



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.
7th Regular Board Meeting of the Board of Trustees
#5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit, Quezon City
October 4, 2018, 8:30 am

In Attendance

Board of Trustees

- | | |
|-----------------------------|---------------------|
| 1. Isabel M. Iliw-iliw | - President |
| 2. Brenda Lumbao | - Secretary |
| 3. Marissa A. Loyola | - Treasurer |
| 4. Anita L. Manundo | - Member |
| 5. Ma. Teresa G. Bucad | - Member |
| 6. Ma. Elizabeth G. Fuentes | - Member |
| 7. Marlyn C. Aldave | - Member |
| 8. Philip Arnold Tuano | - Independent Board |
| 9. Atty. Gettie Sandoval | - Independent Board |

Board of Advisers

10. Wenifreda F. Rodriguez
11. Chona B. Capayas

Management and Staff

- | | |
|--------------------------|----------------------|
| 12. Silvida R. Antiquera | - General Manager |
| 13. Evangeline E. Pe | - Operations Manager |
| 14. Evelyn A. Lagmay | - Finance Manager |
| 15. Analyn A. Shih | - Exec. Assistant |

Absent

16. Maria Anna dR. Ignacio
17. Leticia T. Rodriguez



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ORDER OF BUSINESS

- 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 August 31, 2018
 - b. Investment as of October 3, 2018
- VIII. For Discussion/Approval
 - a. Feasibility Study
- IX. Updates
 - a. Investment
 - b. Mutual Security Fund
 - c. BPI Bayanihan Balanced Fund (Pooled Investment)
 - d. Building Construction
- X. Performance Indicators
- XI. Performance Evaluation
- XII. Upcoming Schedules
 - a. KSO Strategic Plan Review
 - b. Christmas Party
- XIII. Schedule of next board meeting
- XIV. Adjournment



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DISCUSSION HIGHLIGHTS

I. Invocation

The meeting started at 8:51 a.m. with a prayer led by Ms. Marilyn.

II. Quorum and Agenda

The Board Secretary announced the presence of a quorum with the complete attendance of the Trustees.

To the proposed agenda, the General Manager requested to be added the adoption of a resolution formally accepting two employees who transferred from KDCI to KMBA. There being no objections, the proposed agenda and the addition were approved upon motion by Ms. Marissa, seconded by Ms. Teresa.

III. Reading and Approval of the Minutes of the Previous Meeting

The Board went over every page of the minutes.

Regarding the membership fee, GM Salve clarified that KMBA may request IC to approve the delay in the full implementation of the increase in membership fee. For the first year of implementation, the increase will only be up to Php50.

There being no other items for clarification or correction, the Board approved the minutes of the previous meeting, following a motion by Ms. Marissa, seconded by Ms. Marilyn.

IV. Business Arising from the Previous Meeting

1. Video Production – As instructed by the Board, management made price comparisons on the cost of an eight-minute institutional video. Based on information from other development organizations and NGOs, there was one (PHILSSA) which has a video made in 2016 for around Php190-210K. Another was Network Eyes for Php300K for video production of Yolanda and DRRM. Both were IMagic Productions.

The cost of production will depend, among others, on the scope of the video and the extent of research and study the production will require. We also have to factor in the TRAIN Law and the recent general price increases.

On the other hand, management also reviewed previous works of IMagic through its website, and appreciated their quality. Given these, GM Salve believes the approved contract cost of Php248K is reasonable.

2. Contributions to the retirement fund managed by PERAA have been updated.

Atty. Gettie suggested adopting a better format in presenting businesses arising from the previous meeting.



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V. Financial Report

A. Financial Statements

FM Eve presented the Statement of Financial Position as of August 31, 2018. The summary of the report is provided below.

Particular	As of Aug 2018	As of Aug 2017	Variance	
Total Assets	Php202.5M	Php178.9M	Php23.6M	13%
Total Liabilities	133.8M	121.3M	12.5M	10%
Total Fund Balance	68.7M	57.6M	11.1M	19%

A big chunk of the liabilities of KMBA pertain to the RF and the 50% equity value for resigning members.

The summary of the income statement as of August 30, 2018 is as follows:

	As of Aug. 30, 2018	For the month of August 2018
Gross Revenue	Php30.2M	Php4.2M
Total Benefit Expense	24.8M	3.2M
Total Operating Expenses	5.8M	0.7M
Total Investment Revenue and Other Income	2.9M	0.4M
Net Surplus (Loss)	2.5M	0.7M

B. Investments as of October 3, 2018

The portfolio mix as of October 3, 2018 is as follows:

Type of Investment	Current Placement (in Php)
Cash in bank	11,481,199.46
Time Deposit	17,191,754.45
Government Securities	72,162,000.00
Corporate Bonds	20,500,000.00
UITF	20,000,000.00
Mutual Fund	5,000,000.00
Stocks	8,000,000.00
Loan to partners	6,000,000.00
Property	35,140,773.79
TOTAL INVESTMENTS	195,475,727.70

Sir Randy asked where the periodic payments to the contractor are drawn from. According to FM Eve, this is drawn from the BLIP Savings Account in the bank. Should the amount therein be insufficient, funds placed on time deposits will be transferred to savings and be used for the contractor's payment.



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BoT Teresa moved to accept the financial statements and report on investments. Ms. Marissa seconded the motion. There being no further clarifications or question on the report, the Board adopted the motion.

VI. For Discussion/ Approval

A. Feasibility Study on the Return on Investment on the KMBA Building

Based on study conducted by Sir Randy and a colleague who is also a faculty at the Ateneo, KMBA will begin to realize returns on its investment on the building on the 41st year since its construction and use.

In arriving at this conclusion, Sir Randy set certain assumptions on the useful life of the building, running costs and the expected benefits that will be derived from use of the space.

While the Board was generally pleased to learn that KMBA indeed stands to gain on this investment, the Trustees hope to realize these returns earlier. Sir Randy and GM Salve will therefore further discuss and recommend ways to increase the benefits that may be derived. This includes deciding on whether to rent out the third floor open space, which will require aggressive marketing of the same as venue for rent. Alternatively, part of it may be converted into office space to receive regular income. Parking space and the attic may also be rented out.

Other costs on the other hand include the maintenance cost for ensuring the useful life of the building for 50 years. There are also considerations on whether to use solar energy.

VII. Updates

A. Investment

Updates on investment were given as part of the financial reports.

B. Mutual Security Fund

By way of background, RiMANSI invited different MBAs to create a Mutual Security Fund, from which an MBA can draw fund to give another the needed financial assistance.

From its total contributions of Php246,867.00, KMBA's fund has grown by 2%, and is now Php251,631.19. The Mutual Security Fund is being managed by the Union Bank, which promised to invest the fund to higher yielding corporate bonds.

C. BPI Bayanihan Balanced Fund

KMBA contributed Php5M to this pool of funds among different MBAs, together placing a total of Php96M in this Bayanihan Balanced Fund. The Php5M is the same money previously pulled out from SunLife.



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In the first month of investment, the fund earned 0.51% in interest income. It is expected to reach 6% interest per annum.

D. Building Construction

Work on the fifth floor of the building is ongoing. It is expected that by end of October, roofing has been placed.

Twenty seven percent of the project has been completed, which is way ahead of the construction schedule which expected work accomplished by this time to be around 17%. At this rate, it is hoped that the building will be ready in time for the KMBA Anniversary.

Decision must be reached regarding the procurement of the elevator, since importation will take six months before installation. This, together with the requirements for air conditioning units and plans for the utilization of solar energy, will be discussed by an ad hoc committee or by the Board next meeting.

ACTION POINT: Discuss and decide on requirements for an elevator, air conditioning units and use of solar power.

VIII. Performance Indicators

Using the SEGURADO performance indicators, FM Eve presented the performance of KMBA as of June 2018.

Overall, KMBA's performance for the period covered still meets the SEGURADO standards, save for two items. The first is on the efficiency rating based on the ratio of the Operating Expenses to BLIP. The June ratio is 24.53% against the standard of 20%. FM Eve explained that this is because their definition of Operating Expenses include collection fees.

The other one is the growth in number of clients. Instead of growing, KMBA's membership decreased by around 7%, compared to the level of outreach in December 2017. This came following the review of all accounts. Before, membership still included those who have already resigned from KDCL or K-Coop, but remained in the list of KMBA members because they have yet to receive their RF. Now, KMBA makes sure that only those who religiously pay their premium every week are counted as members.

IX. Performance Evaluation

In the first week of September, RiMANSI interviewed Board members, senior officers, managers and conducted center visit for the purpose of evaluating the performance of KMBA.



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The rating given at the end of the evaluation was based essentially on governance and financial status, and the level understanding of members of the various products and services of KMBA. RiMANSI gave KMBA a rating of 91%, significantly higher than the previous evaluation rating of 84%. 2011 was the first time RiMANSI evaluated KMBA and gave it a rating of 81%. KMBA's ACGS ranking last year may have been a big factor for this improved rating. Also, the level of participation of both Trustees and members is high.

KMBA is classified as an expanding and stable MBA.

Overall, GM Salve noted the consistency in the findings of the external auditor and of RiMANSI. Nevertheless, RiMANSI encouraged KMBA to better define its target market. The evaluator observed that, at present, KMBA is highly dependent on K-Coop for its membership base. This observation is largely correct because the products are designed to cater to the same set of beneficiaries. Still, KMBA has plenty of room to improve its marketing strategy.

X. Acceptance of Employees

Former KDCI employees Richard and Mcquen transferred to KMBA in 2016. Upon their transfer, KMBA undertook to recognize their years of service in KDCI and employ them without break in the service or diminution of rank, salaries, benefits, or privileges.

PERAA, the retirement fund manager of KMBA, requested for a resolution from KMBA Board formally accepting the transfer of said employees with the said undertaking.

Ms. Teresa moved for the formal acceptance of the employment of former KDCI employees and now account officers Richard and Mcquen. Sir Randy seconded the motion.

BOARD RESOLUTION NO. 2018-37: ACCEPTANCE OF FORMER KDCI EMPLOYEES

RESOLVED, that the Board of Trustees of KMBA formally accepts the following former KDCI employees who has officially joined KMBA from the effective date of transfer indicated opposite their names, without break in their service, demotion in rank, or diminution of salaries, privileges and other benefits:

Richard Montenon
Mcquen Abellano

March 15, 2016
November 2, 2016

RESOLVED FURTHER, that KMBA agrees to continue all existing and bear the expenses relative to the benefits of said employees, from the actual date of transfer to KMBA.



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X. Upcoming Schedules

KSO Strategic Plan Review in Alitagtag will be on November 16-18, 2018. In preparation therefor, the Board will meet on November 9, 2018.

The Christmas Party will be on December 19, 2018. Venue will be announced.

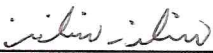
XI. Adjournment:


There being no other matters to discuss, the meeting was adjourned at 11:25 am following a motion by Ms. Anita and seconded by Ms. Teresa.


Prepared by:


Brenda F. Lumbao
Board Secretary


Attested by:

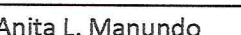

Isabel M. Iliw-iliw
President


Marissa A. Loyola
Treasurer

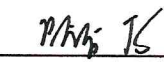

Marilyn C. Aldave
Member


Ma. Teresa G. Bucad
Member


Elizabeth G. Fuentes
Member


Anita L. Manundo
Member


Maria Cleofe Gettie C. Sandoval
Independent Board


Philip Arnold P. Tuaño
Independent Board