



KASAGANA-KA
Mutual Benefit Association, Inc.

**KASAGANA-KA Mutual Benefit Association, Inc.
Minutes of 3rd Regular Board Meeting
DEHHA Clubhouse, Don Enrique Heights
Brgy. Holy Spirit, Quezon City
May 25, 2017 - 1:30 p.m.**

In Attendance

Board of Trustees

- | | |
|------------------------|--|
| 1. Isabel M. Iliw-iliw | – President |
| 2. Marissa A. Loyola | – Treasurer |
| 3. Jerlene B. Perez | – Secretary, Product Dev't and Innovation Committee Chairperson |
| 4. Ailene V. Ramos | – Member, Product Dev't and Innovation Committee Member |
| 5. Marivic R. Loterte | – Member, Election Committee Chairperson |
| 6. Anita L. Manundo | – Member, Product Dev't and Innovation Committee Member |
| 7. Perla F. Batingal | – Independent Member, Audit Committee Chairperson |

Board of Advisers

- | | |
|---------------------------|---|
| 1. Elizabeth N. Yayon | – Treasury & Ethics Committee Chairperson |
| 2. Chona B. Capayas | – Ethics Committee Member |
| 3. Leticia T. Rodriguez | – Ethics Committee Member |
| 4. Wenifreda F. Rodriguez | – Ethics Committee Member |
| 5. Martiniana G. Mancio | – Special Project Committee |


Management & Staff

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

Absent

- | | |
|-----------------------------|---|
| 1. Ma. Anna DR Ignacio | – Board of Adviser |
| 2. Ma. Teresa G. Bucad | – Member, Product Dev't and Innovation Committee Member |
| 3. Ma. Elizabeth G. Fuentes | – Member, Ethics Committee Member |

Certified Correct by:


Jerlene B. Perez
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
- VII. Financial Report for the month of April 2017
- VIII. Matters for Discussion/Approval
 - a. Life Product Enhancement Proposal
 - b. Credit Life Insurance
 - c. Audited Financial Report (Financial Statement December 31, 2016)
 - d. Engagement of External Auditor for 2017 FS
 - e. Member's Benefits
 - f. Staff Development
 - i. Evangeline Pe (UMAK)
 - ii. Evelyn Lagmay (CPA Review)
- IX. Construction Plan
- X. Annual General Meeting Agenda
 - 1:15 – 1:45PM – Philhealth
 - 1: 45 -2:15PM – RIMANSI

Annual General Meeting

- i. Invocation
 - ii. Determining the Quorum
 - iii. Review and approval of the agenda
 - iv. Reading and Approval of the minutes of the 10th Annual General Meeting
 - v. Presentation of the Presidents Report
 - vi. Presentation of the 2016 Audited Financial Statements
 - vii. Appointment of External Auditor for 2017 Financial Statement
 - viii. Approval and Ratification of Board and Management Actions
 - ix. Elections of the Board of Trustees
 - a. Election Guidelines and Voting System
 - b. Election of Board of Trustees
 - c. Confirmation on the appointment of an Independent Board Member
 - d. Election of Committees
 - x. Confirmation/Approval on the Optional Product
 - xi. Induction of the Board of Trustees
 - xii. Other Matters
 - xiii. Adjournment
- XI. Adjournment



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I. Prayer

Ms. Marissa led the prayer before the meeting.

II. Determination of Quorum

The Board Secretary Ms. Jerlene certified the presence of a quorum with seven Board members present. She mentioned that BoT Adviser Me-an sent word that she will not be able to attend the meeting.

III. Approval of the proposed agenda

President Isabel presented the proposed agenda for the meeting. She then gave Board members an opportunity to raise any additional matters for discussion. There being none, the Board adopted the proposed agenda, upon motion by Ms. Ailene, and seconded by Ms. Anita.

IV. Reading of the previous minutes

The Trustees were asked to read the minutes silently and to identify points for clarification, if any, after they have read the entire document.

V. Clarifications on/ Approval of the previous minutes

President Isabel opened the floor for questions, clarifications or corrections on the previous minutes. Hearing none, she then asked if there is any motion to approve the minutes of the meeting. Ms. Ailene responded by making a motion to approve the meeting on April 28, 2017. Her motion was seconded by Ms. Marivic.

VI. Financial Report for the month of April 2017

FM Eve reported the financial condition of the Association as of April 30, 2017.

Total assets is Php 172,738,437.39, comprised of cash & cash equivalents, receivables, short-term investments, long-term investments, property and equipment. This shows a Php 24M or 17% increase compared to the total assets as of the same month last year.

Total liabilities reached Php 113,248,378.26, a year-on-year increase of Php 9M. This gives a fund balance of Php 59,490,059.13.


Net surplus for the month of April was Php 228,415.39. This is lower than the recodred surplus the previous month. Explained FM Eve, the month of April 2017 saw low collections and high claims, resulting in lower net surplus. Nevertheless, operating expenses are lower this month, compared to that in March.



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Investment as of May 25, 2017

FM Eve went on to present the status of the Association's investment as of May 25, 2017.

|  KASAGANA - KA MUTUAL BENEFIT ASSOCIATION INC List of Investment as of May 25, 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% | 1,337,595.37 |
| | | Current Account- CLIP #:032-7032-50480-5 | | 0.00% | 0.00% | 419,864.48 |
| | | Current Account- BLIP #:007-032-50451-1 | | 0.00% | 0.00% | 3,221,813.61 |
| | | Savings Account - BLIP Acct.#3032178775 | | 0.00% | 0.00% | 3,113,885.27 |
| | | Savings Account - CLIP Acct.#032-3-032-22213 | | 0.00% | 0.00% | 1,176,102.07 |
| | | Savings Account Acct.#7250027686 | | | | 2,147,630.69 |
| | BDO | Current Account Acct#7258003871 | | | | 892,777.49 |
| | | BPI | Savings Account Acct. #0423-365129 | | | |
| | CHINA BANK | | Savings Account Acct.#138- 313121-3 | | | |
| | | | Moneyplus-Savings Account Acct#103802018383 | | 1.00% | 0.80% |
| Total cash in Bank | | | | | | 19,736,764.57 |



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| | | | | | | | |
|------------------------------|--|--|--------------------------------------|----------------------------|------------------|-----------------------|----------------------|
| TIME DEPOSIT | Metro Bank | Regular Time Deposit Acct#032-103203002-3 | 6/20/2017 (30 Days) | 0.500% | 0.40% | 1,501,567.21 | |
| | | Regular Time Deposit Acct#032-103202782-0 | 6/29/17 (63 Days) | 0.875% | 0.70% | 4,104,982.22 | |
| | | Regular Time Deposit Acct#032-103202982-3 | 7/7/17 (61 Days) | 0.875% | 0.70% | 2,007,698.67 | |
| | | Regular Time Deposit Acct#032-1032028517 | 5/29/2017 (35 Days) | 0.500% | 0.40% | 810,150.29 | |
| | BDO | Regular Time Deposit Acct#372507309020 | 6/26/17 (30 Days) | 0.50% | 0.40% | 304,522.89 | |
| Total Time Deposit | | | | | | 8,728,921.28 | |
| UITF | | | Placement Date | NAVPU Placement | NAVPU 5/25/17 | | |
| | METRO BANK | UT160000051822/ 80026 | 16-Mar-17 | 1.5697 | 1.5723 | 10,000,000.00 | |
| | BDO | UITF144978 | 07-Apr-17 | 1518.89 | 1.57407 | 13,000,000.00 | |
| Total UITF | | | | | | 23,000,000.00 | |
| 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 | |
| | | FXTN(Fixed Rate Treasury Notes)25-08 ; COS# 0100159 | Dec. 16, 2035 (25years-Tradable) | 8.13% | 6.48% | 5,000,000.00 | |
| | FMIC | RTB10-5 - PID1026I057 | 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#PID1024H595 | 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 5/25/17 | | |
| | SUNLIFE | Government Securities Fund (GS Fund) | 18-Apr-13 | 1.6262 | 1.5357 | 2,000,000.00 | |
| | FAMI (First Metro Asset Management Inc) | FAMI-Save & Learn Fixed Income Fund (SALFIF) | 15-Apr-13 | 2.1180 | 2.2156 | 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 | | | | | 16,000,000.00 | |
| GRAND TOTAL | | | | | | 169,127,685.85 | |



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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 19,736,764.57 | 12.10% | | |
| Time Deposit | | Php 8,728,921.28 | 5.35% | | |
| 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 23,000,000.00 | 14.10% | | |
| 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 16,000,000.00 | 9.81% | 15.19% | 24,788,433.50 |
| TOTAL Funds | | Php 169,127,685.85 | | | |
| Admitted Assets as of December 2016 | | 163,153,734.00 | | | |

After the presentation, FM Eve welcomed any questions from the Board. There being none, President Isabel asked is anyone would like to move for the approval of the Financial Statements as of April 2017.

- Ms. Ailene moved for the approval of the Financial Reports. Her motion was seconded by Ms. Marissa.

VII. Matters for Discussion/Approval

a. Life Product Enhancement Proposal

KASAGANA-KA MUTUAL BENEFIT ASSOCIATION INC. (KMBA)
Product Development: BLIP Enhancement

| SCENARIO SUMMARY | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Min. Membership | 30000 | 50000 | 50000 | 60000 | 60000 |
| Operating Expense | 20% | 20% | 15% | 20% | 15% |
| Weekly Premium | 16.82 | 16.49 | 13.74 | 16.39 | 13.66 |
| Gross Collection | 26,239,952.71 | 42,880,039.97 | 35,733,366.64 | 51,149,486.28 | 42,624,571.90 |
| OPEX allocation | 5,247,990.54 | 8,576,007.99 | 5,360,005.00 | 10,229,897.26 | 6,393,685.78 |

Notes:

- Benefits remain the same except for the following:
 - Additional 1 child
 - minimum of 12 hours for MVAH
- Contribution for retirement Savings Fund (RSF) is excluded in the weekly premium projection.
- Weekly contribution is still at Php 20.00



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Mr. Gideon De Jesus, actuary from RIMANSI, laid down the different options KMBA may consider for its product enhancement. According to him, KMBA should look into Option 3, which requires 50,000 minimum members at 15% OPEX, in order to maintain the P15.00 premium for its life insurance policy. Option 3 also allows additional two dependents and the lowering of MVAH requirement from 24 hours to 12 hours hospital confinement. However, because of lower OPEX allocation, Mr. Gideon suggested creating an additional insurance product, the OPEX allocation from which will support KMBA operations. As to GM Salve's proposal to set the exit age to 70, from the current 65 years of age, Mr. Gideon is still studying the same. He gave an initial assessment, though, that this will be difficult, unless the premium is increased as well.

Ms. MeAn advised the Board to decide what features to prioritize in the product enhancement. For her, it should be the adjustment of the exit age to 70.

GM Salve agreed to study the actuary's proposal, including the possibility of packaging a new insurance product. She also asked the actuary to do another actuarial study, to see if the options he first presented may still be adjusted.

b. Credit Life Insurance

A representative from RMSI NATRE, Russel Agustin, presented a proposal for credit life insurance.

Option 1 : 25000 retention

Minimum deposit : 6,800 per annum

Premium rate : 4% to 12% total gross premium

Option 2 : 50000 retention

Minimum deposit : 4,000 per annum

Premium rate : 2% to 6% gross premium

Russel explained, the low premium is the result of risk pooling among members of the MBA network. For instance, if a member who has an outstanding balance of Php 50,000 dies, based on Option 1, NATRE will cover Php 25,000, while the MBA will bear the remaining Php 25,000.

Based on the options given, GM Salve believes that Option 1 will be suitable for KMBA.

For Ms. Me-an, however, KMBA should first check the actual loan amounts of an average member. From this, KMBA can objectively decide which option will be most suitable.

BoT President Isabel sought the Board's approval of the ang Credit life reinsurance.

- BoT Anita moved to approve the Credit Life Reinsurance. BoT Marivic seconded the motion.



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c. Audited Financial Statement as of December 31, 2016

On behalf of the External Auditor, FM Eve presented the Audited Financial Statement as of December 31, 2016. Her report underscored the following items :

| | 2016 | 2015 |
|---------------------|-------------|-------------|
| Asset | 165.0 M | 138.0 M |
| Liabilities | 106.4 M | 96.1 M |
| Fund Balance | 58.6 M | 42.5 M |
| Income | 17.8 M | 9.2 M |

There has been significant year-on-year increase in assets and liabilities.

BoT Adviser Me-an noticed Note #18 in the Audited FS pertaining to Related Party Transaction, and asked why there were receivables from KDCI. According to FM Eve, this refer to collections in December 2015, which has been remitted to KMBA in January 2016.

FM Eve invited the Board to raise other points for clarifications pertaining to the results of the audit, if any. Hearing none, President Isabel sought a motion for the approval of the Audited Financial Statements as of December 31, 2016.

- Ms. Marivic made a motion to approve the Audited Financial Statement as of December 2016. Ms. Marissa seconded the motion.

d. Engagement of External Auditor for 2017 Financial Statement

FM Eve showed a comparative matrix of the financial proposals of three firms offering external audit services. The three firms are BDO-Roxas, Cruz, Tagle, and Co., KPMG, at Pricewaterhousecoopers. Of the three, BDO submitted the lowest rate. BDO is the same company that audited KMBA's FS in 2016. Both FM Eve and GM Salve attested that BDO is easy to work with, reasonable and helpful in recommending ways to further improve the processes of KMBA.

The Board had a similar impression on the said firm. In fact, they were satisfied with the clarity of the audit report. Given these consideration, BoT Perla made a motion to approve the engagement of BDO-Roxas, Cruz, Tagle, and Co.as external auditor for 2017 Financial Statements. BoT Anita seconded the motion.

BOARD RESOLUTION NO. 83 : ENGAGEMENT OF EXTERNAL AUDITOR FOR THE 2017 FINANCIAL STATEMENTS

RESOLVED that the Board approves the engagement of the services of BDO-Roxas, Cruz, Tagle, and Co. for the independent audit of KMBA's 2017 Financial Statements.



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e. Members Benefits

GM Salve reported that there is Php 2.7Million fund, which may be allocated for additional members' benefits. This is from the excess of income from unrestricted fund balance. She recommended using the money to pay for additional insurance coverage for members under Sunlife-Grepa, which will be referred to as K-Bente.

The members' benefit in the form of K-Bente insurance will cover the member and one dependent. KMBA may also consider offering the product to other member's dependents.

Ms. Me-an likes the recommendation, and suggested sending forms to K-Coop Satellite Offices. She also wants the process of enrolment in Sunlife-Grepa to be properly and sufficiently explained to employees and members alike.

Upon motion by Ms. Marivic, seconded by Ms. Ailene, and with no objections or further questions, the Board approved the grant of additional members' benefits in the form of Sunlife-Grepa insurance product.

BOARD RESOLUTION NO. 84 : GRANT OF ADDITIONAL MEMBERS' BENEFITS

RESOLVED that the Board approves the grant of additional members' benefits in the form of Sunlife-Grepa insurance product.

f. Staff development

As part of continuous staff development, GM Salve sought the Board's approval to authorize OM Vangie to be part of the first batch of managers who will pursue their baccalaureate degree in the University of Makati. FM Eve, on the other hand, will also take some time to prepare for the upcoming CPA Licensure Examinations.

Upon motion by Ms. Anita, seconded by Ms. Ailene, and with no objections or further questions, the Board authorized OM Vangie and FM Eve to undergo their respective staff development programs.

VIII. Construction Plan

OM Vangie discussed the plan for the construction of the KMBA Building. The budget for the construction is estimated at Php 40Million. Work is expected to start in January 2018. At present, the technical consultant, Architect Yusingco, is preparing the technical drawings and cost estimates. After this, the procurement for the contractor will commence. KMBA's budget will not be revealed to the bidders.

She also sought the Board's guidance on whether or not to include the application for building permit as responsibility of the would-be contractor. Because the application process for a building permit is expected to take much time, and so as not to affect the construction timeframe, it was decided by the Board that said application will be done by KMBA. Requirements for the same will be prepared soon after Arch. Yusingco completes the necessary technical documents.



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IX. Annual General meeting Agenda

For the upcoming Annual General Meeting, GM Salve was of the opinion that KMBA should hold a simple celebration. Invitations will be sent to Kasaganaka Synergizing Organization’s Managers, Board of Trustees at ang mga Sattelite Office Managers ng K-Coop. Of course, KMBA-BOT and Area Coordinators are expected to grace the event.

For the half-day event, GM Salve proposed the following agenda :


- 1:15 – 1:45PM – Philhealth
- 1:45 -- 2:15PM – RIMANSI
- 2:15 – 3:30 PM - Pag-uulat ng Pangulo ng KMBA
- 3:30 – 4:00 PM – Meryenda
- 4:00 – 5:00 PM – Eleksyon of Board of Trustee

The AGM will be held on Mayo 31, 2017, 1:00pm to 5:00pm at Soriano Hall of Seameo Innotech, Philcoa, Q.C.

X. Adjournment

There being no other business to transact, the meeting adjourned at around 5:00 pm.

Prepared by:



Jerlene B. Perez
Secretary


Attested by:


Isabel M. Iliw-iliw
President


Marivic R. Loterte
Board Member


Ailene V. Ramos
Board Member


Marissa A. Loyola
Treasurer


Anita L. Manundo
Board Member

Perla F. Batingal
Independent Board