



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.
4th Regular Board Meeting
5 Don Francisco St., Don Enrique Heights
Brgy. Holy Spirit, Quezon City
July 29, 2016, 8:30 am

Present

Board of Trustees

1. Isabel M. Iliw-iliw – President
2. Marissa A. Loyola – Treasurer
3. Ma. Teresa G. Bucad – Member
4. Elizabeth G. Fuentes – Member
5. Marivic R. Loterte – Member
6. Anita L. Manundo – Member
7. Ailene V. Ramos – Member

Board of Advisers

8. Leticia T. Rodriguez – Padilla
9. Wenifreda F. Rodriguez – Bagong Silang
10. Elizabeth N. Yayon – Marilao
11. Chona B. Capayas – Masinag
12. Martiniana G. Mancio – Montalban
13. Ma. Anna DR. Ignacio – KDCI, Head Office

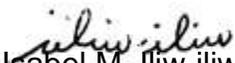
Management & Staff

1. Silvida R. Antiquera – Gen. Manager
2. Evangeline E. Pe – Operations Manager
3. Evelyn A. Lagmay – Finance Manager
4. Analyn A. Shih – Executive Assistant

Absent

- Perla F. Batingal – Independent board
Jerlene B. Perez – Secretary

Certified by:


Isabel M. Iliw-iliw
President



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- I.** Call to Order
- II.** Prayer
- III.** Determination of Quorum
- IV.** Approval of the propose Agenda
- V.** Approval of previous minutes of the meeting (May 6, 2016)
- VI.** Business Arising
- VII.** Financial Report & Investment: Financial Statement for June 2016
- VIII.** Operation Highlights (April to June 2016)
- IX.** Current issues/events
 - a. Induction of new board members
 - b. IC Circular Letter 2016-33: Loans to partner MFIs
 - c. SEGURO Performance Rating (April to June 2016)
 - d. Resignation of AO-John Jacinto
 - e. Resubmission of amendment IRR
 - f. MIMAP
 - g. Consortium: Jaime V. Ongpin Foundation, Inc. (JVOFI) – Baguio
- X.** For Discussions and Approval
 - a. Strategic Plan 2017-2022
 - b. Term of Area Coordinators
- XI.** Performance Evaluation of KMBA's General Manager – Silvida R. Antiquera
- XII.** Adjournment



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I. Prayer

The meeting started with a prayer led by Board member Anita Manundo.

II. Checking of quorum

As Board Secretary Jerlene Perez was absent, Board President Isabel Iliw-iliw checked on the meeting's attendance. Seven (7) out of the nine (9) Board members were present, enough to constitute a quorum and for the Board meeting to continue.

III. Approval of the propose agenda

Board President Isabel then presented to the body the meeting's proposed agenda items and inquired from the other members if they would want to add anything. As no other trustee wanted to add to the agenda, the body proceeded with the meeting.

- Board member Ailene Ramos formally moved for the Board's approval of its meeting's agenda. Board member Marivic Loterte seconded the motion.

IV. Approval of previous minutes of the meeting (May 6, 2016)

Before proceeding with the board meeting, KMBA General Manager Silvida Antiquera explained to the new Board members the standard flow of Board of Trustees meetings as required by the ASEAN Corporate Governance Scorecard (ACGS). The General Manager explained which items in the agenda required Board approval, and how the process of making and considering formal motions is done. This served as an orientation on Board processes for the new members, especially for Board President Isabel who is tasked with leading and facilitating the meeting. For the approval of the previous meeting's minutes, the Board President requested everyone to read her copy of the minutes and go through the content silently.

Clarifications and discussion

Former Board Treasurer Judea Gutierrez, referring to the minutes' page 4, inquired about the association's proper action with regard to Socioeconomic Officers (SOs) who were found to be responsible for losing election ballots. Former Board Treasurer Judea pointed out that the association's ballots were important documents that should have been properly secured and kept safe by its members and officials who were involved in implementing the proxy voting process during KMBA's recent Board election.

KMBA General Manager Silvida replied that such incidents should have been relayed immediately to the Field Managers (FMs) who are primarily responsible for instructing the concerned SOs on what the latter should look out for and what they should have done. The General Manager further noted that each branch had its own procedures for its members to follow. KMBA coordinators emphasized with all branch officials the importance of the association's proxy voting especially since this could also be



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part of the future processes of the Kasagana-ka Credit and Savings Cooperative (K-Coop).

Former Board President Elizabeth Yayon, now member of KMBA's Board of Advisers, also encouraged all new KMBA Board of Trustees members not to hesitate to raise their questions, clarifications, and other concerns during meetings or in their interactions with KMBA officers so that such issues can be addressed immediately.

No further clarification and discussion on the minutes of the previous meeting followed.

- Board member Teresa Bucad then moved for the body to approve the minutes. Board member Elizabeth Fuentes seconded the motion. The Board approved the minutes.

VI. Financial status report (June 2016)

Evelyn Lagmay, KMBA Finance Manager, reported on the association's financial status for June 2016. Recorded total assets amounted to Php 150, 867, 601.42. This consisted of cash and cash equivalents, receivables, short-term financial assets, and non-current assets. This represented an increase of Php 25 million or twenty percent (20%) as compared to the figure for the same month in 2015. Evelyn also noted in her report to the Board that a big portion of the association's receivables were from Kasagana-ka Development Center, Inc. (KDCI). This included KDCI's collections for the months of April to June 2016, and KDCI's loan amounting to around Php 10 million. All collections of the association for the said months, according to the KMBA Finance Manager, were only remitted and thus recorded in KMBA's books in July 2016.

Liabilities amounted to Php 107,298,259.09. This was a twenty-two percent (22%) increase compared to the figures from the same month in 2015. Evelyn explained each account title in the association's financial reports to the new Board members, like "liability on individual equity value" and "aggregate reserve for trust liability". The Php 5.00 savings of Retirement Savings Fund (RSF) goes into the aggregate reserve, while half of the members' Php 15.00 contribution (Php 7.50) goes to the individual equity value. Fund balance reached Php 43,569,342.33 or eighteen percent (18%) from the previous year. In total, there was Php 150,867,601.42 of liabilities and fund balance. Net surplus amounted to Php 37,109.69 for June 2016. The KMBA Finance Manager also pointed out that details of the association's cash and receivables are outlined in the report's notes that are to be found on pages 10 to 13 of the previous meeting's minutes.



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Continuing with her report, Evelyn noted that the number of Basic Life Insurance Plan (BLIP) claims for the month of June 2016 was slightly higher compared to that in May 2016. BLIP claims amounted to Php 610,333.65 or 21.67% higher than the previous month. Meanwhile, the claims for the Credit Life Insurance Plan (CLIP) totalled Php 100,000 or 23.79% lower than the figure from previous month (May 2016). Operating expenses (OPEX) reached Php 660,894.18 or 20.27% of members contribution and premium payment.

Investment (July 2016)

FM Evelyn also reported on the association's investments for July 2016. The Finance Manager noted that a big amount of cash was deposited to the Metrobank account for the month of May 2016. This came from KDCI's collection.

List of Investment as of July 28, 2016						
Type of Investment	Bank	Account Type	Maturity Date	Coupon/ Gross Rate	Net Int.Rate	Face Amount
GEORGE TY / GT HOLDINGS CAPITAL						
CASH IN BANK	Metro Bank	Current Account - General FUnd #:007-032-50403-1		0.00%	0.00%	835,789.79
		Current Account- CLIP #:032-7032-50480-5		0.00%	0.00%	391,704.88
		Current Account- BLIP #:007-032-50451-1		0.00%	0.00%	589,033.12
		Savings Account - BLIP Acct#3032178775		0.00%	0.00%	8,202,157.91
		Savings Account - CLIPA Acct#032-3-032-22213		0.00%	0.00%	2,588,388.87
Total cash in Bank						12,567,074.57
TIME DEPOSIT	Metro Bank	Regular Time Deposit Acct#032-103202782-0	Aug. 19, 2016 (63 Days)	1.00%	0.80%	4,080,022.02
		Regular Time Deposit Acct#032-1032028517	Aug. 22, 2016 (32 Days)	0.50%	0.40%	807,643.18
		Regular Time Deposit Acct#032-1-03202951-3	Aug. 2, 2016 (32 Days)	0.75%	0.50%	2,005,127.46
		Regular Time Deposit Acct#032-103202976-9	Aug. 12, 2016 (32 Days)	0.75%	0.50%	6,007,235.51
Total Time Deposit						12,900,028.17
UITF	Metro Bank	Unit Investment Trust Fund - Money Market Fund-15681	11-Jan-16	1.5429	1.5548	10,000,000.00
MUTUAL FUND	FMIC	Save & Learn Fixed Income Fund (SALFIF)	15-Apr-13	2.1180	2.2489	5,000,000.00
TOTAL INVESTMENT UNDER GEORGE TY			27.47%			40,467,102.74



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SY GROUP						
CASH IN BANK	BDO	Savings Account Acct#7250027686				152,326.47
		Current Account Acct#7258003871				702,042.44
	CHINA BANK	Savings Account Acct#138-313121-3				7,010.32
TOTAL						861,379.23
TIME DEPOSIT	BDO	Regular Time Deposit Acct#372507309020	Aug. 17, 2016 (30 Days)	0.50%	0.40%	303,573.76
TOTAL						303,573.76
UITF	BDO	Unit Investment Trust Fund - Money Market Fund -144978	10-Jan-16	1493.11	1504.43	10,000,000.00
CORPORATE BONDS	FMIC	SMC- Fixed Rate Bond	July 16, 2019 (7 years)	6.00%	4.80%	7,500,000.00
TOTAL INVESTMENT UNDER SY GROUP			12.67%			18,664,952.99

GOVERNMENT						
GOVERNMENT SECURITIES	BDO	RTB (Retail Treasury Bonds) 10-04 ; Brokers Confirmation No: 2024061	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00
	Metro Bank	FXTN (Fixed Rate Treasury Notes) 25-08; Broker's Confirmation	Dec. 16, 2035 (25years-Tradable)	8.13%	6.32%	15,035,000.00
	FMIC	FXTN (Fixed Rate Treasury Notes) 25-08 ; COS# 0100159	Dec. 16, 2035 (25years-Tradable)	8.13%	6.48%	5,000,000.00
		FXTN (Fixed Rate Treasury Notes) 25-08 ; COS# 01001752	Dec. 16, 2035 (25years-Tradable)	8.13%	6.43%	4,000,000.00
	CHINA BANK	FXTN (Fixed Rate Treasury Notes) 25-08 Broker's Conf'n Ref#	Dec. 16, 2035 (25years-Tradable)	8.13%	6.49%	7,127,000.00
		RTB (Retail Treasury Bonds) 10-04 Ref# 38414 & SN No: 8000258	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00
		RTB (Retail Treasury Bonds) 10-59 ISIN#PBD1024H595	Aug. 20, 2024 (10years-Tradable)	4.13%	3.30%	10,000,000.00
TOTAL INVESTMENT UNDER GOVERNMENT			41.52%			61,162,000.00
MERALCO / CHAIRMAN OF THE BOARD: MANUEL PANGILINAN						
CORPORATE BONDS	FMIC	MERALCO- Fixed Rate Bond	Dec. 12, 2020 (7 years)	4.38%	3.50%	7,000,000.00
TOTAL INVESTMENT UNDER MERALCO			4.75%			7,000,000.00
SUN LIFE						
MUTUAL FUND	SUNLIFE	Government Securities Fund (GS Fund)	18-Apr-13	1.6262	1.6332	2,000,000.00
TOTAL INVESTMENT UNDER SUN LIFE			1.36%			2,000,000.00
SAN MIGUEL CORPORATION						
STOCK	FMIC SECURITIES	Petron Preferred Shares Series A	01-Oct-14		6.30%	8,000,000.00
TOTAL INVESTMENT UNDER PETRON / SAN MIGUEL			5.43%			8,000,000.00
LOAN	KDCI	Loan to Partner MFI	30-May-16		5.00%	6,000,000.00
		Loan to Partner MFI	16-Jun-16		5.00%	4,000,000.00
TOTAL LOAN TO PARTNER MFI			6.79%			10,000,000.00
GRAND TOTAL						147,294,055.73



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PORTFOLIO MIX					
Types of Investment	Investment Limit (IC Code)	Current Placement	% of Placement over Admitted Assets	Potential for placement	
				%	Amount
Cash in Bank		Php 13,428,453.80	9.73%		
Time Deposit		Php 13,203,601.93	9.57%		
Government Securities		Php 61,162,000.00	44.34%		
Corporate Bonds	25%	Php 14,500,000.00	10.51%	14.49%	19,986,065.50
Mutual Fund	10%	Php 7,000,000.00	5.07%	4.93%	6,794,426.20
Stocks	10%	Php 8,000,000.00	5.80%	4.20%	5,794,426.20
UITF	10%	Php 20,000,000.00	14.50%		
Loan to Partner	10%	Php 10,000,000.00	7.25%	2.75%	3,794,426.20
TOTAL Funds		Php 147,294,055.73			
Admitted Assets as of December 2015		137,944,262.00			

VII. Operations Highlights

KMBA General Manager Silvinda Antiquera then reported on the highlights of the association's activities for June 2016. Important changes included the following

	1 st Quarter 2016	2 nd Quarter 2016
Assets	PhP 145,084,458.57	PhP 150,867,601.42
Liabilities (50% Reserves & RF)	PhP 101,619,277.56	PhP 107,298,259.09
Fund Balance (Guaranty Fund + Unassigned Surplus + Net Surplus)	PhP 43,465,181.01	PhP 43,569,342.33



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Net Income	PhP 1,379,504.98	PhP 2,367,031.72
Member's Contribution	PhP 7,969,285.00	PhP 15,965,193.00
Premium	PhP 1,365,193.94	PhP 3,067,507.44
Operating Expense	19%	20%

VIII. Current Events/Issues

a. Induction of new KMBA Board members

General Manager Silvida Antiquera then requested former KMBA Board President Elizabeth Yayon to introduce the newly elected Board members. Former Board President Elizabeth proceeded to introduce each new Board member, including Ms. Isabel Iliw-iliw who replaced her as Board President.

b. IC Circular Letter 2016-33 (Loans to partner microfinance institutions or MFIs)

General Manager Silvida Antiquera reported to the Board that the Insurance Commission (IC) issued a new circular regarding loans extended to partner MFIs. Based on such circular, KMBA is allowed to extend loans to its partner MFIs as long as it follows the following guidelines set by the Insurance Commission in lending to such partners:

1. The loan amount should not exceed ten percent (10%) of the Total Admitted Assets (based on latest verified financial statement) or twenty percent (20%) of members' equity or paid-up capital of the partner MFI.
2. Portfolio quality (PESO) rating of MFI is less than two percent (2%).
3. The partner MFI can provide collateral for the loan.

The KMBA General Manager indicated that the association has already notified KDCl on the key provisions of the IC memorandum circular (in relation to KDCl's loan).



c. SEGURO performance rating

The General Manager then reported on the results of the SEGURO performance rating of KMBA from January to June 2016. According to her, KMBA got a mark of 85 out of the standard 100. GM Silvida explained again to the Board members each of the criteria that were used in the performance rating, so that all Board members can appreciate the association's scores better. General Manager Silvida noted that the scores for liquidity ratio and operating expense were quite low.

SEGURO	SCORE	STANDARD
Stability	25	30
Efficiency	10	20
Governance	15	15
Understanding	10	10
Risk based capital	20	20
Outreach	5	5
Total Score	85	100

KMBA's score in "stability" was low because of the low score for liquidity. GM Silvida explained that for every peso of the association's current liability, it has to have a corresponding amount for its current assets in order to get a perfect score for liquidity. A big portion of the organization's funds were lodged in long-term investments to get bigger earnings, and these were classified as "noncurrent assets". Meanwhile, the association's equity value and Retirement Fund which represented a big portion of its liabilities were classified as current liability.

With regard to "efficiency", the operating expenses should go down to 10% to get a perfect score of 10 points. KMBA's operating expenses is currently at 20.27%. GM Silvida re-emphasized the need to get new additional members which can lower the percentage of the association's operating expenses. In light of this, KMBA is trying to reach its target of additional eight thousand (8,000) new members for 2016.



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d. Resignation of Accounts Officer (AO) John Jacinto

General Manager Silvida Antiquera then informed the Board of AO John Jacinto's resignation due to "health concerns". For KMBA-related concerns, members in North 1 and 2 were advised to just get in touch with the association's Operations Manager Evangeline Pe. In the meantime, the three (3) remaining AOs would share the work left by John. There would also be a replacement AO coming from the branch office.

e. Resubmission of Internal Rules and Regulations (IRR)

The General Manager informed the Board that KMBA is currently in the process of revising its IRR. This was in light of the amended Insurance Code that was approved in 2013. Based on this amended law, the association decided on what to change or add in its existing IRR before it was submitted to the Insurance Commission (IC) for approval, and prior to implementation of new rules within the association:

1. Grace period of membership contribution payment changed from 30 to 45 days.
2. Exit age changed from 65 to 70 years old.
3. In the case of suicide, coverage of those who will receive benefits will be reduced from 2 years to just 1 year of membership.
4. Equity value: half of a member's contribution for life insurance would be returned even though she has been a member for less than three (3) years.
5. For the table of benefits, amount of benefits for natural death of members who have been members for less than a year would be changed from Php 6,000 to Php 10,000. For those who have been members for more than a year, benefits for natural death would be increased to Php 20,000 from the old amount of Php 10,000.

f. Microinsurance MBA Association of the Philippines (MiMAP)

MiMAP has submitted a proposal with regard to the association's liabilities. General Manager Silvida explained that all Retirement Fund unclaimed by members who left KMBA in 2013 or earlier would be transferred to the "unrestricted fund" balance instead of being placed under liabilities. According to the General Manager, once classified as unrestricted funds, the amount could be used as additional benefits to the members like training, assistance in times of calamities, and research and development.



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For the reserves on equity value of delinquent members, the General Manager explained to the Board that the policy of the Insurance Commission holds that any member who has left the association for less than three (3) years could still rejoin it. But based on KMBA policies, a member who left KMBA could not come back as an old member, but as a new member. The MiMAP proposed that the equity value of delinquent members be transferred to “assigned surplus” and used for other projects of KMBA. Only when a former member returns to claim it would the money be released. At the moment, MiMAP and IC are still in the process of negotiations. The General Manager promised to give another report to the KMBA Board members once something new came out of the proposal.

g. Consortium: Jaime V. Ongpin Foundation, Inc. (JVOFI)

The General Manager happily reported to the Board that the JVOFI, a microfinance institution in Baguio, has already agreed to be part of KMBA as a consortium (?). Silvida also noted that KMBA Board President Isabel had already signed the contract as proof of the consortium. The General Manager would be going back to Baguio with Finance Manager Evelyn Lagmay and an account officer on August 4 to give an orientation on KMBA’s finance and collection processes, document management, and processing of claims. Their management fee is 5% (of what?), while membership fee is Php 100. Php 50.00 will go to the JVOFI for the costs of forms and other papers that would be used for the members’ enrollment.

IX. Matters for Discussions and Approval

a. Strategic plan

KMBA General Manager Silvida then gave a presentation to the Board on KMBA’s strategic plan. A strategic plan is important for the organization, according to her, as this outlines what it needs to do during the next six years. While there would be no changes in KMBA’s vision and mission statements, the General Manager clarified that new strategies were adopted by the association including the following:

1. Continue good relation of KMBA with KDCI
2. Sustain, manage, and strengthen the consortium (Cebu and Baguio)
3. Lower the association’s operating expenses
4. Additional 10% in membership for 2017 (from 50,000 target?)
5. Retain 24 hours claims settlement
6. Update members’ data



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7. Capacity building for Board members and KMBA staff
8. Property (land) acquisition
9. Product enhancement
10. Construction of office building for 2018

Board President Isabel requested the Board to approve the association's strategic plan for 2016 to 2022. Board member Elizabeth Fuentes moved for the plan's approval. Board member Ma. Teresa Bucad seconded the motion. The Board approved the whole strategic plan.

b. Coordinators' term

The General Manager then consulted the Board on the current one-year term policy for KMBA coordinators. Silvida proposed that the term limit for KMBA coordinators be extended and that they be allowed to be elected for a maximum of three (3) terms, especially for the truly active and hardworking coordinators. This way, there would be more possible candidates for election later as KMBA Board members. The proposal was approved by the whole body.

X. Assessment of General Manager's performance

As part of the yearly assessment for employees, Analyn Shih, KMBA administrative officer, explained the proposed Board evaluation of KMBA General Manager Silvida's performance. Analyn then distributed the assessment forms to the Board members and asked them to rate the General Manager based on the listed indicators, with "5" as the highest score and "1" as the lowest.

XI. Adjournment

There being no other matter to discuss, a motion to adjourn the meeting was raised and seconded. The Board of Trustees meeting formally ended at 12:40 pm.

Certified by:


Isabel M. Iliw-iliw
President