



KASAGANA-KA
Mutual Benefit Association, Inc.

**KASAGANA-KA Mutual Benefit Association, Inc.
Minutes of 5th Regular Board Meeting
5 Don Francisco St. Don Enrique Heights
Brgy. Holy Spirit, Quezon City
November 10, 2017 8:30 a.m**

In Attendance

Board of Trustees

- | | |
|---------------------------|---|
| 1. Isabel M. Iliw-iliw | – President, Treasury & Ethics Committee Chairperson |
| 2. Marissa A. Loyola | – Treasurer, Treasury Committee Member |
| 3. Jerlene B. Perez | – Secretary, Product Dev't & Innovation Committee Chairperson |
| 4. Marilyn C. Aldave | – Member, Nomination & Election Committee Chairperson |
| 5. Ma. Teresa G. Bucad | – Member, Product Dev't & Innovation Committee Member |
| 6. Philip Arnold P. Tuaño | – Independent Board Member |

Board of Advisers

- | | |
|---------------------------|------------------------------------|
| 1. Elizabeth N. Yayon | – Special Project Committee Member |
| 2. Martiniana G. Mancio | – Ethics Committee Member |
| 3. Chona B. Capayas | – Ethics Committee Member |
| 4. Leticia T. Rodriguez | – Ethics Committee Member |
| 5. Wenifreda F. Rodriguez | – Ethics Committee Member |
| 6. Ma. Anna DR Ignacio | |

Management & Staff

- | | |
|-------------------------|--|
| 1. Silvida R. Antiquera | – General Manager, Special Project Committee Chairperson |
| 2. Evangeline E. Pe | – Operations Manager, Nomination & Election Member |
| 3. Evelyn A. Lagmay | – Finance Manager |
| 4. Analyn A. Shih | – Executive Assistant |

Absent

- | | |
|-------------------------|---|
| 1. Perla F. Batingal | – Independent Board Member, Audit Committee Chairperson |
| 2. Anita L. Manundo | – Member, Product Dev't & Innovation Committee Member |
| 3. Elizabeth G. Fuentes | – Board Member |

Certified Correct by:

Jerlene B. Perez
BoT Secretary



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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 from Previous meeting
- VII. Financial Report & Investment: Financial Statement for the month of September 2017
- VIII. Matters for Discussions and Approval
 - a. 2018 Plan and Budget
 - b. Pooled Investment
 - c. Audit for 2018 Financial Statement
 - d. Amendment to the By-laws
 - e. Feasibility Study
- IX. Updates
 - a. KMBA Building
 - b. Report of the GM on ICMIF Conference
- X. Performance Evaluation of Board of Trustees
- XI. Schedules
- XII. Adjournment



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I. Prayer

The meeting started at 9:15 a.m., with a prayer led by Ms. Marissa Loyola

II. Determination of Quorum

After Board Secretary Jerlene determined the presence of a quorum with six (6) out of nine (9) board of trustees were present, the Board approved the agenda upon motion by Ms. Teresa, and seconded by Ms. Marissa.

III. Approval of the proposed agenda

Board President Isabel presented the proposed agenda for the meeting. Upon motion by Ms. Teresa, seconded by Ms. Marissa, the board approved the proposed agenda for the meeting, November 10, 2017.

IV. Reading and approval of previous minutes

The Board went over every page of the Minutes. There being no questions, the Board approved the same following a motion by Ms. Marilyn, seconded by Ms. Marissa.

V. Financial Report & Investment

a. Financial Statement for the month of September 2017

Ms. Eve presented the Statement of Financial Position as of September 30, 2017 and the Portfolio Mix as of November 9, 2017. The summary of the report is provided below.


Particular	Amount (Consolidated)
Total Assets	Php 181,400,000
Total Liabilities	123,200,000
Total Fund Balance	58,200,000

Based on the statement of income as of September 30, 2017, net surplus is P2.3million. Total operating expenses is around P5.8million. Of the total BLIP collections of P25million, P5.275million has been released as claims, equivalent to 25% of the total. Claims against CLIP collections, on the other hand, reached P1.156million, or 24% of the total of P4.754million CLIP collections.



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b. Investment as of November 9, 2017

		KASAGANA - KA MUTUAL BENEFIT ASSOCIATION INC				
List of Investment as of November 9, 2017						
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%	510,578.13
		Current Account- CLIP #032-7032-50480-5		0.00%	0.00%	288,190.24
		Current Account- BLIP #007-032-50451-1		0.00%	0.00%	481,919.18
		Savings Account - BLIP Acct.#3032178775		0.00%	0.00%	5,001,283.16
		Savings Account - CLIP Acct.#032-3-032-22213		0.00%	0.00%	1,150,453.78
		Savings Account Acct.#7250027686				401,339.99
	BDO	Current Account Acct#7258003871				906,592.49
		BPI	Savings Account Acct #0423-365129			1,130,281.21
	CHINA BANK	Savings Account Acct#138- 313121-3				286,950.99
		Moneyplus-Savings Account Acct#103802018383			1.00%	0.80%
Total cash in Bank						16,179,889.94

TIME DEPOSIT	Metro Bank	Regular Time Deposit Acct#032-103203002-3	11/23/2017 (30 Days)	0.500%	0.40%	2,504,532.89
		Regular Time Deposit Acct#032-103202782-0	01/04/18 (63 Days)	0.750%	0.60%	4,117,926.50
		Regular Time Deposit Acct#032-103202982-3	11/10/17 (63 Days)	0.750%	0.60%	2,014,096.62
		Regular Time Deposit Acct#032-1032028517	9/11/2017 (35 Days)	0.500%	0.40%	811,095.83
		Regular Time Deposit Acct#032-1-03203026-0	11/23/2017 (30 Days)	0.500%	0.40%	3,501,205.55
		Regular Time Deposit Acct#032-1-03203025-0	11/23/2017 (30 Days)	0.500%	0.40%	3,001,033.34
		BDO	Regular Time Deposit Acct#372507309020	12/09/17 (30 Days)	0.50%	0.40%
	Total Time Deposit					

UITF			Placement Date	NAVPU Placement	NAVPU 11/09/17	
	METRO BANK	UT160000051822/ 80026	16-Mar-17	1.5697	1.5834	10,000,000.00
	BDO	UITF144978	07-Apr-17	1518.89	1529.791	15,000,000.00
Total UITF						25,000,000.00



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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	FX TN (Fixed Rate Treasury Notes)25-08; Broker's	Dec. 16, 2035 (25years-Tradable)	8.13%	6.32%	15,035,000.00
	FMIC	FX TN(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
		FX TN(Fixed Rate Treasury Notes)25-08 ;COS# 01001752	Dec. 16, 2035 (25years-Tradable)	8.13%	6.43%	4,000,000.00
	CHINA BANK	FX TN(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#FBD1024H595	Aug. 20, 2024 (10years-Tradable)	4.13%	3.30%	10,000,000.00
Total Government Securities						66,162,000.00
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 11/09/17	
	SUNLIFE	Government Securities Fund (GS Fund)	18-Apr-13	1.6262	1.5524	2,000,000.00
	FAMI (First Metro Asset Management Inc)	FAMI-Save & Learn Fixed Income Fund (SALFIF)	15-Apr-13	2.1180	2.2150	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
	BUILDING					576,800.00
Total Investment property						16,771,097.46
GRAND TOTAL						175,867,993.60



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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 16,179,889.94	9.92%		
Time Deposit		Php 16,255,006.20	9.96%		
Government Securities		Php 66,162,000.00	40.55%		
Corporate Bonds	25%	Php 20,500,000.00	12.56%	12.44%	20,288,433.50
UITF	10%	Php 25,000,000.00	15.32%		
Mutual Fund	10%	Php 7,000,000.00	4.29%	5.71%	9,315,373.40
Stocks	10%	Php 8,000,000.00	4.90%	5.10%	8,315,373.40
Property	25%	Php 16,771,097.46	10.28%	14.72%	24,017,336.04
TOTAL Funds		Php 175,867,993.60			
Admitted Assets as of December 2016		163,153,734.00			

Ms. MeAn recommended holding a learning session on Accounting and Economics 101 for the Board members. Sir Randy offered the modules they already have on economic literacy. These may be further simplified to tailor-fit to the needs of the Board.

During the discussions, President Isabel raised her concern about the unexplained reduction in her SSS contribution despite increase in her declared income. This matter will be discussed during the KMBA Area

The financial report was approved upon motion by Ms. Teresa and seconded by Ms. Marilyn.

VI. 2018 Budget

Among the considerations in the budget preparation are (i) the new products – enhanced BLIP and HIIP; (ii) BIR registration of the MIS; (iii) building construction requirements; and (iv) the need to expand membership base. Also, although we expect additional allocation for operating expenses coming from HIIP, since the same has yet to be officially approved by the Insurance Commission, it has not been considered in preparing the 2018 projections.

Summary of the projections are as follows:

Total Assets	Php211,000,000
Total Liabilities	147,000,000
Fund Balance	64,000,000



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Net Surplus	5,800,000
Total Projected Collections	40,267,000
Total Operating Expenses	10,956,000
Other Members' Benefits	1,222,000

The total projected budget for operating expenses of P10.956million includes BLIP collection fees of P1.9million. The total amount for other members' benefits cover calamity assistance, scholarship program, continuing member education and K-Kabataan.

Allocation for K-20 is also not included in the budget projections since the fund for this is sourced from the net surplus.

The Board approved the initial projected budget for 2018, upon motion by Ms. Marissa and Ms. Marilyn. It is noted that KMBA management will further study other benefits which may be extended to members, based on the net surplus.

BOARD RESOLUTION NO. 98: 2018 BUDGET

RESOLVED to approve the 2018 total projected budget for operating expenses of Php 10.956Million

VII. Pooled Investment

By way of background, GM Salve recalled a proposal presented by RIMANSI last April to join a group of MBAs whose investments will be pooled and managed by a common fund manager. After a careful study, RIMANSI decided to place the pooled investments in BPI. At present, CARD, ASKI and several other MBAs have already contributed on the pool.

In her recommendation to add to the pool, the management evaluated the status of funds of the KMBA. They first assured that the allocation for the building is intact. The KMBA is also expecting returns from time deposits. In addition, the P5million investment in Sunlife is about to mature in April 2018. Said amount has not yielded significant returns under Sunlife. Should the Board agree, the same amount may be contributed to the pool to be managed by BPI.

GM Salve and Ms. MeAn felt assured that the fund will be managed by BPI, which they consider to be a conservative and responsible fund manager. Pooling the investments of the MBAs is also a good way to secure better rate return. Moreover, this will still be subject to the approval of the Insurance Commission.

Given these considerations, the Board agreed that the P5million peso currently invested in Sunlife will not be rolled over. Instead, it will be contributed into the pool of investments together with other MBAs in the RIMANSI network. The fund will be managed by BPI. The motion for the approval of the two resolutions was made by Ms. Marilyn and seconded by Ms. Teresa.



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BOARD RESOLUTION NO. 99, SERIES OF 2017: PARTICIPATION IN THE UITF INVESTMENT POOL OF Mi-MBAs UNDER THE MiMAP (RIMANSI) NETWORK

RESOLVED, as it is hereby resolved that KASAGANA-KA MBA will participate in the UITF investment pool of Mi-MBA members under the MiMAP (RIMANSI) network.

RESOLVED FURTHER, that KASAGANA-KA MBA shall invest an initial amount of Five Million Pesos (Php 5,000,000.00) in the investment pool, and may increase investment subject to evaluation of the UITF performance; Provided that the maximum amount that will be placed in the UITF pooled investment at any given time is not more than 10% of the verified admitted assets of the Mi-MBA for the prior year or 30% of the Equity Value reserves, whichever is lower;

RESOLVED FINALLY, that the foregoing resolution shall remain in full force and effect until revoked and modified by resolution of the Board duly attested by the President and the Secretary.

VIII. Audit of the 2018 Financial Statements

Ms. Eve presented the proposals submitted by three auditing firms. Their respective rates, exclusive of VAT and out-of-pocket expenses are:

Auditing Firm	Financial Proposal
BDO-Roxas, Cruz, Tagle and Co.	Php192,600
KPMG	275,000
PricewaterhouseCoopers	200,000

The lowest of the three, BDO, has been KMBA's audit service provider for the past three years. GM Salve notes that its services has thus far been satisfactory, with no problems encountered.

Based on the financial proposal and its proven satisfactory services, BDO's services will again be obtained for the audit of the 2018 Financial Statements. The Board approved this upon motion by Ms. Marissa and seconded by Ms. Marilyn.

BOARD RESOLUTION NO. 100, SERIES OF 2017: ENGAGEMENT OF THE SERVICES OF AN EXTERNAL AUDITOR FOR THE 2018 FINANCIAL STATEMENTS

RESOLVED, to approve the engagement of the services of BDO-Roxas, Cruz, Tagle and Co. as external auditor for the 2018 Financial Statements.

The procurement of the services of an external auditor will likewise be presented to the General Assembly for ratification.



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The services of a compiler is also required for the preparation of the Financial Statements signed by a certified public accountant. Prospective service providers and their respective proposals will be presented in the next BoT meeting.

IX. Amendments to the By-Laws

The need to amend the By-Laws was first realized when in the absence of President Isabel, there was no Vice-President to preside over the meeting. To ensure that this and other necessary amendments will be effected, KMBA will ask Fatima to review the document.

Ms. Teresa made a motion to authorize the review of the By-Laws, including the addition of the Vice-President as KMBA Officer. BoT Marilyn seconded the motion.

X. Feasibility Study

In compliance with the requirements of the Insurance Commission, a feasibility study on the construction and use of the building as a property investment was conducted by Mr. Randy Tuano. He presented the results of the study to the Board.

He told the Board that the study will be further refined with specific details in order to clearly evaluate possible returns of investment.

XI. Updates on the Proposed KMBA Building

The transfer certificate of title to the lot under the name of KMBA was presented to the Board. OM Vangie will next work on securing a building permit for the construction of the building.

A pre-bid conference under the guidance of Architect Yusingco will be held on November 16, 2017 at 2:00pm. There, bidders will be in attendance to hear the Architect's discussion of the requirements of the construction for which the former will bid. The conference will also serve as an avenue for the bidders to clarify certain details about the project, and to purchase bidding documents. The bidders will be given thirty (30) days after the pre-bid conference to prepare and submit their respective bids. Architect Yusingco will then proceed with the evaluation of their financial and technical proposals.

With Ms. Teresa motion seconded by Ms. Marilyn, the Board approved the amendment of the By-Laws for the creation of the position of Vice President. The meeting ended at 1:50 pm.

XII. Report of GM Salve on the ICMIF Conference

GM Salve first expressed her sincere appreciation for the opportunity to represent the KMBA in the said international conference. It was a venue to learn the best practices of bigger micro-insurance institutions which have been in the industry longer than KMBA. Regardless of their size, all the institutions, GM Salve noted, stressed client-centric products and services as key to their success. Use of technology in managing the day-to-day operations and transactions with clients is also extensive in their operations. On this, Ms. MeAn noted that Kasagana-Ka's face-to-face transactions with members is among our competitive advantage.



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It is hoped that in the future, Board members will also be able to attend similar international conferences.

XIII. Other Matters

Schedules

The KMBA year end party was set on December 22, 2017. Details of the party will be discussed during the Area Coordinators' meeting.

On the other hand, a Management Forum will be held on November 21-24, 2017. This will be attended by FM Eve and OM Vangie, together with one manager from K-Coop.

Performance Evaluation of the Board of Trustees

As part of the annual evaluation by the Board, Ms. Anlyn distributed evaluation forms to be accomplished by the Trustees. She explained that the process is important in order to inform the management of the areas for improvement in terms of Board management and governance. This will also help the Board in assessing their collective performance for the past year. The accomplished forms were collected by BoT Secretary Jerlene. Results will be presented to the Board in the next regular Board meeting, which will most likely be in 2018.

XIV. Adjournment


There being no other matters to discuss, the meeting ended at 11:30 am.

Prepared by:


Jerlene B. Perez
Board Secretary

Attested by:


Isabel M. Iliw-iliw
President


Marissa A. Loyola
Treasurer


Marilyn C. Aldave
Board Member


Ma. Teresa G. Bucad
Board Member

Philip Arnold P. Tuaño
Independent Board