



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.
Minutes of 2nd Regular Board Meeting
DEHHA Clubhouse, Don Francisco St., Don Enrique Heights
Brgy. Holy Spirit, Quezon City
April 28, 2017 8:30 am

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. Ma. Teresa G. Bucad | – Member, Product Dev't and Innovation Committee Member |
| 8. Ma. Elizabeth G. Fuentes | – Member, Ethics Committee Member |

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. Ma. Anna DR Ignacio | |


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 Shih | – Executive Assistant |

Absent

- | | |
|------------------------|---|
| 1. Perla Batingal | – Independent Member, Audit Committee Chairperson |
| 2. Matiniana G. Mancio | – Board of Adviser, Special Project Committee |

Certified Correct by:


Jerlene B. Perez
Secretary



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ORDER OF BUSINESS

- Call to Order
- I. Prayer
- II. Determination of Quorum
- III. Approval of the proposed agenda
- IV. Reading and Approval of the previous minutes
- V. Business Arising (Reply letter to IC audit findings)
- VI. Financial Report for the month of March 2017
- VII. Matters for Discussion/Approval
 - a. Sunlife Product Proposal
 - b. Audit Committee Report on Related Party Transactions
- VIII. Updates
 - a. Lot Acquisition
 - b. Election Process
 - c. BLIP Enhancement
 - d. ACGS 2016
 - e. Mutual Security Fund
- IX. Upcoming schedules
 - a. Governance & AMLA Workshop
 - b. Team building
 - c. Preparation for the AGM
- X. Adjournment



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I. Prayer

The meeting started at 8 :30 am with a prayer led by BoT member Marivic.

II. Determination of Quorum

BoT Secretary Jerlene certified the presence of a quorum with eight (8) out of nine (9) Trustees present. Independent Board Perla sent a message that she cannot attend the meeting due to emergency reasons.

III. Approval of the proposed agenda

BoT President Isabel presented the proposed agenda. She then asked the board if there is any additional matter they would like to discuss with. There being no addition to the proposed agenda, the Board approved the agenda upon motion of BoT member Ailene, seconded by BoT member Anita

IV. Reading and approval

The board went over each page of the minutes. There being no questions asked, the Board approved the minutes of the previous meeting, February 16, 2017 following a motion by BoT member Ailene, seconded by BoT member Elizabeth.

V. Business Arising (Reply letter to IC Audit Findings)

GM Salve presented to the board the reply letter to IC audit findings along with all exchanges of letters for audit conducted last 2016. She also presented the reply letter from IC stating that they are closing the phase of examination since KMBA has complied to the requirements.

VI. Financial Report & Investment

Financial Statement for the month of March 2017

Particular	Amount (Consolidated)
Total Assets	P 170.7M
Total Liabilities	P 112.6M
Total Fund Balance	P 58.1M

Asset, composed of cash & cash equivalents, receivables, short & long term investment, had an increase of P 25M or 18% compare from same month of last year 2016 statement while Liabilities had an increase of P10M from last year statement. Based on the comprehensive income as of March 2017, net surplus is P 286.6K which is much higher compare to February 2017 statement. FM Eve explained that the increase in income is



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brought by the increase of collection in March with a total of P3.7M while only P2.9M is collected for February. Benefit expense on BLIP and CLIP also increase in March compare to February so as the operating expense and investment income.

BoT adviser Me-an asked FM Eve on the actuarial gain (los) reflected on the statement. FM Eve explained that these actuarial gain (loss) are the retirement benefit reserve for KMBA staff upon reaching the retirement age at the company. She also added, that 2016 actuarial valuation prepared by actuarial is much lower compared to actual valuation. Additional staff and salary increase affected these valuation.

BoT adviser Me-an clarified the service fee which can be found on page 16 of the financial statement. She asked whether the 5% collection fee is only for CAPS-R and what about the KDCI? FM Eve explained that the 5% collection fee is the consolidated collection fees from CAPS-R (5%) and KDCI (3%). The percentage is round off since the computation has an excess. To avoid confusion, she suggested that the percentage rate be deleted on next reporting.

BoT Adviser Lety also noticed the increase of claims on CLIP which is higher than the standard. If the increase on claims would go on, these may affect the performance of KMBA which may result to losses. OM Vangie explained that the increase on BLIP and CLIP during the first quarter is normal, based on the previous records. Also, all KDCI products are enrolled to CLIP of KMBA. She assured the board that all claims are properly handled by the accounts officer.



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FM Eve presented the list of investment as of April 27, 2017.

Investment

KASAGANA - KA MUTUAL BENEFIT ASSOCIATION INC							
List of Investment as of April 27, 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%	696,761.03	
		Current Account- CLIP #:032-7032-50480-5		0.00%	0.00%	443,549.72	
		Current Account- BLIP #:007-032-50451-1		0.00%	0.00%	2,767,039.29	
		Savings Account - BLIP Acct.#3032178775		0.00%	0.00%	15,331,254.03	
		Savings Account - CLIP Acct.#032-3-032-22213		0.00%	0.00%	943,296.33	
	BDO	Savings Account Acct.#7250027686					671,499.92
		Current Account Acct#7258003871					691,154.65
	BPI	Savings Account Acct. #0423-365129					4,128,799.96
	CHINA BANK	Savings Account Acct.#138- 313121-3					286,809.10
		Moneyplus-Savings Account Acct#103802018383			1.00%	0.80%	6,006,001.28
Total cash in Bank						31,966,165.31	
TIME DEPOSIT	Metro Bank	Regular Time Deposit Acct#032-103203002-3	5/15/2017 (30 Days)	0.500%	0.40%	1,501,033.51	
		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	5/4/2017 (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	5/25/17 (30 Days)	0.50%	0.40%	304,522.89	
Total Time Deposit						8,728,387.58	
UITF	METRO BANK	UT160000051822/ 80026	16-Mar-17	1.5697	1.5723	10,000,000.00	
	BDO	UITF144978	07-Apr-17	1518.89	1519.94	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	



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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 4/27/17	
	SUNLIFE	Government Securities Fund (GS Fund)	18-Apr-13	1.6262	1.5292	2,000,000.00
	FAMI (First Metro Asset Management Inc)	FAMI-Save & Learn Fixed Income Fund (SALFIF)	15-Apr-13	2.1180	2.2145	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
GRAND TOTAL						165,356,552.89

Types of Investment	Investment Limit (IC Code)	Current Placement	% of Placement over Admitted Assets	Potential for placement	
				%	Amount
Cash in Bank		Php 31,966,165.31	19.59%		
Time Deposit		Php 8,728,387.58	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
TOTAL Funds		Php 165,356,552.89			
Admitted Assets as of December 2016		163,153,734.00			

There being no questions asked, the Board approved the Financial Report and Investment.

- BoT Treasurer Marissa moved for the motion of Approval of Financial Report and Investment, seconded by BoT member Teresa.

VII. Matters for Discussion/Approval

a. Sunlife Product Proposal

The KMBA Board again invited Sunlife for some clarifications on their product proposal. Sunlife Senior Manager Al Cruz gave some background on Sunlife product and their intention to provide low-cost insurance product to low income sector through KMBA. Mr. Cruz also added, that last year of 2015, Sunlife celebrates its 120 years in the Philippine industry. They also found out that only 1.5M Filipino are covered for insurance and only those in the upper class can afford



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the commercial insurance. Consequently, Sunlife decided to look for an NGO and will develop an insurance product that an ordinary family can afford. KMBA is selected as their partner. Sunlife also aim to provide insurance cover to 5M Filipino. He then presented to the board the product proposal suited for KMBA's need details on which are as follows:

- Insurance Amount – Php 20.00 per annum
- Amount of Coverage – Php 10,000.00 natural or accidental death
- No contestability period
- Eligibility – 2 weeks old to 64 years old. Must be a beneficiary of the member
- One (1) policy per member
- Target of 61,340 policies to be enrolled for one (1) year.

Should the board approve the proposal, Mr. Cruz asked if KMBA can enroll 61,430 policy in one year? BoT adviser Me-an suggested that if the board approves the proposal, KMBA should commit to meet Sunlife requirements. She also suggested providing two (2) policies to each member. This will serve as additional benefit to members especially to those who are more than 3 years in membership. Funds from the excess of unrestricted fund balance can be used to pay for the enrollment. The member can also have a free Sunlife insurance once the balik-tangkilik card from KDCI has been filled. Members from K-Coop can also avail of the product to meet Sunlife requirement. GM Salve requested Sunlife to provide flyers for information campaign to members. She told the Board that management will inquire first with the Insurance Commission the applicable regulations with regards to allocation of unrestricted fund balance.

The board approved the Product Proposal of Sunlife.

- BoT member Ailene moved for the approval on Sunlife Product Proposal, seconded by BoT member Anita.

BOARD RESOLUTION NO. 81, SERIES OF 2017 : APPROVAL OF THE SUNLIFE GREPA INSURANCE PRODUCT

RESOLVED to approve the above-detailed Sunlife Grepa life insurance product as a new and additional KMBA product available to its members.

b. Audit Committee Report on Related Party Transactions (RPT)

The Audit Committee Chair was pleased to report that after a review of the policy on RPT and other conflict of interest, the Committee found no conflict of interest present or any material issues that can give rise to a conflict of interest in the future.



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The Committee is of the opinion that none from the KMBA's Board or Management Team, or their respective spouses or relative possesses any controlling or influential financial interest in the any of its sister and/or partner organizations.

As to the present arrangement between KMBA and K-Coop, wherein the former uses the latter's infrastructure to collect premium contributions from the members, an examination of members' records, K-Coop's remittance report and the actual bank remittance do tally. This only shows true and accurate recording of financial transactions from members to K-Coop and ultimately to KMBA.

Pres. Isabel thanked the Committee for the report. She encouraged the Board and asked GM Salve to remind the Management Team to always update their disclosure statements as to any possible conflict of interest that may arise. BoT Secretary Jerlene added that the disclosures serve to protect both the individual who is in good faith and the Association, for the benefit of all members.

There being no other comments or objections on the report, Ms. Marissa moved to accept the Audit Committee report. Ms. Ailene seconded the motion.

BOARD RESOLUTION NO. 82, SERIES OF 2017 : ACCEPTANCE OF THE AUDIT COMMITTEE REPORT ON RELATED PARTY TRANSACTIONS

RESOLVED to accept the Audit Committee Report on Related Party Transaction, subject to periodic review by the same Committee and reporting to the Board

VIII. Updates

- a. **Lot Acquisition**– OM Vangie presented updates on details of property (Lot) which KMBA will acquire. Upon checking to LRA, Title is reconstituted, payment on property tax is updated until 2017. KMBA also issue Php 150,000 as earnest money last April 8, 2017, valid until May 22, 2017. GM Salve proposed that KMBA should consult an architect for building design. According to her, the brother of Atty. Jun Yusingco is an architect and can help in the consultation. Students from Ateneo with the supervision of Independent board Randy Tuaño will help in the Feasibility Study.
- b. **Election Process** –OM Vangie informed the board that canvassing for proxy voting for election of KMBA BoT will be on May 10, 2017 at KMBA office. Three (3) candidates are from Taytay, Sulumong and Masinag area. Currently, KMBA accounts officers are in the process of gathering ballots from K-Coop Satellite Offices.
- c. **BLIP Enhancement** – GM Salve presented the actuarial study on BLIP enhancement. According to initial study, the Php 20 premium is not sufficient for additional benefit of the member such as additional dependent, from 3 to 5, shorten



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the minimum hours of confinement for MVAH and exit age of 70 instead of 65. The actuary will again make a study on which benefit can be added with the premium still at Php 20.00.

- d. **Asean Corporate Governance Scorecard (ACGS) 2016** – GM Salve shared the good news on KMBAs rating on 2016 ACGS assessment. KMBA has increased by 157.79%. From its 2015 score of 24.07 points, KMBA got 62.05 points for 2016. She added that English version of the minutes of the meeting greatly helped in the rating along with the improvements made.
- e. **Mutual Security Fund** – GM Salve report that earning from investment in mutual security fund. IC has also approved the investment. All contribution from Network MBA is considered as admitted asset.

IX. Upcoming schedules

- a. **Governance & AMLA Workshop** – Schedules for Governance & AMLA workshop will be on May 24 to 26, 2017 at Hotel Benilde (Maison dela Salle) corner Arellano corner Estrada St. Manila. BoT member Maritess Bucad, Elizabeth Fuentes and Account Officer Mcquen Abellano will attend the seminar.
- b. **Team Building** –GM Salve announces that KMBA Team building with board, coordinators and staff will be on May 5, 2017 at Camaya Coast, Mariveles Bataan. Other details will be discussed at coordinators meeting.
- c. **Annual General Meeting** – GM Salve announces schedules for KMBA Annual General Meeting is on May 31, 2017 around 1:00 in the afternoon at SEAMEO Innotech, Commonwealth Avenue Diliman Quezon City. Notice of AGM and agenda is posted at KMBAs website. Field Managers, Sector and Area Managers from K-Coop and KDCI office are invited to come.

X. Adjournment

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

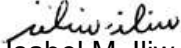
Prepared by:



Jerlene B. Perez
Board Secretary




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Attested by:

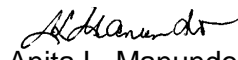

Isabel M. Iliw-iliw
President


Marissa A. Loyola
Treasurer


Marivic R. Loterte
Board Member


Ma. Teresa G. Bucad
Board Member


Elizabeth G. Fuentes
Board Member


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