Lease of three (3) Log Home Units in the Voice of America which were turned over to the JHMC in September 2013; and
3. Construction of the Camp John Hay Mini-Hydro Power Plant within the JHRA, built by the Americans in the early 1900s.

JHMC likewise identified four (4) major water sources within the JHRA and contracted the consultancy services for the feasibility study of its Springs Development Project. The project will be presented to the JHMC Board in 2015.

Project Management Services

Among the major infrastructure projects undertaken by the JHMC in year 2014 include the Asphalt Overlay of the Liberty Loop Drive and Bell House Driveway in the Historical Core, covering an area of 2,700 square meters. A grouted riprap wall, with a length of 200 meters, was built along the perimeter of the Liberty Park for slope protection and to prevent damage to the exposed roots of the pine trees. Road signages, curbs, gutters and sidewalks were also constructed to complement the new road.



Liberty Loop Drive

December 2014



Bell House Driveway

December 2014

Barangay Segregation and Ancestral Land Claims

The Final Subdivision Scheme for Barangay Hillside was duly approved by the BCDA Board in year 2014. The Census and Tagging of the *bona fide* residential structures were then completed in the third quarter of 2014, after several public consultations were held with the stakeholders. The JHMC has been collaborating with the Land Registration Authority (LRA) for the approval of the said Subdivision Plan.

The JHMC Board likewise approved the clustering of six (6) Barangays in the JHRA, specifically Barangays Upper Dagsian, Sta. Escolastica., Greenwater, Country Club Village, Outlook Drive and Lucnab, in preparation for the awarding of the residential lots to the *bona fide* beneficiaries. The Census and Tagging of the residents were likewise accomplished in 2014 to ensure that only *bona fide* structure owners shall be given the lot awards by the BCDA, and to determine their capacity to pay for the property.

The ancestral land claims evaluated by the JHMC within the CJHR include a total of thirty six (36) Certificate of Ancestral Land Titles (CALTs) and one (1) Certificate of Ancestral Domain Title (CADT) issued by the National Commission on Indigenous Peoples (NCIP), which encroached into about 204 hectares of BCDA land. The JHMC continues to exert efforts to resolve the aforesaid claims in favor of government, through its coordination with the Office of the President and the NCIP.



NCIP Commission En Banc: BCDA-JHMC Presentation on Ancestral Land Claims in the Camp John Hay Reservation, March 2014

Scout Barrio Housing Project

The Scout Barrio Housing Project (SBHP) is a socialized housing program of the BCDA which covers 163 lot awards to *bona fide* beneficiaries in the Barangay.

In year 2014, JHMC intensified its efforts to collect payments from the said beneficiaries, which resulted in a total of 137 fully paid residents, or about 85% completion of the SBHP.

A total of 20 Transfer Certificate of Titles (TCTs) were awarded (as compared to 11 in year 2013) raising the number of TCT awardees to 100 in 2014.



SBHP Awarding of TCTs

June 2014

Special Patent Application for BCDA Land

The Special Patent Application (SPA) of the BCDA with the DENR, for lands within the CJHR covered by a Presidential Proclamation, has been pending for the past 17 years (since 1997). The JHMC initiated the creation of the SPA-Technical Working Group with the BCDA-JHMC, the DENR-Office of the Secretary, DENR-Land Management Bureau (LMB) and DENR-CAR, and commenced the preparation of the complete survey returns for the new Consolidation and Subdivision Survey Plans of the CJHR, which is a requisite to the processing of the said application.



SBHP Awarding of TCTs

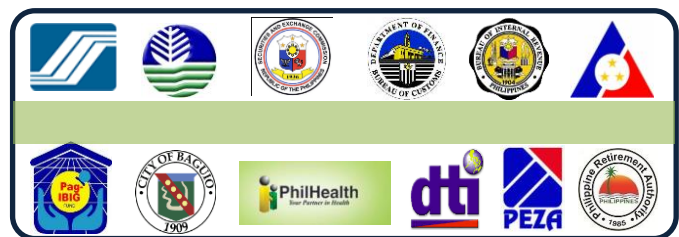
September 2014

REGULATORY SERVICES

Special Economic Zone Administration Department/One-Stop-Action Center

The Special Economic Zone Administration Department (SEZAD) /One-Stop-Action Center (OSAC) has maintained the processing time for the issuance of regulatory permits to an average of twenty (20) minutes for renewals, given complete documentary requirements, and shortened the time for new applications to about six (6) days, from ten (10) days in 2013.

The twelve (12) government line agencies at the OSAC continue to regularly provide their services to the JHSEZ locators. The agencies include the Department of Trade and Industry (DTI), PEZA, Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), City



Government of Baguio, Department of Environment and Natural Resources (DENR), Securities and Exchange Commission (SEC), Department of Labor and Employment (DOLE), Pag-IBIG Fund, PhilHealth, the Social Security System (SSS) and the Philippine Retirement Agency (PRA).

The SEZAD continues to promote an investor-friendly business climate in the JHSEZ. The implementation of the Rules and Regulations in the Zone was intensified, with a 14% increase in the number of inspections to a total of 32,500 in 2014. This ensures that all goods and articles entering and exiting the Zone are properly documented and inspected.

The OSAC/Customs Clearance Area (CCA) has maintained a “No Noon Break” and a “No Gift Policy” since 2012.

JHMC-Office of the Building Official

In 2014, The JHMC-Office of the Building Official (JHMC-OBO) issued a total of 13 Building Permits, 5 Occupancy Permits, 3 Sign Permits and 27 annual Mechanical and Electrical Permits, in the performance of its regulatory function within the JHSEZ to ensure compliance with the National Building Code and the Comprehensive Fire Code of the Philippines.



Melt Restaturant



Switch Store – Authorized Apple Reseller



J.CO Coffee and Donut

Environment Management Services

The JHMC-Environment Management Division (EMD) monitored the compliance of the 83 business establishments in the JHSEZ during the year, and issued the requisite Certificates of Environmental Compliance (CEC). The EMD also significantly shortened the processing time to an average of about 2.3 days (from 16 days in 2013) for the issuance of the said certificates.

Citizen’s Charter and Transparency Seal

The Citizen’s Charter, a comprehensive and detailed guide on the frontline services and process flows of JHMC was established in November 2012. This was enhanced in year 2014 by shortening the processing time for the issuance of regulatory permits in the JHSEZ. The Charter has been an effective tool to streamline procedures and reduce bureaucratic red tape, and deter graft and corruption in the management of Camp John Hay.

JHMC has likewise been consistently compliant with the Department of Budget and Management’s (DBM) Transparency Seal.

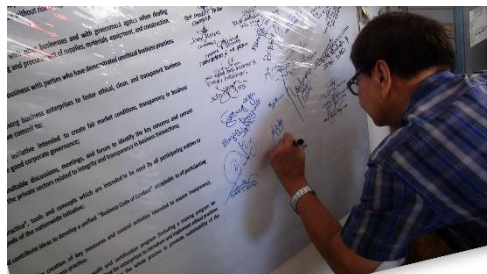


Integrity Initiative

The JHMC SEZAD was designated in year 2014 as the coordinating office for all programs of the Integrity Initiative in Northern Luzon. All the 117 JHSEZ locators have complied with this requirement prior to the issuance of their Permits to Operate by the SEZAD/OSAC.

INTEGRITY INITIATIVE

The JHMC had adopted the Integrity Initiative jointly with the JHSEZ locators, and signed the “*Integrity Pledge*” in August 2012. The project is a joint public-private sector campaign towards the re-establishment of integrity standards in doing business in the Philippines, with the Makati Business Club included among the lead proponents.



Integrity Pledge Signing of JHSEZ Locators

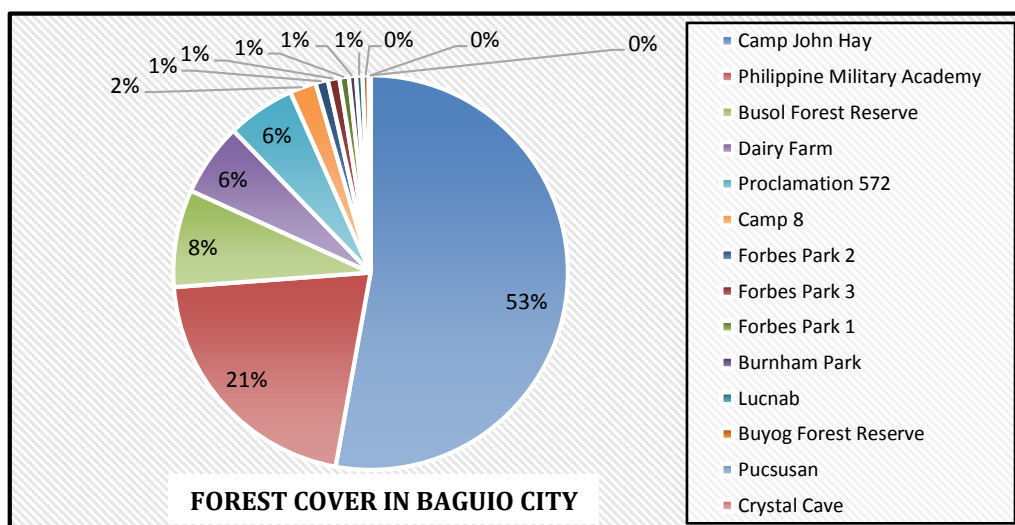
Advocacy for Related Legislation in Congress

The JHMC collaborated with the House of Representatives for the filing of **House Bill (HB) No. 4881** – “*An Act Providing for a Uniform Rate and Method of Incentives Among Subsidiaries of the Bases Conversion and Development Authority, Amending for the Purpose Republic Act No. 7227, As Amended, otherwise known as the “Bases Conversion and Development Act of 1992,” and for Other Purposes.*” This HB was approved by the Special Committee on Bases Conversion in December 2014, and subsequently referred it to the Committee on Ways and Means.

The passage of this bill into law will allow JHMC to fully administer, monitor, and implement the uniform BCDA incentive schemes for its registered enterprises within JHSEZ.

FOREST AND ENVIRONMENT MANAGEMENT

As stewards of about 53% of the forested land of the City of Baguio, the JHMC has strictly implemented programs to maintain forest density, and clean air and water resources. In 2014, an additional 38 JHMC personnel and security service providers were deputized as DENR Officers (DENRO) to enforce environment and forest protection laws, rules and regulations within Camp John Hay.



Source: DENR-CAR

Forest Management Program/ National Greening Program



BSU Forest Pathologists

The **Forest Management Program of JHMC** includes among others, the major research work on the *Ips calligraphus*, a bark beetle infesting and damaging pine trees. Consultancy services of Forest Pathologists from the Benguet State University were tapped to evaluate among others, the pest/disease infestation in the Camp John Hay forest, and make recommendations for a sustainable forest management program. In this study at least five causative agents were identified to affect the Benguet pine forest.

Sanitation Cutting activities were likewise undertaken during the year, as a measure to ensure public safety and control the pest/disease infestation of the pine forest. A total of 77 dead and/or pest infested pine trees in the Zone were harvested upon the issuance of the Extension Sanitation Cutting Permit by the DENR, CAR.

In 2014, the JHMC Board approved the Terms of Reference for the Forest Management Program of Camp John Hay, and was submitted to various foreign and local funding agencies for its implementation. This project aims to integrate forest biodiversity protection and conservation, sustainable forest management, alternative uses of the forest watershed through Parks Management and Development, and climate change adaptation measures.



Arbor Day Tree Planting at Camp 6

The JHMC has consistently complied with Executive Order No. 21, otherwise known as the **National Greening Program (NGP)** of the government, by planting suitable trees (such as Benguet pine and coffee) within the inadequately-stocked areas of Camp John Hay. Tree planting activities were conducted during the year with the participation of students, barangay representatives, and environment-oriented organizations with about 7,068 trees planted and 12,000 tree seedlings propagated in the JHMC Plant Nursery.



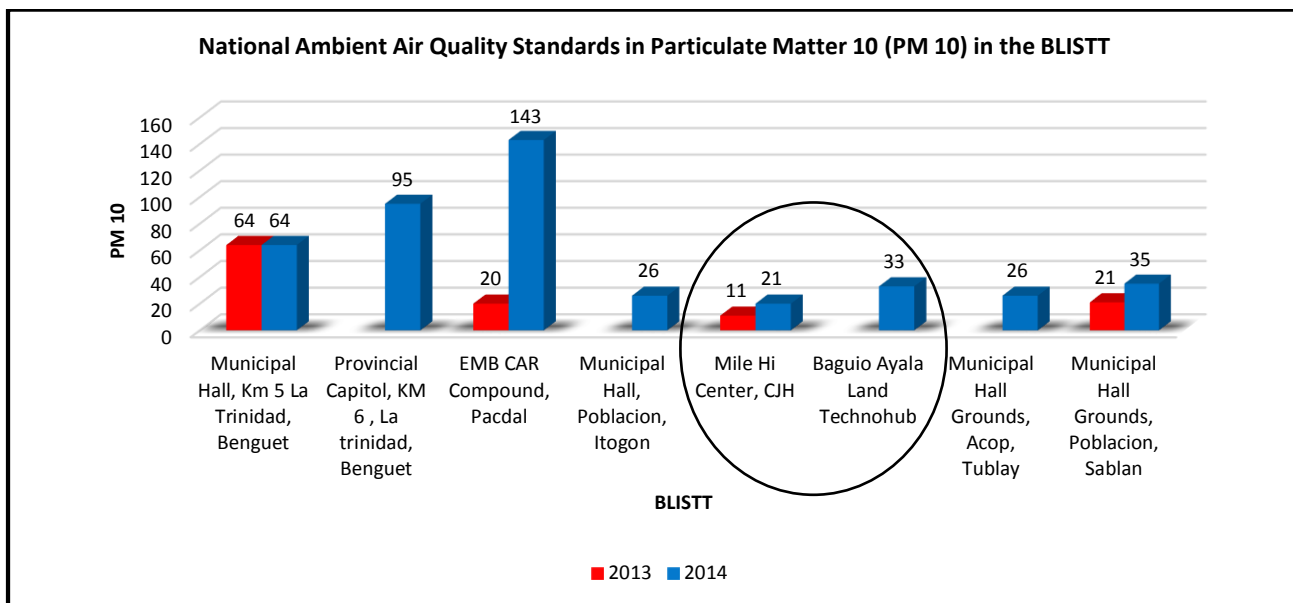
Tree Inventory Project

The **Tree Inventory Project** was completed in year 2014, and covered a total area of 267.67 hectares of the JHRA, where a total of 94,828 trees were marked and counted. Maps of the areas were then generated through the use of Quantum Geographic Information System (QGIS).

In partnership with the DENR, JHMC further intensified its forest protection efforts through strict enforcement of forestry laws rules and regulations with the apprehension of illegal tree cutting, occupancy and excavation activities in the Reservation.

Ambient Air Quality in the JHSEZ

The JHMC has consistently surpassed the National Ambient Air Quality Standards in Particulate Matter 10 (PM 10) within the JHSEZ, with an average reading of 21.5 ug/cubic meter (PM10) (acceptable limit is less than 150 ug/cubic meter PM10), as validated by the DENR-Environment Management Bureau (EMB), CAR for CY 2014. JHMC has two Pollution Control Officers duly accredited by the DENR-EMB, CAR.



Source: DENR-EMB

HUMAN RESOURCE DEVELOPMENT

Training Programs/Seminars



Strategic Planning Workshop

The JHMC has continued to strengthen its efforts to professionalize the organization and develop its human resources through participation in training programs.

For year 2014, the JHMC achieved a 100% attendance of its Management and staff to professional training programs, including an in-house seminar on RA 9184, or the Government Procurement Act, with providers from the DBM, CAR. Other training programs included Training in Managerial Leadership, Geographic Information System (GIS) and Government Property and Supply Management.



2014 Asian Financial Forum, Hongkong

The JHMC likewise attended the 2014 Asian Financial Forum held in January 2014, in Hong Kong with the Philippine delegation. It participated in the business matching mission to attract foreign direct investments in the JHSEZ.

Operations Manual/Government Quality Management System Standards (GQMSS)

There were 6 additional departments/divisions that underwent revisions in their operations manual in 2014, to streamline their functions and process flows. This further strengthened internal processes towards a higher standard of work ethic and accountability for the Corporation.

Further, in line with the thrust of the GCG for all government-owned and controlled corporation to be ISO Certified by the year 2015, the JHMC Board approved the Terms of Reference for the consultancy services for the development of the GQMSS for the Corporation.

COMMUNITY RELATIONS / GENDER AND DEVELOPMENT PROGRAM

Educational Centers within the JHRA

The JHMC, in its commitment to contribute to education for the youth among its communities, undertook various Corporate Social Responsibility (CSR) projects in 2014.

In consultation with the stakeholders, the Road Map for the Infrastructure Development of the Department of Education's (DepEd) Schools within the JHRA was formulated by JHMC and duly submitted to the Office of the DepEd Secretary.

The JHMC actively participated in the “*Brigada Eskwela*” program for at least four schools and three Day Care Centers. The program included clean-up drives, painting works and fabrication of student tables, chairs and book shelves.

Book drives for the Day Care Centers generated about 2,000 instructional materials. In partnership with the University of Cordillera, Masters in Business Administration class through the “*Tulong Ngayon, Dunong Bukas*” project, an additional 300 learning materials including Encyclopedias and Science books were provided to the Barangay Sta. Escolastica Day Care Center.

Outreach Programs

In partnership with the private sector, the JHMC participated in various outreach programs which include among others, the “*Bombo Medico*” Medical-Dental Mission held in July 2014 for the indigent constituents of the City of Baguio, by providing its services and various medicines.



Country Club Village General Assembly



Brigada Eskwela at JP Laurel Elem. School,
Barangay Upper Dagsian



Book Donation at Barangay Loakan Apugan Day Care Center

In the “*Silahis ng Pasko sa Baguio 2014- Share-A-Joy Program*” and “*Paskong Barangayan*” Projects , the JHMC provided various toys, clothing and food items to almost 600 indigent children in the JHRA communities and the City of Baguio.



Bombo Medico Medical Mission, July 2014

Paskong Barangayan, 2014

Silahis ng Pasko sa Baguio 2014
Share-a-Joy Program

Further, the JHMC partnered with the Berdeng Karunungan, Inc. and the Philippine National Police-CAR in the conduct of outreach programs in Banaue, Province of Ifugao. Aside from the assistance of JHMC personnel in the Medical Mission, various learning materials, toys, clothing and food items were provided to two indigent communities.



Establishment of Library at Uhaj, Banaue, Ifugao, November 2014

Outreach Program: Pula, Banaue, Ifugao,
December 2014

Information and Education Campaigns on Forest and Environment Awareness, Conservation and Protection

The JHMC regularly conducts lectures and information campaigns on forest and environment protection to students, various stakeholders in the CJHR including Women’s Groups, private and government organizations. The topics discussed include Solutions to Air Pollution, the Waste Management Literacy Program, the Environment Education and Recycling Program, and the Mitigation of the Effects Climate Change.

Gender and Development (GAD) Program

To do its share in the administration’s gender and development initiative, JHMC has strived to promote the significant role of women in advancing national development. The JHMC Management and staff participated in various women empowerment and leadership seminars conducted by the Women’s Business Council and other women’s organizations during the year.

Community-based Women's Groups in Barangays Hillside and Country Club Village were provided technical assistance by the Community Relations Division of JHMC in community organizing and crafting project proposals for livelihood assistance programs. This technical assistance will enable them to access and utilize the GAD funds in year 2015.



Gender and Development Program: Technical Assistance to Women's Group

JAMIE ELOISE M. AGBAYANI, M.D.
President and Chief Executive Officer

10 April 2015