



KASAGANA-KA
Mutual Benefit Association, Inc.

**KASAGANA-KA Mutual Benefit Association, Inc.
4th Regular Board Meeting of the Board of Trustees
5 Don Francisco St., Don Enrique Heights, Brgy. Holy Spirit, Quezon City
April 25, 2018, 8:30 am**

In Attendance

Board of Trustees

- | | |
|-------------------------|-------------|
| 1. Isabel M. Iliw-iliw | - President |
| 2. Jerlene S. Perez | - Secretary |
| 3. Marissa A. Loyola | -Treasurer |
| 4. Anita L. Manundo | - Member |
| 5. Ma. Teresa G. Bucad | - Member |
| 6. Elizabeth G. Fuentes | - Member |
| 7. Marilyn C. Aldave | - Member |

Board of Advisers

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

Management and Staff

- | | |
|--------------------------|----------------------|
| 12. Silvida R. Antiquera | – General Manager |
| 13. Evangeline E. Pe | – Operations Manager |
| 14. Evelyn Lagmay | – Finance Manager |
| 15. Analyn Shih | – Exec. Assistant |
| 16. Brenda Lumbao | – KEEPF President |

Absent

- | | |
|------------------------|----------------------------|
| 1. Philip Arnold Tuaño | - Independent Board Member |
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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. Financial Report
 - a. Financial Statement for the month of March 2018
 - b. Investment as of April 20, 2018
- VII. Updates/Presentation
 - a. BDO Investment Unit
 - b. Mutual Security Fund
- VIII. For Discussion/Approval
 - a. CAT-XOL Renewal
 - b. Appointment of Atty. Gettie Sandoval as Independent Board Member
 - c. Appointment of External Auditor until 2019 Audit of Financial Statement
 - d. Termination of Sunlife Mutual Fund Investment
 - e. KPF Representative to the Board
 - f. Representative to the KDCI General Assembly
 - g. Representatives to the KSO Retirement and HR Committee
 - h. Amendments- Articles of Incorporation
 - i. Updates on Bank Signatories
 - j. AGM Program of Activities
 - k. Building Construction
 - l. Other Matters
- IX. Adjournment



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DISCUSSION HIGHLIGHTS

I. Invocation

The meeting started at 8:44 a.m. with a prayer led by BoT member Marilyn.

II. Quorum and Agenda

The Board Secretary announced the presence of a quorum.

Board Adviser MeAn requested to add in the Agenda updates on building construction. With no further additions nor objections, the Board approved the agenda upon motion by Board member Anita, and seconded by Board member Elizabeth.

III. Approval of the Minutes

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

Under page 12, Board Adviser MeAn suggested the generic phrase IEC materials to refer to such materials to be used to support the continuing member education. On even page, reference to BoT Ailene should have been BoT Marilyn.

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

IV. Business Arising from the Previous Meeting

GM Salve reported that KMBA is still in the process of preparing the reports on KMBA monthly income through the years. They are also still studying the reasons for the discrepancy in the number of active members as reported by KMBA and K-Coop by end of 2017.

On the proposal to create a Trust Fund that will help ensure the sustainability of the KJSP, management is verifying with the Insurance Commission if administration of a trust fund is within KMBA's authority. They will then report to the Board through a special meeting.



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V. Updates/ Reports

A. Financial Statements

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

Particular	As of March 2018	As of March 2017	Variance
Total Assets	194, 892,727.66	170,735,406.48	24,157,321.18
Total Liabilities	123,443,621.48	111,892,065.18	11,551,556.30
Total Fund Balance	71,449,106.18	58,843,341.30	12,605,764.88

The Restricted Fund Balance account shows the appropriation for the programs and activities where the excess of the free and unassigned portion of around Php12Million will be spent, as earlier approved by the Board.

FM Eve explained that the account on Actuarial Gain (Loss) shows loss of Php186,767 because of the increase in salary in July 2017. The actuarial valuation in 2016 did not consider this salary increase. Board Adviser MeAn noted that although the salary increase was enjoyed by KDCI and K-Coop employees as well, a similar account on actuarial loss does not appear in the latter's FS. FM Eve will thus report next meeting, after rendering the KMBA FS consistent with KDCI and K-Coop FS.

The summary of the income statement as of March 31, 2018 is as follows:

	As of March 31, 2018	For the month of March 2018
Gross Revenue	10,790,399.39	3,991,877.57
Total Benefit Expense	9,101,705.41	2,891,913.92
Total Operating Expenses	2,235,227.21	561,165.79
Total Investment Revenue and Other Incomes	1,096,296.40	341,047.04
Net Surplus	549,763.17	879,844.90

Despite registering Php880,000 in net surplus for the month of March, the lower net surplus for the whole 1st quarter of the year – at Php550,000- is due to high benefit claims in the first months of the year.



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B. Investments as of April 20, 2018

The portfolio mix as of April 20, 2018 is as follows:

Type of Investment	Current Placement (in Php)
Cash in bank	31,970,823.83
Time Deposit	16,288,911.14
Government Securities	66,162,000.00
Corporate Bonds	20,500,000.00
UITF	15,000,000.00
Mutual Fund	7,000,000.00
Stocks	8,000,000.00
Property	18,202,668.88
TOTAL INVESTMENTS	183,124,403.85

Total investments as of April 2018 compared to last year's shows variance of around Php5 Million. According to FM Eve, this is because of the advance payment to PhilHealth of about Php3 Million plus the Php2 Million downpayment to the building contractor. Board Adviser MeAn asked FM Eve to note big variances in FS, and include notations to explain the same.

The Financial Statements were approved by the Board, following the motion by Board member Anita, seconded by Board Treasurer Marissa.

VI. Updates

A. BDO Investment Unit

Representatives from the BDO Investment Unit presented investment options to the Board. First was short-term investments. Because of BDO's access to funds from other banks, it is able to get higher special daily rates. Rates vary daily. For instance, for a minimum of Php1 Million, one can invest for 34 days and get 3.35% gross; 62 days for 3.4% gross; or 90 days for 3.45% gross. From this should be deducted tax due and trust fee.

Treasury bills issued by the Bureau of the Treasury recently will yield:

91 days	3.50 - 3.67% Gross indicative rate (Less tax and trust fee)
182 days	3.60 - 3.79%
365 days	3.75 - 4.00%



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The unit investment trust fund (UITF) may also be a good choice. It has no maturity date and no entry or exit fees. It may be withdrawn anytime and may even be redeemed the same day the money was placed. It requires a minimum of Php100,000 and offers no guaranteed rate. Though the yield in these investments are relatively small, they are also safer as they are not placed in the volatile stock markets.

It is important to consider the short-term investment options. According to GM Salve, the building contractor submitted a construction cash flow, including dates when billing is expected to be submitted to KMBA. At the same time, the governance rating of KMBA is negatively affected when funds are stagnant and not growing.

Board Adviser MeAn reminded the Board of two important decision points: First, given the required cash flow for the building construction and the regular expenses, consider the beneficial short-term investments. Compare this with possible earning that may be gained from loans to KSOs.

Second, review the existing long-term investments of KMBA. Consult with the investment manager as to those which can be pulled out and placed in better-performing instruments.

B. Mutual Security Fund

The mutual security fund, where KMBA invested in along with other MBAs, has earned 2% net as of March 31, 2018.

To recall, KMBA contributed a total of Php246,867, of which Php 84,406 is for membership fee. It has now grown to Php 251,145.03 after two years.

VII. For Discussion/Approval

A. CAT-XOL Renewal

The renewal of the Catastrophe Excess of Loss Reinsurance Agreement for the period April 1, 2018 to March 31, 2019 will cost Php34,000 for Basic Life coverage and Php2,000 for Credit Life coverage. Following the motion by Board member Marissa, seconded by Board member Marilyn, and with no objections, the Board approved the renewal of CAT-XOL for the period above-mentioned.



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BOARD RESOLUTION NO. 10 Series of 2018: CAT-XOL Renewal

RESOLVED, that the Board hereby approves the renewal of the Catastrophe Excess of Loss Reinsurance Agreement covering Basic Life and Credit Life Insurance and for the period April 1, 2018 to March 31, 2019.

B. Appointment of Independent Board Member

Board member Marilyn shared their meeting with Atty. Gettie Sandoval the previous week, as part of the search for an independent Board member for KMBA. Atty. Sandoval is a lawyer by profession, a women's rights advocate and academician at the Ateneo School of Medicine and Public Health and Ateneo School of Government. She also served as Undersecretary of OPAPP during the Aquino III Administration. Atty. Gettie is not new to social development work. The nanays also noted that she was easy to get along with.

Board Treasurer Marissa made a motion to approve the appointment of Atty. Gettie Sandoval as independent Board member. Board member Elizabeth seconded the motion. With no objections raised, the Board appointment Atty. Sandoval as independent Board member.

BOARD RESOLUTION NO. 11 Series of 2018: Appointment of Atty. Gettie Sandoval as Independent Board Member

RESOLVED, that the Board hereby appoints Atty. Gettie Sandoval as KMBA Independent Board member to serve for a term of five years from the date of this appointment.

C. External Auditor

Roxas, Cruz, Tagle, and Co. is the current external auditor engaged by KMBA for the audit of the 2017 FS. The Audit Committee recommended to the Board the engagement of the firm until 2019. According to them, the firm has been helpful and easy to work with. They have provided good audit findings and sound accounting guidance. Also, engaging a new external auditor may also pose a challenge given the expected changes in accounting standards by 2021.

It should be noted, though, that there will be an annual increase of 10% in contract cost within the three-year contract period.



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The Board approved the engagement of Roxas, Cruz, Tagle, and Co. as external auditor until 2019, following Board Treasurer Marissa's motion, seconded by Board member Marilyn.

BOARD RESOLUTION NO. 12 Series of 2018: Engagement of External Auditor Until 2019

RESOLVED, that the Board hereby approves the engagement of the services of Roxas, Cruz, Tagle, and Co. as KMBA external auditors for a three-year contract period ending 2019.

D. Termination of Sunlife Mutual Fund Investment

As decided by the Board in a previous meeting, KMBA will no longer rollover funds in the Sunlife Mutual Fund. The formal termination was herein approved by the Board, upon motion by Board member Anita, seconded by Board Treasurer Marissa.

BOARD RESOLUTION NO. 13 Series of 2018: Termination of Sunlife Mutual Fund Investment

RESOLVED, that the Board hereby formally terminates its investment in Sunlife Mutual Fund.

E. KPF Representation to the Board

It was announced that Ms. Brenda Lumbao, the incumbent KEEPF President will join the KMBA Board as the representative of KEEPF. She will officially join the Board after the May 2018 General Assembly. Ms. Lumbao will succeed Board Secretary Jerlene Perez, whose term as KEEPF President has already expired.

F. Representative to the KDCI GA

Board Adviser Martiniana Mancio sat in the KDCI Board as KMBA representative. However, she was elected Chairperson of the K-Coop Board. To allow her to focus on the tasks of chairmanship, the KMBA Board agreed to send a new representative to the KDCI Board to replace Board Adviser Ana.

As a policy, the KMBA representative to the KDCI Board comes from its Board of Advisers. Of the five-member Board of Advisers, Elizabeth Yayon and Chona are set to succeed Board Adviser Ana to the KDCI Board. Since Board Adviser Elizabeth Yayon is not in the country and has actually resigned as Adviser, Board Adviser Chona rightfully sits next in line.



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Board member Elizabeth Fuentes moved to approve the designation of Board Adviser Chona as representative to the KDCI Board. Board member Teresa seconded the motion. The Board approved the designation. Board adviser Chona will join Board Adviser Leticia as the other KMBA representative to the KDCI Board.

BOARD RESOLUTION NO. 14 Series of 2018: Designation of Board Adviser Chona Capayas as KMBA Representative to the KDCI Board

RESOLVED, that the Board hereby designates Board Adviser Chona Capayas as KMBA Representative to the KDCI Board, joining Board Adviser Leticia Rodriguez.

Board President Isabel remains as the KMBA representative to the KDCI General Assembly.

G. Representative to the KSO Retirement and HR Committee

The KSO Coordinating Committee agreed to recommend to their respective Boards the creation of an HR Committee, which will serve as the Retirement Board as well. The Committee will study proposed policies on recruitment, employee benefits and welfare, human resource development, succession and retirement, among others. The HR Committee of KDCI composed of Ms. Maria Alexandra Pura, Atty. Henry Yusingco, Jr., and Mr. Jaime Varela, will serve as Committee Advisers.

The Board decided to send to the Committee Independent Board Member Randy Tuaño. His background in economics will be beneficial in the studies and sound recommendations that the Committee will prepare. Given the expiring term of most of the Board members, Board member Marilyn was designated as the other HR Committee member.

Further, the Board agreed with Board adviser MeAn's suggestion to disqualify from membership in the HR Committee those Board members whose spouse, child, parent or sibling is an employee of KMBA.

Upon motion by Board member Marissa, seconded by Board member Anita, the Board approved the creation of the HR Committee, the appointment of its members and the disqualification from membership in the HR Committee those Board members whose spouse, child, parent or sibling is an employee of KMBA.



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BOARD RESOLUTION NO. 15 Series of 2018: Creation of the Human Resources Committee

RESOLVED, that the Board hereby forms the Human Resources Committee, which shall be tasked to recommend policies on, among others, recruitment, employee benefits and welfare, human resource development, succession and retirement;

RESOLVED FURTHER, to disqualify from membership in the HR Committee Board members whose spouse, child, parent or sibling is an employee of KMBA;

RESOLVED FURTHERMORE, to designate the following Board members as HR Committee members:

*Mr. Randy Tuano
Ms. Marlyn Aldave.*

H. Amendments – Articles of Incorporation

The main objective of the amendments to the articles of incorporation is to ensure that it reflects KMBA's status as a mutual aid association that is covered by the income tax exempt status as provided by Section 30(c) of the National Internal Revenue Code.

Section 2 of the Articles was also amended in order for the purposes to accurately state the ends for which KMBA is working. This section was amended after reviewing the Articles of Incorporation of similar MBAs.

With no objections raised, the Board approved all the amendments to the Articles of Incorporation as presented, upon motion by Board member Marilyn, seconded by Board member Teresa.

BOARD RESOLUTION NO. 16 Series of 2018: Approval of the Amendments to the Articles of Incorporation

RESOLVED, that the Board hereby unanimously approves the amendments to the Articles of Incorporation

I. Bank Signatories

Following the succession of Board member Brenda as KEEPF representative to the KMBA Board, she will also take on the functions of Board Secretary Jerlene as



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authorized bank signatory. The Board granted authority to Ms. Brenda upon motion by Board member Teresa and seconded by Board member Marilyn.

BOARD RESOLUTION NO. 17 Series of 2018: Grant of Authority to Ms. Brenda Lumbao as Bank Signatory

RESOLVED, that the Board hereby authorized to sign pertinent bank documents

J. Building construction

Board member Marilyn shared to the Board their observations after the construction site visit the previous week. According to her, demolition of the existing property has been completed. They also witnessed the groundbreaking ceremony.

As for the required clearances from the city hall, OM Vangie reported that fire clearance will soon be released. The building permit will be processed next.

K. AGM Program of Activities

KMBA scheduled a training session to discuss with K-Coop managers its two new products – BLIP and HIIP, which will be launched during the annual general meeting (AGM).

The AGM of the KMBA members will happen on the afternoon of May 31, 2018 at SEAMEO INNOTECH. On the morning of the same day, the Board will convene for a regular meeting at the same venue.

IX. Adjournment:

There being no other matters to discuss, the meeting was adjourned at 12:00nn.