



KASAGANA-KA
Mutual Benefit Association, Inc.

KASAGANA-KA Mutual Benefit Association, Inc.
Minutes of 1st Regular Board Meeting
5 Don Francisco St. Don Enrique Heights
Brgy. Holy Spirit, Quezon City
January 1, 2018 8:30 a.m

Present

Board of Trustees

- | | |
|---------------------------|---------------------|
| 1. Isabel M. iliw-iliw | – President |
| 2. Marissa A. Loyola | – Treasurer |
| 3. Jerlene B. Perez | – Secretary |
| 4. Ma. Teresa G. Bucad | – Member |
| 5. Marilyn C. Aldave | – Member |
| 6. Anita L. Manundo | – Member |
| 7. Philip Arnold F. Tuaño | – Independent Board |

Board of Advisers

8. Chona B. Capayas
9. Elizabeth N. Yayon
10. Martiniana G. Mancio
11. Ma. Anna DR Ignacio
12. Leticia T. Rodriguez
13. Wenifreda F. Rodriguez


Management

1. Silvida R. Antiquera – Gen. Manager
2. Evangeline E. Pe – Operations Manager
3. Evelyn A. Lagmay – Finance Manager

Absent

1. Perla F. Batingal – Independent Board

Certified Correct by:


Jerlene B. Perez
Secretary



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- 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 & Investment:
 - a. Financial Statement for the month of December 31 2017
 - b. Investment as of January 31, 2018
- VII. Year end Report
- VIII. Matters for Discussions and Approval
 - a. Review of Vision, Mission & Goal
 - b. Review on Corporate Good Governance
 - c. Revised budget for 2018
 - Vehicle
 - Consultancy Fee
 - d. Amendment to the By-Laws
 - e. Compilation Service
- IX. Updates
 - a. KMBA Building
 - Opening of Bids
 - Building Permit
 - b. ACGS Scorecard
 - c. SEGURADO as of December 31, 2017
- X. HR Matters
 - a. Salary Increase
 - b. Performance Evaluation of GM Salve
- XI. Schedules
 - a. KMBA Recollection and Team Building
 - b. Investment session
- XII. Adjournment



I. Prayer

The meeting started at 8:50 a.m. with a prayer led by BoT member Anita.

II. Determination of Quorum and Agenda

After determining the presence of a quorum, the Board approved the agenda upon motion by BoT Treasurer Marissa, and seconded by BoT member Teresa.

III. Reading and approval of previous minutes

The Board went over every page of the Minutes.

Independent board Randy pointed out that the preparation of the feasibility study presented in the last meeting was under the guidance of members of the faculty. Also, he will present a more detailed feasibility study, with information on the estimated income that may be generated, and the return on investment.

As to the proposed financial and economic literacy training session, he was able to talk to Alice Parlan, a faculty member in Ateneo and a former executive office of Philamlife. She is willing to conduct the session on February 16, to which the Board agreed. Aside from members of the KMBA Board, the session will also be attended by K-Coop managers.

With no further questions or clarifications raised, the Board approved the same following a motion by BoT member Beth, seconded by BoT Treasurer Marissa.

IV. Financial Report & Investment

a. Financial Statement for the month of December 2017

FM Eve presented the Statement of Financial Position as of December 31, 2017, in comparison with the Association's financial position last year. The summary of the report is provided below.

Particular	As of Dec 31, 2017 (Consolidated)	As of Dec 31, 2016	Variance
Total Assets	188,967,689.81	165,089,746.20	23,877,943.61
Total Liabilities	129,883,292.30	106,406,130.25	23,477,162.05
Total Fund Balance	59,084,397.51	58,683,615.95	400,781.56




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It was noted that the fund balance pertains to the equity of the Association.

Based on the statement of income as of December 31, 2017, net surplus is around P3.3million. Total operating expenses is P8.076million. Of the total BLIP collections of P33.451million, P6.722million has been released as claims, equivalent to 20.09% of the total. Claims against CLIP collections, on the other hand, reached P1.405million, or 20.23% of the total of P6.948million CLIP premium.

b. Investment as of January 31, 2018

 KASAGANA - KA MUTUAL BENEFIT ASSOCIATION INC List of Investment as of January 31, 2018							
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%	688,287.92	
		Current Account- CLIP #:032-7032-50480-5		0.00%	0.00%	287,361.14	
		Current Account- BLIP #:007-032-50451-1		0.00%	0.00%	667,821.99	
		Savings Account - BLIP Acct.#3032178775		0.00%	0.00%	10,498,568.62	
		Savings Account - CLIP Acct.#032-3-032-22213		0.00%	0.00%	2,151,014.94	
		Savings Account Acct.#7250027686				517,438.13	
	BDO	Current Account Acct#7258003871					908,257.49
		BPI	Savings Account Acct. #0423-365129				1,132,659.59
	CHINA BANK		Savings Account Acct.#138- 313121-3				380,540.18
			Moneyplus-Savings Account Acct#103802018383		1.00%	0.80%	6,042,804.45
	Total cash in Bank						23,274,754.45



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TIME DEPOSIT	Metro Bank	Regular Time Deposit Acct#032-103203002-3	3/1/2018 (30 Days)	0.500%	0.40%	2,507,288.88
		Regular Time Deposit Acct#032-103202782-0	03/08/18 (63 Days)	0.750%	0.60%	4,122,250.32
		Regular Time Deposit Acct#032-103202982-3	03/16/18 (63 Days)	0.750%	0.60%	2,018,328.44
		Regular Time Deposit Acct#032-1032028517	2/22/2018 (35 Days)	0.500%	0.40%	812,620.02
		Regular Time Deposit Acct#032-1-03203026-0	3/1/2018 (30 Days)	0.500%	0.40%	3,505,058.30
		Regular Time Deposit Acct#032-1-03203025-2	3/1/2018 (30 Days)	0.500%	0.40%	3,004,335.68
		Regular Time Deposit Acct#032-1-03203029-5	02/15/2018 (30 Days)	0.500%	0.40%	10,005,166.66
	BDO	Regular Time Deposit Acct#372507309020	03/01/18 (30 Days)	0.50%	0.40%	305,471.58
		Regular Time Deposit Acct#B372508219266	02/21/18 (30 Days)	0.50%	0.40%	15,010,208.34
		Total Time Deposit				

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
	FMIC	FXTN(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
		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#PBD1024H595	Aug. 20, 2024 (10years-Tradable)	4.13%	3.30%	10,000,000.00
	Total Government Securities					



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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 01/30/18	
	SUNLIFE	Government Securities Fund (GS Fund)	18-Apr-13	1.6262	1.5604	2,000,000.00
	FAMI (First Metro Asset Management Inc)	FAMI-Save & Learn Fixed Income Fund (SALFIF)	15-Apr-13	2.1180	2.2195	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						182,998,580.13

PORTFOLIO MIX					
Types of Investment	Investment Limit (IC Code)	Current Placement	% of Placement over Admitted Assets	Potential for placement	
				%	Amount
Cash in Bank		Php 23,274,754.45	14.30%		
Time Deposit		Php 41,290,728.22	25.38%		
Government Securities		Php 66,162,000.00	40.66%		
Corporate Bonds	25%	Php 20,500,000.00	12.60%	12.40%	20,178,670.67
UITF	10%	Php -	0.00%		
Mutual Fund	10%	Php 7,000,000.00	4.30%	5.70%	9,271,468.27
Stocks	10%	Php 8,000,000.00	4.92%	5.08%	8,271,468.27
Property	25%	Php 16,771,097.46	10.31%	14.69%	23,907,573.21
TOTAL Funds		Php 182,998,580.13			
Admitted Assets as of December 2016 IC verified		162,714,682.66			



FM Eve explained that the funds under UITF are withdrawn every December and placed in time deposits. KMBA's UITF investments are without IC approval. If not withdrawn, these funds will be classified as non-admitted assets.

V. Revised 2018 Budget

Approval of the Board is sought for the proposed revised budget. The increase in the budget is due to the (i) plan to hire a project-based staff to assist in the MIS licensing process; (ii) the proposed purchase of vehicle for the general manager; (iii) the procurement of an MIS Consultant; (iv) allocation for ICMIF annual contributions; and (v) Philhealth and SSS contribution adjustment. The table below shows the comparison between the approved and the proposed revised projections.

Particular	Approved	With Proposed Adjustments
Total Assets	211,200,169.00	217,357,355.00
Total Liabilities	147,098,837.00	153,805,832.00
Fund Balance	64,101,332.00	63,551,523.00
Net Surplus	5,857,836.00	4,467,126.00
Total Projected Collections	40,267,500.00	40,267,500.00
Total Operating Expenses	10,946,180.13	10,999,890.46
Other Members' Benefits	1,271,000.00	2,559,000.00

The procurement of an MIS consultant is important particularly in the process of registering the MIS with BIR. Since the MIS officer focuses on system development, someone must devote time on this licensing process.

Concerning the vehicle, the initial plan was to have it traded-in, especially since it has been well-maintained and in good working condition. BoT Adviser MeAn, however, suggested keeping it as a utility vehicle to service Board members and employees for the official activities of the Association.

The procurement of an MIS consultant and the corresponding fund allocation was approved upon motion by BoT member Anita and seconded by BoT Treasurer Marissa. The purchase of the vehicle, on the other hand, was approved upon motion by BoT member Teresa and seconded by BoT member Beth.



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Board Resolution No. 1, Series of 2018. Approval on the Revised Budget for 2018

Resolved, as it is resolved, that the Board has approved the revised budget for 2018

Board Resolution No. 2 Series of 2018. Procurement of an MIS Consultant

Resolved, as it is resolved, that the board has approved the procurement of an MIS Consultant

Board Resolution No. 3 Series of 2018. Procurement of office vehicle for KMBA General Manager

Resolved, as it is resolved, that the board has approved the procurement of office vehicle for KMBA General Manager

BoT adviser Letty asked as to how the students under the scholarship program are evaluated. GM Salve explained that students, as a rule, must not receive a grade below 2.5. However, justifiable reasons may be accepted. In any case, the parent's attention are called. If the students fails to meet the minimum grade requirement at the end of another term, the scholar will be dropped from the roll.

With no further questions nor any objections, the revised budget of Php10,999,890.46 was approved by Board following BoT member Teresa's motion, as seconded by BoT Treasurer Marissa.

VI. Amendments to the By-Laws

As a background, the attention of the Board for the necessity to amend the by-laws was called when they found that there was no Vice-President to preside over the meeting when President Isabel was on leave. Consequently, a review of the other provisions of the by-laws was made. GM Salve presented the result of the review.

Subject to the following comments of the Board, the amendments as presented were approved, upon motion by BoT Treasurer Marissa and seconded by BoT member Beth:



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- Specify the source or reference for the permanent and temporary disqualifications of Trustees, which, according to GM Salve should be the Corporate Governance Manual

- Clarify that the staggered term of office of Trustees applies to the very first election following the adoption of the by-laws; every Trustee thereafter elected will serve for a term of three years
- Provide a term limit of two-consecutive terms for Board of Trustees, after which a Trustee shall be perpetually barred
- Should the General Assembly decide to delegate to the Board the power to amend the by-laws, any such amendment shall nevertheless be subject to ratification by the General Assembly

As agreed upon, the creation as well as the role of the Board of Advisers will be embodied in the Corporate Governance Manual. Related to this, BoT adviser MeAn put forward the idea of organizing an association of past KMBA leaders. This council of elders will serve as a rich source of experience and guidance to the KMBA.

Board Resolution No. 4, Series of 2018. Amendment to the By-Laws

Resolved, as it is resolved, that the Board has approved for the amendment to the By-laws

VII. Compiler

FM Eve showed the proposals of four providers for compilation services. Based on their proposals and given the same scope of work, Quinsay, Radam, and Co. submitted the lowest price quotation. Quinsay, Radam, and Co. is a partner of BDO, which happens to be the External Auditor of KMBA. The Board recognizes that work will be facilitated if the external audit and the compilation work will be handled by the said partners. As such, the Board approved the engagement of the services of Quinsay, Radam, and Co. as compiler, who will assist in the preparation and

presentation of the 2017 Financial Statement. The approval followed upon motion by BoT member Marilyn, and seconded by BoT member Teresa.

Board Resolution No. 5, Series of 2018. Procurement of compiler



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Resolved, as it is resolved, that the Board has approved the engagement of the services of Quinsay, Radam and Co. as KMBA's compiler for 2017 Financial Statement

VIII. Year end Report

GM Salve presented the yearend report and financial highlights for 2017. Under the report on members' contribution, BoT adviser MeAn noticed the P5million deficit in actual contributions compared to the target. FM Eve explained that this is due to overshooting of projections. To avoid a similar scenario this year and for better presentation and appreciation of data, year-on-year comparison of the actual achievement would be helpful.

On the financial highlights, the huge difference between the 2016 and 2017 net income was obvious. FM Eve explained that there was a windfall in 2016, owing to the fact that K-Coop did not collect management fee for the year. Also, the Insurance Commission approved the reclassification of contributions from members who retired after less than 3 years of membership. This added to the net income for the year.

Moreover, the 2017 financial report has yet to be audited. Adjustments may therefore still be effected. The Finance Manager was thus requested to present a report of the net income through the years for a better appreciation of the performance of the Association.

BoT adviser MeAn likewise noted the discrepancy between the K-Coop and KMBA reports on membership and the loans covered by CLIP. Clarifications on these matters will be reported in the next meeting.

For 2018, among the major plans and activities are the building construction, the implementation of the enhanced BLIP; launch of the HIIP; MIS registration with the BIR; engagement of new partners and the continuing skills enhancement of staff.

IX. KMBA Building Updates

BAC Member Ms. Marilyn reported the tabulated results of the opening of bids for the second bidding, which was held on January 31, 2018 (Please see report).

Prior to that, GM Salve informed the Board that in the first opening of bids on December 18, 2017, only two were adjudged eligible given their technical documents. Following the evaluation, however, both failed. This necessitated the second bidding. Accordingly, a second pre-bid conference was held last January 15.



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Bids were opened according to the bidder's time of submission. The Technical Documents are first checked. If found eligible, the financial proposal is opened. If ineligible, BAC will no longer check the financial bid.

Of the eight bidders, six were eligible. Only three were general contractors. The others submitted their bids for some, but not all four of the contract packages.

It was noticeable that the lowest total bid price by one of the general contractors was P45.760million, whereas the agency estimate was around P32million. GM Salve echoed the explanation of the architect that the agency estimate was made under the assumption of only a 10% profit margin. Additional expenses for bid bulletins were likewise not considered in the original estimate. Nevertheless, the architect will do a line item review of the proposals. Two weeks following the opening of bids, Architect Yusingco will submit a shortlist. BAC will thereafter submit its recommendations for Board approval. Contract award is expected by February 20. Mobilization will begin by end of this month.

OM Vangie informed the Board that barangay clearance for demolition and construction has been secured. The Tax Declaration has also been transferred under the name of KMBA. On the other hand, the process for the application of locational clearance is ongoing. Building permit application will follow.

The demolition works have yet to begin. There was one proposal to demolish the bungalow for a price of P270,000, which is too steep for KMBA to pay. .

X. ACGS Scorecard

GM Salve showed to the Board the plaque recognizing KMBA as having placed ninth (9th) in the ASEAN Corporate Governance Scorecard (ACGS). One hundred twenty six (126) life and non-life insurance companies and MBAs were evaluated. KMBA also received the distinction as being the only MBA in the top ten.

GM Salve, along with the rest of the management, committed to diligently review the areas for improvement as suggested by ACGS. RIMANSI has also expressed delight for the recognition received by one of its members. The network likewise committed to help each other in upholding the standards of corporate governance.

XI. SEGURADO as of December 31, 2017



Using SEGURADO as indications of performance, FM Eve presented the results of KMBA's self-assessment. Of the seventeen indicators, KMBA met or exceeded the standard for fourteen items.

There is, however, no assessment that can yet be made for the aspects of Affordability and Accessibility, and Development and Innovation. Hence, the self-assessment essentially uses only SEGURO indicators.

XII. Schedules

The Board is scheduled to come together for their Recollection on February 9-10, 2018 in Tagaytay. Team-building activities will follow on February 11. Details will be communicated to the Board as the arrangements are finalized.

As earlier agreed upon, the session on financial and economic literacy and investment session will be held on February 16, 2018 at KMBA's principal office.

XIII. HR Matter

In an executive session with the Board, BoT adviser MeAn showed the results of HR's study regarding the compensation of KMBA's GM. She recalled an earlier Board imprimatur to proceed with the study on the appropriate salary adjustments for KMBA's OM and GM.

BoT adviser MeAn stressed that GM Salve did not seek a raise. However, aside from giving the person a salary commensurate to her qualifications and performance, it is also important to set a competitive salary rate so as to ensure that KMBA will be able to attract qualified and competent executives in the future. After outlining the GM's key result areas and performance indicators, and using these to assess her performance through the years, the study came up with the recommendation to increase GM Salve's basic monthly salary to P94,944.37.

The Board was generally in approval of the proposed increase, especially with the evident results of GM Salve's efforts. Still, President Isabel wanted to find out if the increase in the salary will have adverse effect on the OpEx ceiling.

With this in mind, BoT member Tess moved for the approval of the proposed increase in basic salary, subject to the OpEx limit. Her motion was seconded by BoT member Marilyn. Thus, in the next Board meeting, there must be a report on the impact of this salary increase on the bottomline, along with corresponding plans to ensure that KMBA will be able to navigate within the OpEx limit without compromising organizational performance and services.



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Board Resolution No. 6, Series of 2018. Increase in General Manager salary

Resolved, as it is resolved, that the Board has approved the increase in salary of General Manager to P 94,944.37 effective April 1, 2018


b. Performance Evaluation of GM Salve

Secretary Jerlene, facilitated the Annual Performance Review of GM Salve. With The evaluation form given to Board of Trustees, this will help in assessing the performance of GM Salve for the previous year.

XIV. Adjournment

There being no other matters to discuss, BoT member Marilyn moved to adjourn. She was seconded by BoT member Teresa. Accordingly, the meeting ended at 11:58 a.m.

Prepared by :


Jerlene B. Perez
Secretary