



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.
2nd Regular Board Meeting
5 Don Francisco St. Don Enrique Heights
Brgy. Holy Spirit, Quezon City
March 22, 2018 8:30 a.m

Present

Board of Trustees

- | | |
|------------------------|-------------|
| 1. Isabel M. Iliw-iliw | – President |
| 2. Marissa A. Loyola | – Treasurer |
| 3. Jerlene B. Perez | – Secretary |
| 4. Ma. Teresa G. Bucad | – Member |
| 5. Marilyn C. Aldave | – Member |
| 6. Anita L. Manundo | – Member |

Board of Advisers

7. Chona B. Capayas
8. Martiniana G. Mancio
9. Ma. Anna DR Ignacio
10. Leticia T. Rodriguez
11. Wenifreda F. Rodriguez

Management

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

Absent

1. Perla F. Batingal – Independent Board
2. Philip Arnold P. Tuaño – Independent Board
3. Jerlene B. Perez - Secretary

Certified Correct by:


Isabel M. Iliw-iliw
President



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March 22, 2018 8:30 a.m**

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of the proposed agenda
- V. Reading and Approval of the previous minutes
- VI. Business Arising
- VII. Financial Report
 - a. Financial Statement for the month of January and February 2018
 - b. Investment as of March 20, 2018
- VIII. Matters for Discussions and Approval
 - a. KMBA Representative to MIMAP
 - b. Transfer of Address
 - c. Use of the free and unassigned surplus
 - d. Resignation of Independent Board Perla
 - e. Resignation of BoT Adviser Elizabeth Yayon
- IX. Updates
 - a. KMBA Building
 - Construction
 - Barangay Clearance
 - Demolition Permit
 - Locational Clearance
 - Fire Clearance
 - b. Product Enhancement and HIIP
 - c. SUNLIFE Enrollment
- X. Schedules
 - a. K-Coop Representative Assembly – March 24, 2018
 - b. MIMAP Board meeting and AGM – March 27, 2018
 - c. Learning Session – March 28, 2018
- XI. Adjournment



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I. Invocation

The meeting started at 9:01 a.m. with a prayer led by Ms. Marissa.

II. Quorum and Agenda

After determining the presence of a quorum, the Board approved the agenda upon motion by Ms. Beth, and seconded by Ms. Marissa. .

III. Reading and approval of previous minutes

The members of the Board took turns in reading aloud every page of the Minutes.

BoT Adviser Ms. MeAn called the Board's attention to page eleven (11) of the Minutes, on the HR Matter section. Contrary to what was recorded, she did not approve the conduct of the study of the salaries for the executives. It was the KMBA Board which gave its imprimatur for the review and possible salary adjustments for said positions. From this approval, HR proceeded to conduct the study, which Ms. MeAn presented to the Board.

Board Resolutions will also be renumbered, so that all resolutions adopted by the Board during the February 1, 2018 meeting will be consecutively numbered accordingly.

Ms. Marissa moved to approve the Minutes. This was seconded by Ms. Teresa. There being no other comments, the Minutes of the previous meeting was adopted.

IV. Business arising from the previous meeting

1. BoT Sir Randy will present in the May Board meeting a more detailed feasibility study on the KMBA Building, which is a property investment. The results of the study will include expected investment income from the property.
2. Comments of the Board on the Amendments to the By-Laws have been effected. The document will be presented to the General Assembly during its annual meeting on May 31.
3. FM Ms. Eve presented the net surplus of KMBA for the years 2007-2016. The graphical presentation showed consistent increase of the net surplus from 2010. The decrease in 2009, from the 2008 level, was because of the hiring of additional personnel, the transfer of the Kuya Jun Scholarship Program (KJSP) to KMBA, and the increase in benefit claims. This was followed by a further



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decline in net surplus in 2010, again due to the increase in KJSP expenses and rise in benefit claims.

The huge jump from 2015 to 2016 was due to the reclassification of the equity value of members who resigned less than three years from their membership date. There will be another round of reclassification for 2017, which will positively impact on the net surplus. However, the Insurance Commission will soon issue a revised IRR, directing insurance companies to return half of their equity value to members, regardless of their period of membership. Board Adviser Ms. Letty observed that said new IRR will be disadvantageous to companies like KMBA, which has incurred expenses to collect premiums from members who will only retire in less than three years. GM Salve explained that from the point of view of the Commission, this is beneficial to the members. On the part of KMBA, it will have to think of ways to encourage them to continue their membership with the Association. Besides, only 50% of the equity value will be returned. The other half has been allocated for expenses.

Related to the treatment of KMBA's income, Ms. MeAn suggested creating a Trust Fund out of the P5million KJSP. Under this Trust Fund, only the interest income on the Fund will be spent, while the principal amount remains intact. In addition to this, part of the "windfall income" from the reclassification of equity value may also be set aside for the scholarship program, especially if the interest income will not be enough to cover the scholarship claims. GM Salve agreed that KMBA should further study this.

4. The concern as to the discrepancy between K-Coop and KMBA yearend report as to (i) membership and (ii) number of loans covered by CLIP is still pending. The MIS Officer, who will prepare the report, will soon report back to work, following a justifiable leave.
5. FM Ms. Eve showed the budget projections for 2018, adjusted by the approved increase in the salary of the GM. With the salary adjustment, the annual budget is still within the OpEx limit. Given this assurance, Ms. Anita moved to set the effectivity date of the GM's salary adjustment on April 1, 2018. Ms. Beth seconded. Having no objections, the Board adopted the resolution.



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V. Financial Report & Investment

a. Financial Statement for the month February 2018

Ms. Eve presented the Statement of Financial Position as of Feb. 28, 2018. The summary of the report is provided below.


Particular	As of February 2018	February 2017	Variance
Total Assets	P192,104,092.72	P167,762,397.78	P24,341,694.94
Total Liabilities	133,169,064.04	122,402,234.68	10,766,829.36
Total Fund Balance	58,935,028.68	45,360,163.10	13,574,865.58

She noted the negative trend in the Excess of Revenue over Expenses account every first quarter of the year. This is particularly true this year, when several claims of P50,000 each were filed in January.

Ms. MeAn asked Ms. Eve to prepare a graphical presentation of the monthly income and expenses of KMBA through the years. This will help the Association analyze trends and its performance over the years.

b. Investment as of March 21, 2018

The portfolio mix as of March 21, 2018 is as follows:

 KASAGANA - KA MUTUAL BENEFIT ASSOCIATION INC List of Investment as of March 21, 2018						
Type of Investment	Bank/ Issuer	Account Type	Maturity Date	Coupon/ Gross Rate	Net Int.Rate	Face Amount
CASH IN BANK	Metro Bank	Current Account - General FUnd #.007-032-50403-1		0.00%	0.00%	1,059,060.16
		Current Account- CLIP #:032-7032-50480-5		0.00%	0.00%	499,703.34
		Current Account- BLIP #:007-032-50451-1		0.00%	0.00%	606,718.64
		Savings Account - BLIP Acct.#3032178775		0.00%	0.00%	7,981,339.17
		Savings Account - CLIP Acct.#032-3-032-22213		0.00%	0.00%	2,477,588.68
	BDO	Savings Account Acct.#7250027686		0.00%	0.00%	643,621.30
		Current Account Acct#7258003871		0.00%	0.00%	912,547.49
	BPI	Savings Account Acct. #0423-365129		0.00%	0.00%	1,132,659.59
	CHINA BANK	Savings Account Acct.#138- 313121-3		0.00%	0.00%	380,540.18
		Moneyplus-Savings Account Acct#103802018383		1.00%	0.80%	6,046,967.27
Total cash in Bank						21,740,745.82



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TIME DEPOSIT	Metro Bank	Regular Time Deposit Acct#032-103203002-3	4/3/2018 (30 Days)	0.500%	0.40%	2,508,124.64	
		Regular Time Deposit Acct#032-103202782-0	05/10/18 (63 Days)	0.750%	0.60%	4,126,578.68	
		Regular Time Deposit Acct#032-103202982-3	05/18/18 (63 Days)	0.750%	0.60%	2,020,447.69	
		Regular Time Deposit Acct#032-1032028517	3/26/2018 (35 Days)	0.500%	0.40%	812,890.89	
		Regular Time Deposit Acct#032-1-03203026-0	4/3/2018 (30 Days)	0.500%	0.40%	3,506,226.65	
		Regular Time Deposit Acct#032-1-03203025-2	4/3/2018 (30 Days)	0.500%	0.40%	3,005,337.13	
	BDO	Regular Time Deposit Acct#372507309020	04/3/18 (30 Days)	0.50%	0.40%	305,590.37	
		Regular Time Deposit Acct#B372508219266	03/28/18 (30 Days)	0.50%	0.40%	15,020,423.62	
	Total Time Deposit						31,305,619.67

UITF			Placement Date	NAVPU Placement	NAVPU 3/19/18	
	METRO BANK	UT160000096898	19-Mar-18	1.5933	1.5933	15,000,000.00
GOVERNMENT SECURITIES	BDO	RTB (Retail Treasury Bonds)10-04 ; Brokers Confirmation No:	Aug. 15, 2023 (10years-Tradable)	3.25%	2.60%	10,000,000.00
	Metro Bank	FXTN (Fixed Rate Treasury Notes)25-08; Broker's	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
		RTB10-5 - PID10261057	Sept. 20, 2026 (10years-Tradable)	3.50%	2.80%	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#PIBD1024H595	Aug. 20, 2024 (10years-Tradable)	4.13%	3.30%	10,000,000.00
Total Government Securities						66,162,000.00



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Corporate Bonds	MERALCO	MERALCO- Fixed Rate Bond	Dec. 12, 2020 (7 years)	4.38%	3.50%	7,000,000.00
	SMIC (SM Investment Corp)	SMIC- Fixed Rate Bond	July 16, 2019 (7 years)	6.00%	4.80%	7,500,000.00
	AYALA LAND INC	ALI- Ayala Land Inc Fixed Rate Bond Due 2023	Oct 7, 2023 (7 years)	3.89%	3.11%	6,000,000.00
Total Corporate Bond						20,500,000.00
MUTUAL FUND			Placement Date	NAVPS Placement	NAVPS 03/20/18	
	SUNLIFE	Government Securities Fund (GS Fund)	18-Apr-13	1.6262	1.541	2,000,000.00
	FAMI (First Metro Asset Management Inc)	FAMI-Save & Learn Fixed Income Fund (SALFIF)	15-Apr-13	2.1180	2.2116	5,000,000.00
Total Mutual Fund						7,000,000.00
STOCKS	PETRON CORP	Petron Preferred Shares Series A	01-Oct-14		6.30%	8,000,000.00
PROPERTY	LAND					16,194,297.46
	Investment in Property - Under Construction - Building(s)					1,840,371.42
Total Investment property						18,034,668.88
GRAND TOTAL						187,743,034.37

PORTFOLIO MIX					
Types of Investment	Investment Limit (IC Code)	Current Placement	% of Placement over Admitted Assets	Potential for placement	
				%	Amount
Cash in Bank		Php 21,740,745.82	13.36%		
Time Deposit		Php 31,305,619.67	19.24%		
Government Securities		Php 66,162,000.00	40.66%		
Corporate Bonds	25%	Php 20,500,000.00	12.60%	12.40%	20,178,670.67
UITF	10%	Php 15,000,000.00	9.22%	0.78%	1,271,468.27
Mutual Fund	10%	Php 7,000,000.00	4.30%	5.70%	9,271,468.27
Stocks	10%	Php 8,000,000.00	4.92%	5.08%	8,271,468.27
Property	25%	Php 18,034,668.88	11.08%	13.92%	22,644,001.79
TOTAL Funds		Php 187,743,034.37			
Admitted Assets as of December 2016 IC verified		162,714,682.66			



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Ms. MeAn asked KMBA and the Board to study and consider granting K-Coop market interest rate for loans extended by the former to the latter.

- The Financial Statements were approved by the Board, following the motion by Ms. Marissa, seconded by Ms. Teresa.

VI. Updates

1. KMBA Building

The Construction Contract is scheduled for signing later today, following the approval of the Board for the award of the same to Rodsy Construction.

Because the building is five stories, a Barangay Resolution is required among the supporting documents in the application for locational clearance. The Resolution was secured last March 8. We expect to get the clearance after the Holy Week at the latest.

The process for the issuance of the demolition permit is ongoing. We expect to receive it next week, so that demolition may begin after the Holy Week as well.

After the issuance of the locational clearance, the fire clearance for construction will be applied for and will hopefully be issued by the second week of April. The week after that, the process for the building permit application will commence. According to officials, construction may begin once we secure a temporary building permit number.

2. Product Enhancement and HIIP

Two weeks ago, the KMBA received word from the Commission that BLIP Product Enhancement has been reviewed, with no further need for revision. We are just awaiting official communications from the Commission.

The HIIP has likewise been deliberated on by the Commission last Monday. Only formal revisions were made.

We expect to launch both products in the May 31 general assembly.

3. Sunlife Enrolment

As of date, the amount of claims has exceeded the total amount of premium contributions. Thus, Sunlife has initially recommended increasing the premium from P20 to P35. However, GM Salve tried to negotiate by asking Sunlife to set the number of policies that must be sold in order to maintain the P20 premium.



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Only when KMBA fails to meet the minimum number of policies will the amount of premium be adjusted.

GM Salve believes that if KMBA is able to increase the number of policies from the initial 60,000, the P20 premium may still be maintained. She noted, though, that Sunlife's system is not ready for the increase in the number of policy-holders. Sunlife also suggests a one-time enrolment scheme for all KMBA members, instead of adding enrollees every month.

VII. For Discussion/Approval

1. KMBA Representative to MIMAP AGM

The KMBA General Manager is the authorized representative to the MiMAP Annual General Meeting (AGM). Ms. Marlyn moved to name the KMBA President as alternate representative. Her motion was seconded by Ms. Teresa. There being no objections, the Resolution was adopted by the Board

Board Resolution No. 7, Series of 2018. KMBA General Manager as official representative to MIMAP Annual General Meeting and President as an alternate representative

Resolved, as it is resolved, that the Board has approved KMBA General Manager as the official representative to MIMAP Annual General Meeting and President as an alternate representative.

2. Transfer of Address

GM Salve sought Board approval for the transfer of KMBA's principal place of business, from the Don Enrique property to Room 504 FnL Building Commonwealth Avenue, Brgy. Holy Spirit, QC. This is in compliance with the BIR requirement. According to a BIR officer, although KMBA has been withholding taxes for the monthly rent paid to the lessor, because KMBA did not inform BIR of the change of address, it may still be liable for penalties.

- Ms. Anita moved and Ms. Teresa seconded the motion for the approval of the transfer of KMBA's principal place of business. This will be effective May 1, 2018.



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Board Resolution No. 8, Series of 2018. *Transfer of principal office address of KMBA at Rm. 504 F& L Building, Brgy. Holy Spirit Commonwealth Avenue, Quezon City.*

Resolved, as it is resolved, *that the Board has approved the transfer of principal office address of KMBA at Rm. 504 F&L Building, Brgy. Holy Spirit Commonwealth Avenue, Quezon City.*

The new address will be reflected in all official documents of KMBA

3. Resignation of Independent Board Perla Batingal

GM Salve met with Ms. Perla to discuss her role in the Board. Ms. Perla admitted that due to her busy work schedule, she has failed to actively take part in a number of Board activities. As such, she submitted a letter of resignation as an independent member of the Board.

- Ms. Marilyn moved to accept her resignation. Ms. Marissa seconded the motion. There being no objections, the Board accepted Ms. Perla's resignation.

4. Resignation of BoT Adviser Elizabeth Yayon

BoT Adviser Elizabeth Yayon also submitted her resignation to the Board. Ms. Beth has moved to Singapore for personal reasons.

- Ms. Teresa moved to accept her resignation. Ms. Marissa seconded the motion. There being no objections, the Board accepted Ms. Beth's resignation.

5. Use of the Excess of the Free and Unassigned Surplus Distribution

The Board has previously adopted a Resolution for the use of the excess of the free and unassigned surplus of the Association. KMBA has already submitted a letter to the Commission, seeking its approval for the disbursement of P9million of the total P12million. In its reply, the Commission asked KMBA to specify the activities for which the surplus will be spent. KMBA must also spend the entire amount within a year. Nevertheless, after some negotiation, the Commission allowed KMBA to prepare a plan of activities which will be completed within a two-year period.

GM Salve and FM Eve thus presented to the Board the specific activities, the amount for each and the timeline of implementation of each activity. The main expense items are (i) Benefits in Kind; (ii) Enhancement of equity value;



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(iii) Capacity-building for the Board, area coordinators, staff, and including monitoring and evaluation; (iv) Research and Development – for product enhancement and development; (v) Upgrading and improving systems; and (vi) Continuing member education – including all expenses for Roadshows and video presentations for IEC. The total of the excess of the free and unassigned surplus is P12,050,288.66, which will be implemented this year, until 2019.

- The Board approved the surplus distribution, with specific activities and timeline for disbursement, following Ms. Anita's motion, seconded by Ms. Marilyn.

Board Resolution No. 9, Series of 2018. Approval on use of Excess of the free and unassigned surplus distribution

Resolved, as it is resolved, that the Board has approved the surplus distribution with specific activities and timeline for disbursement.

VIII. Schedules

K-Coop First Annual Representative Assembly

The Board is invited to the K-Coop First Annual Representative Assembly on March 24, 2018 at Skydome SM North Edsa, Quezon City

MiMAP AGM is on March 27, 2018.

Learning Session for the Board will be on March 28, 2018 at Ace Water Spa Shaw Blvd, Pasig City.

The next Board meeting will be on May 4, 2018.

IX. Adjournment

With a motion from Ms. Anita, seconded by Ms. Marlyn, the meeting of the Board was adjourned at 11: 20 am.