



KASAGANA-KA Mutual Benefit Association, Inc.
6th Regular Meeting of the Board of Trustees
5 Matimpiin St. Pinyahan, Quezon City
September 27, 2019 8:30 am

In Attendance:

Board of Trustees:

- | | |
|---------------------------|---------------------------|
| 1. Enriquetta Navaro | -President |
| 2. Alma Gilbaliga | -Vice President |
| 3. Lilibeth Molina | -Treasurer |
| 4. Teresita Padel | -Board Member |
| 5. Rita Dela Cruz | -Board Member |
| 6. Jennifer Abao | -Board Member |
| 7. Philip Arnold P. Tuaño | -Independent Board Member |
| 8. Atty. Gettie Sandoval | -Independent Board Member |
| 9. Brenda F. Lumbao | -Secretary |

Also Present:

Board of Advisers:

- 10. Chona B. Capayas
- 11. Isabel M. Iliw-iliw

Board Member Emeritus

- 12. Leticia Rodriguez

Management and Staff

- | | |
|--------------------------|------------------|
| 13. Silvida R. Antiquera | -General Manager |
| 14. Evelyn Lagmay | -Finance Manager |

The following were not able to attend:

- | | |
|----------------------------|------------------------|
| 15. Wenifreda Rodriguez | -Board Member Emeritus |
| 16. Maria Anna dR. Ignacio | -Board Adviser |



ORDER OF BUSINESS

- I. Call to Order
- II. Prayer
- III. Determination of Quorum
- IV. Approval of Proposed Agenda
- V. Reading and Approval of the minutes of the previous meeting
- VI. Business Arising
- VII. Financial Report
 - a. Financial Statement for the month of August 2019
 - b. Investment as of September 25, 2019
- VIII. For Discussion/Approval
 - a. Appointment of Alma Gilbaliga as the new KSO HR Committee Member
 - b. KMBA Building Name
 - c. Ratification – Release of Performance Incentive, January-June, 2019
 - d. Rental Rates on 5th Floor
 - e. Approval of Variation Order 10 & 11
 - f. Membership Fee
 - g. Application for Corporate Credit Card
 - h. Status of Building Construction
- IX. Upcoming Schedules
 - a. KDCI 17th Year Anniversary – October 4, 2019
 - b. TALAB Alternative Class – October 8, 2019
 - c. Governance & AMLA Workshop – October 9-11, 2019
- X. Schedule of next board meeting
- XI. Adjournment



DISCUSSION HIGHLIGHTS

I. The meeting started at 9:11 a.m. with a prayer.

II. Quorum and Agenda

Board Secretary Brenda announced the presence of a quorum. Pres. Enriqueta presented the proposed agenda for the day's meeting. It was approved by the Board upon motion by BoT Rita, duly seconded by BoT Jennifer.

III. Reading and Approval of the Minutes of the Meeting

The minutes of the previous meeting were provided ahead of the meeting. Pres. Enriqueta asked the Board for clarification or comments that needed discussions.

The following are items for correction in the minutes of the previous meeting:

i. On page 3, under Financial Report and Investment in the Income Statement as of June 30, 2019, the amount of Gross Revenue is overstated by Php100.00 under Premiums-CLIP, thus corrected Gross Revenue is Php 26,754,304.89 instead of Php 26,754,404.89. Moreover, the amount of Total Benefit Expense should be Php 19,798,904.76 instead of Php 18,172,276.22. The difference of Php 1,626,628.54 came from the Collection Fees and Claims-HIIP that were not included in the computation.

ii. Above overstatement of revenue and understatement of expense made an effect to the presentation of Net Surplus on page 4. Corrected Net Surplus should be Php 3,629,933.52 instead of Php 5,256,662.06.

iii. On page 4, under Investments as of August 7, 2019, an overstatement of Corporate Bonds was presented that made direct effect to the Total Investments. Bonds invested in SMIC in the amount of Php 7,500,000.00 were found to be matured on the cut-off presented, thus should be presented as Cash. Corrected Total Investment is Php 208,687,891.56.

BoT Alma moved to approve the minutes of the previous meeting, including the items for correction raised. BoT Teresita seconded the motion.

IV. Business Arising

GM Salve updated the Board on the matter arising from the previous meeting:

- j. Withdrawal of Metrobank Time Deposit and placement of the same to Security Bank in the amount of Php 2,526,720.48 – DONE on August 14, 2019.



V. Financial Report and Investment

A. Financial Statements

FM Eve presented the Statement of Financial Position as of August 31, 2019. The summary of the report is provided below.

Particular	As of August 31, 2019	As of August 31, 2018	Variance	
			Amount	%
Total Assets	P 216,135,968.75	P 202,565,055.97	P 13,570,912.78	7%
Total Liabilities	143,292,164.15	131,328,164.75	11,963,999.41	9%
Total Fund Balance	72,843,804.60	71,236,891.23	1,606,913.37	2%

On the other hand, the summary of the Income Statement as of August 31, 2019 is as follows:

Particular	As of August 31, 2019	For the month of August, 2019	For the month of July, 2019	Variance Amount
Gross Revenue	P 35,639,478.31	P 4,285,802.91	P 4,599,370.51	(P 313,567.60)
Total Benefit Expense	27,015,763.13	3,797,892.22	3,418,966.15	(378,926.07)
Total Operating Expense	7,318,100.95	1,126,919.55	921,579.70	(205,339.85)
Total Investment Revenue and Other Income	2,839,744.82	620,670.83	274,938.90	345,731.93
Net Surplus (Loss)	4,145,359.05	(18,338.03)	533,763.55	(552,101.58)

Board Emeritus Leticia noticed the increase of Claims contained in the Benefit Expense that resulted to a Net Loss for the month. She asked the management of the effect if the increase would continue in the coming months. FM Eve presented a graphical presentation of the trends on income and expenses and determined that there are consistent lean months where income declines and that includes the month of August. Board Adviser Isabel proposed the Board to come up with mechanisms to deal with the lean months where revenue goes down. Pres. Enriquetta said that area coordinators, with the help of the Board, should fortify the K-Agapay Program. GM Salve said that in addition to that, KMBA can bolster its membership increase that could help in the revenue collection by communicating with external groups that are interested with the microinsurance program of the organization.

The advice and recommendations are well-taken by the Board and BoT Teresita moved to accept the financial reports as of August 31, 2019. BoT Alma seconded the motion.



B. Investments as of September 26, 2019

The portfolio mix as of September 26, 2019 is as follows:

Type of Investment	Current Placement
Cash in Bank	P 15,120,498.38
Time Deposit	5,665,140.78
UITF	23,000,000.00
Government Securities	73,162,000.00
Corporate Bonds	6,000,000.00
Mutual Fund	5,000,000.00
Stocks	16,000,000.00
K-COOP Loan	5,000,000.00
Investment Property	59,662,938.47
TOTAL INVESTMENTS	P 208,610,577.63

With no further questions, BoT Teresita moved to accept the investment mix as of September 26, 2019 duly seconded by BoT Alma.

VI. For Discussion/Approval

A. Appointment of Alma Gilbaliga as KMBA Representative in KSO HR Committee

GM Salve recalled to the Board the existence of Human Resources Committee on the KSO Level who is tasked to recommend policies on, among others, recruitment, employee benefits and welfare, human resource development, succession and retirement. She added that each organization comprising it has its representative in the said committee and that KMBA's former representative was Ms. Marissa A. Loyola. At current date, because of the Board's reorganization held last May 32, 2019, the seat became vacant.

The Board appointed BoT Vice-President Alma Gilbaliga to sit as KMBA representative in the KSO HR Committee. BoT Rita moved to approve the appointment of BoT Alma as the new member of the KSO HR Committee. BoT Teresita seconded the motion.

BOARD RESOLUTION NO. 2019-46:

APPOINTMENT OF ALMA GILBALIGA AS KMBA REPRESENTATIVE IN KSO HR COMMITTEE

RESOLVED, to approve appointment of BoT Alma Gilbaliga as the new KMBA representative to the KSO Human and Resources Committee.



B. KMBA Building's Name

This Board, in the previous meetings, determined and formally termed the new building as KMBA Members' Resource Center. GM Salve informed the Board that the management is finalizing the procurement of services for the signage of the building. With that, she raised concern regarding the name being too lengthy. She added that the term "Resource" has vague connotations. Atty. Gettie agreed with GM Salve and said that the primary purpose of the building is to bond members together and that the term "Resource" is misleading as it implies the building as a source-generating venue. She added that people might think that research and extension programs are conducted inside the building.

GM Salve recommended the Board to modify KMBA Building's name from KMBA Members' Resource Center to KMBA Members' Center.

BoT Alma moved to approve KMBA Members' Center as KMBA Building's name. BoT Jennifer seconded the motion.

Action Point: KMBA Building to be named as "KMBA Members' Center"

C. Ratification – Release of Performance Incentive, January-June 2019

Following the existing policy on the semestral grant of performance incentive, which was institutionalized, KMBA employees underwent the process of performance evaluation for the period of January to June 2019. Basis of evaluation, among others, are the ASEAN Corporate Governance Scorecard, Service Delivery and the SEGURADO Indicators.

After the evaluation, the rating of each employee has been determined and the ratings translate into the amount of incentive each employee is entitled to as set by the policy enforced.

GM Salve stated that the total amount to be released based on the transmutation of ratings to monetary value summed to ***TWO HUNDRED TWENTY-THREE THOUSAND TWO HUNDRED AND THIRTY-ONE & 80/100 (Php 223,231.80) PESOS*** that requires an approval from the Board.

BoT Lilibeth moved to approve the release of the performance incentive of employees for the period of January to June 2019 amounting to two hundred twenty-three thousand two hundred and thirty-one & 80/100 (Php 223,231.80) pesos. BoT Teresita seconded the motion.



BOARD RESOLUTION NO. 2019-47:
AUTHORIZING THE RELEASE OF THE PERFORMANCE INCENTIVE OF EMPLOYEES FOR THE
PERIOD JANUARY TO JUNE 2019

***RESOLVED**, to approve and authorize the release of the performance incentive bonus of deserving employees for the period January to June, 2019, amounting to two hundred twenty-three thousand two hundred and thirty-one & 80/100 (Php 223,231.80).*

D. Rental Rate on 5th Floor

Last regular meeting, the Board approved rental rates which KMBA will be billing to potential lessees, both KSO and non-KSO, for occupancy in the KMBA Members' Center Building. GM Salve expressed that the approval did not include the space located at the 5th floor.

Moreover, she added that Mr. Rafael Alampay, KSO MIS Consultant and the owner of Cloudband Solutions, Co., expressed his interest to occupy an office space at the 5th floor. In recognition to Mr. Alampay's effort and valuable contribution in the development of KSO's management information system, the Board considered him to not qualify as a non-KSO lessee. Thus, the management suggested that rate will be a little higher than that of KSO rate but lower than that of non-KSO rate. The recommended special rate is Php400.00 per square meter per month exclusive of Php100.00 monthly dues for common utilities exclusive further of light and water. Furthermore, the management emphasized that said rate will be used in consideration of Mr. Alampay and will be reviewed in case of potential tenants other than the latter.

BoT Teresita moved to approve the recommended rate of Php400.00 per square meter per month exclusive of Php100.00 for common utilities exclusive further of light and water for Mr. Rafael Alampay's occupancy in the office space located at the 5th floor of KMBA Members' Center. BoT Lilibeth seconded the motion.

BOARD RESOLUTION NO. 2019-48:
APPROVING RENTAL RATE ON KMBA MEMBERS' CENTER'S 5TH FLOOR

***RESOLVED**, to approve Php400.00 per square meter per month as rental rate of Cloudband Solutions, Co., ably represented by Mr. Rafael Alampay, owner and KSO MIS Consultant, exclusive of Php 100.00 per month for common utility exclusive further of light and water.*



E. Variation Order 10 and 11

GM Salve submitted two variation orders recommended and evaluated by Arch. Eric Vincent Yusingco which would require additional budget for the construction of the building.

Change Order No. 10 was the supply and installation of bidet hose and sprays and angle valves for all toilets in the building. The additional work costs an amount of **THIRTY-SEVEN THOUSAND SEVEN HUNDRED AND FIFTY-TWO (Php 37,752.00) PESOS**, inclusive of VAT and the contractor's margin.

BoT Lilibeth moved to approve the change order for supply and installation of bidet sprays for all toilets and the additional budget of Php 37,752.00 to cover the said expenses. BoT Alma seconded the motion.

BOARD RESOLUTION NO. 2019-49: APPROVING VARIATION ORDER NO. 10

RESOLVED, to approve Change Order No. 10 for the supply and installation of bidet sprays for all toilets in the building and allocation of additional budget to fund said order.

In addition, GM Salve presented Change Order 11 for the additional work of applying rubberized paint at Fire Exit stairs evaluated by Arch. Yusingco that needed an additional cost of **FORTY-ONE THOUSAND THREE HUNDRED AND SEVENTY-THREE & 70/100 (Php 41,373.70) PESOS**, inclusive of VAT and the contractor's margin.

BoT Jenifer moved to approve change order for the application of rubberized paint at fire exit stairs of the building and the additional budget of Php 41,373.70 to cover the said expenses. BoT Teresita seconded the motion.

BOARD RESOLUTION NO. 2019-50: APPROVING VARIATION ORDER NO.11

RESOLVED, to approve Change Order No. 11 for the application of rubberized paint at fire exit stairs of the building and allocation of additional budget to fund said order.

F. Membership Fee

GM Salve reviewed and discussed to the Board the membership fee it collects from its entrants and applicants. She cited that in a meeting held last May 2018, KMBA expressed its intent in raising its membership fee from thirty (Php 30.00) pesos to one hundred (Php 100.00) pesos.



She added that in a meeting with KCOOP last August 2018, KMBA received feedback that the increase may prove burdensome to new members who, being such, have yet to experience the quality services of KMBA. Parties recommended that the implementation of the increase be done by tranches. KMBA agreed to that proposition and imposed fifty (Php 50.00) pesos for a year and will fully implement one hundred (Php 100.00) pesos thereafter.

GM Salve expressed that the full implementation of the adjustment of membership fee is already due and has not been reviewed. She asked the Board to postpone the implementation to the beginning of the year as further consideration for parties affected and for better presentation and non-adjustment in accounting for it in the books.

BoT Teresita moved to approve the implementation of one hundred (Php 100.00) pesos as KMBA membership fee effective January 1, 2020 for the incoming members. BoT Lilibeth seconded the motion.

**BOARD RESOLUTION NO. 2019- 51:
IMPLEMENTATION OF THE INCREASE IN MEMBERSHIP FEE**

RESOLVED, to approve the implementation of the intended increase in membership fee to ONE HUNDRED (Php 100.00) PESOS effective January 1, 2020 for the incoming members.

G. Application for Corporate Credit Card

FM Eve discussed to the Board some of the BIR updates that affects transactions and documentary requirements KMBA is entering into. One that needed resolution was the issued Revenue Regulation (RR) No. 7-2019 which talks about the requirements for top withholding agents. The amendatory provision mandates income payments of top withholding agents to their local or resident supplier of goods and services to be subjected to withholding tax rates mentioned in the regulation. She explained that top withholding agents refer to those taxpayers whose gross sales/receipts or gross purchases or claimed deductible itemized expenses, as the case maybe, amounted to twelve million (Php 12,000,000.00) pesos which might qualify KMBA to be subjected to the new regulation.

FM Eve shared the challenge in the pursuit of complying the said regulation particularly in the documentary requirements and payment monitoring considering the volume and the recurring process of purchasing goods and services as part of KMBA's operation. She added that in the seminar she attended held by the BIR, the latter introduced the use of a Corporate Credit Card that automates the withholding process that may eliminate the burden of monitoring payments and other requirements the regulation is mandating.



KMBA management see this as a helpful tool. However, they expressed limited knowledge about the pros and cons in using corporate credit cards since KMBA currently doesn't have one. GM Salve said that the management is diligently willing to explore and study the application of corporate credit card, to talk to existing banking institution-partners, and to review its use other than in addressing the challenge in complying with RR No. 7-2019.

Considered sound and necessary, BoT Rita moved to authorize KMBA management to pursue intentions of studying the application of corporate credit card, communicate to existing bank partners and evaluate its use other than to comply RR No. 7-2019. BoT Alma seconded the motion.

**BOARD RESOLUTION NO. 2019-52:
AUTHORIZING KMBA MANAGEMENT TO STUDY APPLICATION OF CORPORATE CREDIT
CARD**

***RESOLVED**, to authorize KMBA management to study qualifications and requirements in the application of corporate credit cards in banking institutions and its use other than in complying with the requirements to the Bureau of Internal Revenue.*

H. Status of Building Construction

KMBA invited Arch. Eric Vincent Yusingco to report on the progress of the construction of KMBA Members' Center Building. Arch. Yusingco said that the construction is 98% complete.

He added that the application in MERALCO is pending upon the order of payment from the Quezon City Hall. Moreover, MERALCO confirmed that all materials are available including the posts and transformers that are needed and that they gave a rough estimate and that by the end of October 2019, all MERALCO works in the building will be completed.

Furthermore, cistern tanks and overhead tanks are due for inspection by Manila Water. KMBA's telephone lines (PLDT and Globe) are already in place while KDCI and KCOOP are yet to finalize with their providers.

Arch. Yusingco committed to hold its over-all inspection of the building and testing and commissioning of equipment on October 15, 2019.



VII. Upcoming Schedules

A. KDCI 17th Year Anniversary

KDCI has invited KMBA Board of Trustees and the management to attend said event to be held on October 4, 2019 at DEHHA Clubhouse. The Board and the management accepted the invitation.

B. TALAB Alternative Class

In the previous meeting, Sir Randy expressed his invitation to the Board to hold the MicroInsurance Session in TALAB Alternative Class where the Board accepted. The latter appointed BoT Alma and BoT Jennifer to accompany GM Salve to the said Alternative Class to be held on October 8, 2019 at the Ateneo de Manila University.

C. Governance and AMLA Workshop

BoT Teresita and BoT Rita along with KMBA employees, Jean Grace Poneve Almonte and Hannah Grace Bulatao to attend the workshop on October 9-11, 2019 at Bayview Park Hotel.

D. Next Board Meeting

The next regular meeting will be on November 8, 2019 at 8:30 a.m.


VIII. Adjournment


There being no other matters to discuss, the meeting ended at 12:29 p.m.

Prepared by:


Brenda F. Lumbao
Board Secretary

Attested by:


Enriqueta V. Navarro
President


Alma D. Gilbaliga
Vice-President



Lilibeth C. Molina

Lilibeth C. Molina
Treasurer

Rita G. Dela Cruz

Rita G. Dela Cruz
Member

Atty. Maria Gettie Cleofe C. Sandoval

Atty. Maria Gettie Cleofe C. Sandoval
Independent Member

Jenifer L. Abao
Member

Teresita D. Padel

Teresita D. Padel
Member

Philip Arnold P. Tuaño

Philip Arnold P. Tuaño
Independent Member