

MINUTES OF THE 57TH ANNUAL GENERAL ASSEMBLY
FICCO – Carmen Branch
Corpus Cristi School, Macasandig, Cagayan de Oro City
March 17, 2012 – 8:00 – 12:00 Noon

I. **REGISTRATION** started at 5:00 in the morning.

II. **OPENING PRAYER AND NATIONAL ANTHEM** – through video presentation.

III. **DETERMINATION OF QUORUM AND CALL TO ORDER:**

- After determining that a quorum was constituted with 2,881 registrants as of 8:00, Chairman Luis S. Yap called the assembly to order at 8:08 in the morning.

IV. **PRESENTATION OF CANDIDATES:**

- Mr. James Inigo presented the candidates for Board of Directors, Credit Committee Members and Audit & Inventory Committee Members. The candidates were given time to introduce and campaign for themselves.

BOARD OF DIRECTORS

ALBA, CESAR
CARACHO, JEANNIE

DELA PENA, PHILIP DARWIN
FERRER, ROSARIO

CREDIT COMMITTEE

Carmen Branch
ANDILAB, AVELINO
ASO, MELAI
CAHOY, VICTORIA
GITIGAN, ROGELIO
YUCHAYCO, FERMINA

Talakag Business Center
DAHINO, HELEN
GANIA, ROSITA
GEFES, SHIRLY

AUDIT & INVENTORY COMMITTEE

ELACO, ROWENA
PATLUNAG, JIMMY

ELECTION COMMITTEE

EDURIA, ALLAN

V. **READING AND APPROVAL OF THE MINUTES OF THE 2011 GA:**

- Ms. Rosario B. Ferrer moved and severally seconded to dispense with the reading of the Minutes of the 56th Annual General Assembly for FICCO Carmen Branch dated March 19, 2011. **MOTION WAS DULY APPROVED.**
- Ms. Rosario B. Ferrer moved and severally seconded to approve the Minutes of the 56th Annual General Assembly for FICCO Carmen Branch dated March 19, 2011. **MOTION WAS DULY APPROVED.**

VI. **CONSOLIDATED REPORT OF THE BOARD OF DIRECTORS, EDUCATION COMMITTEE AND CREDIT COMMITTEE FOR 2011 – DIR. CECILIA M. LAGUNA**

- In adherence to this year's theme, **FICCO: Alleviating Poverty, our Responsibility,** the members were challenged and encouraged to do their share in helping others get out of the mire of poverty, to avail loan services of FICCO particularly on productive loans to finance enterprise that can employ people in the community and, on the part of FICCO, it reactivated its Community Outreach Foundation tasked to focus on the needs of the community and its members especially those victims of the recent calamity.

New Developments during the year:

- Incorporation of CODIS Federation of Cooperatives in the Philippines (Cooperative Deposit Insurance System) which is likened to PDIC of banks that safeguards members' deposits with cooperatives. CODIS granted FICCO a rating of "highly sustainable" when they conducted a validation of the cooperative's qualitative and quantitative indicators.
- The realization of FICCO's dream of ICFS became a reality when finally the Bangko Sentral ng Pilipinas (BSP) approved the consolidation of the three (3) Coop Banks and is now named as Consolidated Cooperative Banks and several coops have already signified to join the consolidation;
- Also, FICCO's dream for One Coop Insurance and One Coop Asset Management Center will soon be realized with the backing up of CLIMBS and the National Cooperative Movement (NCM); and the conversion of the Funeral Care Services into a Federation of Cooperatives with 14 Cooperatives joining the federation.

As to financial performance during the year, FICCO continues to soar in terms of membership, assets, deposits, loan releases and profitability rate of 45.9%. Dividend and patronage rates were maintained at 11% and 10%.

Challenges for 2012:

- **NON-PERFORMING LOANS** are past due loans of the members. The members were encouraged to help in the collection effort of FICCO to reduce the past due rate by reminding their friends, relatives and neighbors to settle their accounts.
- **INFLUX OF FUNDS FROM MEMBERS** depositing their excess funds since FICCO offers higher rates than in commercial banks plus the fact that cooperatives are exempted from tax on interests. FICCO now endeavors to find other investment means to place its excess funds. Big depositors were encouraged to avail of productive loans to be able to help others get chance of employment.

Plans for 2012:

- To strengthen FICCO's human resources program for staff development;
 - To enhance ICT System and its existing products;
 - To develop new products and services and other businesses and other investment projects for better member care;
 - To reduce non-performing assets;
 - To become a partner-cooperative of CLIMBS in its Cooperative Assurance Center Program for life and non-life insurance services of FICCO members;
 - To conduct training for those interested members to become Climbs' agent.
- Dir. Laguna moved and severally seconded for the acceptance of the Consolidated Report of the Board of Directors, Education Committee and Credit Committee for the year 2011.

Discussion:

1. Issues raised by Mr. Abucay:

- a. what did FICCO do with the P185M bank loan when the cooperative has cash and cash equivalents reflected in the financial statement more than the amount loaned?

As explained by Dir. Laguna, CLIMBS has investments with our Coop Banks and as per regulation by the Insurance Commission, if said investment of CLIMBS with CoopBanks is reflected in the books at the end of the year, it shall be declared as non-admitted assets. For the Coop Banks to be prepared upon CLIMBS' withdrawal of its investments, FICCO availed of the P185M back to back loan with MSCB at 6% interest and loaned to Coop Banks at 7%. FICCO earned 1% in the said transaction. At the start of the year 2012, the loan was paid out to avoid paying interests.

- b. how much have FICCO earned from investment with CLIMBS?

FICCO's investments with Climbs amounted to P18.9M. In 2011, the cooperative received close to P2M for dividends and patronage refunds and experience refund for the 2010 operation while dividends and patronage refunds for 2011 operation was expected to be received after CLIMBS General Assembly in April 2012.

The Motion for the acceptance of the consolidated report was duly approved.

VII. AUDIT AND INVENTORY COMMITTEE REPORT:

- Mr. Jimmy Patlunag presented the issues, findings, suggestions and recommendations of the Audit & Inventory Committee contained on pages 44-45 of the Annual Report and assured that all findings, suggestions were already acted upon by the Board of Directors and the FICCO Management.

Discussion:

1. Mr. Abucay addressed his query to the Treasurer regarding AIC report that there were investments from the Treasury Unit without evidence of deposits. Dir. Laguna clarified that the Treasury Unit is an office within FICCO created to take charge of looking for investment opportunities to place the pooled funds from different branches. If excess funds of branches are individually invested, the earnings are not maximized than have it pooled by the Treasury because investment houses give special rates if transactions are in bulk. Dir. Laguna added that the issue on no evidence of deposits has been addressed already. Acknowledgement Receipts are issued to branches as proof of transfer from the branch to the Treasury. The earnings derived from pooled funds are distributed back to the branches based on the amount forwarded to the Treasury.
2. With regard to the Balingoan Case, CEO Rana assured that the case is favorable to FICCO. An escrow deposit was set aside for this case and deposited in the bank and is earning interest. Dir. Laguna also

informed the members that one active member of Balingoan Branch signified to help settle the issue with the local government officials.

3. On the issue of Advances of Officers and Staff, a query was raised if the staff involved is still with FICCO? CEO Rana said that Caspe is no longer connected with FICCO so with Janubas and Rabanes. Caspe has a pending case and missing until now. Those who knew Caspe were enjoined to coordinate with FICCO.

4. Engr. Alba commented on FICCO's fast expansion which affected the operation since branch accountants are positioned even if not accountants or not even accounting graduates. Engr. Alba stressed the importance of hiring qualified personnel since the success and failure of the organization depends on the personnel manning it. The new set of officers were challenged to give attention to this issue and recommended to give juicy offer to potential applicants.

Dir. Laguna justified that even if branch accountants were not accounting graduates, the HR Department is regularly conducting trainings before deploying employees to other branches. This issue of professionalizing FICCO's human resources was recommended to be included in this year's agenda by the new set of BODs.

5. As to the location of the lot offered by the family of Ms. Janubas, CEO Rana answered that it is along the highway of Laguindingan with an appraise value of P2M based on the appraisal made by three (3) commercial banks. The title offered is still under redemption period. The case is not yet filed but there was already reservation to file.

6. Mr. Jerome Monteros commended the AIC for bringing important issues on fraud which the members should know and inquired from the management if internal control has been done to avoid similar incidence in the future.

CEO Rana answered that the Janubas Case was about over-trust by the Branch Manager who gave his access code to Accountant Janubas who then manipulated some transactions. Internal control instituted was the setting of limit in the system. While in the case of Caspe who declared being robbed while on the highway fronting the Police Station, there was a thorough investigation done by the HRD Committee. Caspe was issued a warrant and until now still missing.

7. Mr. Galagala inquired on the number of personnel who were already terminated due to fraud. There were 5 rank and file and 2 supervisory personnel, Dir. Yap answered.

Mr. Galagala further inquired to the AIC if the Committee conducted audit processes to detect fictitious loans or accommodations which might have similarly done by other employees.

Dir. Guiritan said that detection could be done by the Credit Committee by seeing to it that all documents are intact. AIC is another committee that is focused on cash since this is susceptible to fraud but AIC also reviews the documents.

Dir. Laguna acknowledged the good suggestion of Mr. Galagala and henceforth the AIC was given the task to verify loan folders of members even thru sampling as way of validating the work of CreCom.

8. Ms. Segundina Collado commended the CEO, BODs and all FICCO Officers for a job well done during the year. As to her query regarding age requirement for applicants, Dir. Laguna answered that an applicant should not be beyond 35 years old.

9. Rev. Cimafranca offered the following suggestions to the Board in relations to the various issues raised:

- a. complete the qualification requirements for branch managers, accountants, collectors and all should undergo background check by observing their personality, character and reliability;
- b. do not insist on opening branches which don't have qualified staff. Instead, BODs should strive to contribute ideas that will strengthen the foundation of the cooperative;
- c. Pray to God for wisdom to solve issues including the members.

- Mr. Patlunag moved and severally seconded for the acceptance of the AIC Report for the year 2011.
MOTION WAS DULY APPROVED.

GA RESOLUTION NO. 2012-01

A RESOLUTION EXPRESSLY AUTHORIZING THE FIRST COMMUNITY COOPERATIVE TO VENTURE INTO RICE TRADING AND ITS ALLIED AND ANCILLARY BUSINESSES.

WHEREAS, the Cooperative has been in the lead of providing innovative and responsive services to the needs of its members; and

WHEREAS, the Cooperative has been in the forefront of providing leadership in spurring economic development in the countryside; and

WHEREAS, the Cooperative's sheer size and volume of its rice transactions of about a quarter of a billion pesos annually has placed it in a pivotal position to play a catalytic role in the rice trading sector; and

WHEREAS, the Cooperative's financial condition and management talent pool is more than equip to handle the requirements of rice trading as a new enterprise endeavor;

NOW THEREFORE, BE IT RESOLVED that First Community Cooperative venture into rice trading and its allied and ancillary businesses; and

BE IT FURTHER RESOLVED that the Articles of Cooperation of the Cooperative be amended to incorporate the additional line of business.

- Atty. Saarenas moved and severally seconded for the approval of GA RESOLUTION NO. 2012-01.

Discussion:

CEO Rana explained the essence of the resolution: first, the plight of rice planters financed by FICCO in the provinces of Lanao and Bukidnon. These rice planters are victims of rice traders manipulating the price of palays; 2nd, the clamors in most FICCO branches that rice supplies are not enough and are even delayed in deliveries due to lack of supply. The RMs in those areas saw potential income because of its captured market and the necessity to address this prime issue. They conducted a feasibility study considering all vital facts to making this business viable from rice production, i.e. from the planters to accrediting rice millers and deliveries to FICCO Branches.

1. Engr. Alba asked about allied and ancillary businesses.

Allied and ancillary businesses, as explained by CEO Rana, may include services or transactions pertaining to hauling, milling, drying, trucking from the miller to FICCO branches.

2. Engr. Alba suggested not to limit to rice trading only but also to include consumer products and just take lesson from the past when FICCO ventured into consumer cooperative which failed due to mismanagement. He also added for FICCO to invite other cooperatives within the locality to join with us in order to be able to compete big tycoons. The suggestions and comments were duly noted.

Dir. Yap noted the suggestion of a male member to strengthen the existing rice loan than venture into rice trading which will entail big capital aside from the fluctuating price and manpower requirement.

MOTION WAS DULY APPROVED.

GA RESOLUTION NO. 2012-02

A RESOLUTION TO AUTHORIZE THE FIRST COMMUNITY COOPERATIVE TO ENGAGE IN REAL ESTATE LEASING.

WHEREAS, the Cooperative had been constructing buildings to provide office and commercial space to its branch operations; and

WHEREAS, the Cooperative had leased portions of the buildings constructed in excess of the branch operational needs to others; and

WHEREAS, the Cooperative's revenue stream from these leased premises had provided positive increasing incremental income to the operations of FICCO; and

WHEREAS, the Cooperative's financial condition and stability would be greatly enhanced with the addition of the real estate leasing as a component venture;

NOW, THEREFORE, BE IT RESOLVED that First Community Cooperative venture into real estate leasing and its allied and ancillary businesses; and

BE IT FURTHER RESOLVED that the Articles of Cooperation of the Cooperative be amended to incorporate the additional line of business.

- Atty. Saarenas moved and severally seconded for the approval of GA RESOLUTION NO. 2012-02.

Discussion:

Mr. Abucay inquired why this resolution was just presented when FICCO has engaged into leasing its vacant spaces for many years already.

Dir. Laguna answered that this existing line of business was not incorporated in the Articles of Cooperation. Approval of same was solicited so as not to be taxed since the BIR already called the attention of FICCO, Dir. Yap added.

The Motion for GA Resolution No. 2012-2-02 was duly approved.

GA RESOLUTION NO. 2012-03

A RESOLUTION TO AUTHORIZE THE FIRST COMMUNITY COOPERATIVE TO ENHANCE ITS FEE-BASED INCOME BY ENGAGING INTO SERVICE ORIENTED VENTURES, SUCH AS, BUT NOT LIMITED TO, COOP ASSURANCE CENTERS , FLEET CARD SERVICES AND CASH REMITTANCE SERVICES.

WHEREAS, the Cooperative's growth and stability had been due to its success in keeping close to its core business of providing financial services to its members; and

WHEREAS, the Cooperative had expanded its operations geographically throughout the archipelago opening new business opportunities to serve its members; and

WHEREAS, the Cooperative's revenue stream would be enhanced by providing services to its members that charges flat fees, such as, but not limited to, cash remittances and Coop Assurance Centers; and

WHEREAS, the Cooperative's financial condition and stability would be greatly enhanced with the addition of the service oriented ventures as a component venture;

NOW, THEREFORE, BE IT RESOLVED that First Community Cooperative venture into service oriented endeavors.

- Atty. Saarenas moved and seconded by Mr. Daba for the approval of GA Resolution No. 2012-03.

Brief Explanation:

Dir. Laguna expounded the details of this service-oriented ventures:

- **Coop Assurance Center** – the question , why at Climbs? FICCO is a major investor of CLIMBS and so there is a need to patronize its services especially so that CLIMBS is a full-fledged insurance provider and this is their forte. FICCO branches become the assurance centers which will get commission. The benefit which FICCO gets include: reduced premiums because there is no tax imposed to cooperatives as far as premiums are concerns plus the commission.
- **Fleet Card Services** for those members with vehicles only. There is already a pending negotiation undertaken with the 2 big oil companies to determine which of the two can give better benefit to FICCO and the members.
- **Cash remittances** – exclusively serving FICCO members only at a lower charge. This business was already done in the past but this was not included in the Articles of Cooperation.

The income that FICCO will get from the mentioned service-oriented ventures will be a potential source of revenue to add to our dividends.

Motion for GA Resolution NO. 2012-03 was duly approved.

GA RESOLUTION NO. 2012-04

A RESOLUTION TO AUTHORIZE THE FIRST COMMUNITY COOPERATIVE TO RETURN FIFTY PERCENT OF THE ACCUMULATED MUTUAL AID FUND RESERVES TO ITS MEMBERS AND THE REMAINING FIFTY PERCENT TO BE INVESTED IN OR TO SERVE AS AN EQUITY TO A DULY LICENSED COOPERATIVE INSURANCE ENTITY.

WHEREAS, the Cooperative's continued operation of the Mutual Aid Fund is no longer feasible in the light of the Joint Memorandum Circular issued by the Department of Finance, Cooperative Development Authority and the Insurance Commission; and

WHEREAS, the Cooperative has accumulated reserves of TWO HUNDRED SEVENTY-THREE MILLION PESOS which would be far in excess of the needed investment fund to merge with a licensed cooperative insurance entity and other Coop enterprise; and

WHEREAS, the Cooperative's excess MAF accumulated reserve needs to be returned to the existing members in proportion to their contribution to the fund as required by law.

NOW, THEREFORE, BE IT RESOLVED that First Community Cooperative cause the return of the FIFTY PERCENT of the MAF accumulated reserves to its existing members taking into consideration the individual member's contribution and length of membership;

BE IT FURTHER RESOLVED that First Community Cooperative cause the notification to the appropriate agencies of its due compliance.

- Atty. Saarenas moved and severally seconded for the approval of GA RESOLUTION NO. 2012-04.

Discussion:

1. Mr. Casicas quoted that there was a division of the house during the Lapasan Assembly because the members wanted to continue the old MAF since this has helped the members for so many years.

Dir. Laguna clarified that this resolution applies only to MAF members. Members were informed that FICCO's MAF operation ended last December 2011 as mandated by a Joint Circular issued by regulating agencies. However, the existing members were assured of continued benefit because they were automatically enrolled in the new MAF which is now handled by CLIMBS. CLIMBS is an insurance cooperative and members has nothing to worry about since FICCO is a major investor of CLIMBS. In the new MAF, Two (2) options were offered for FICCO members: Option 1 where all existing members were enrolled. The added benefit is P500 per day for 7 days in case of hospitalization, and a benefit if a member dies. Option 2 is voluntary to members except for those availing of loan in the amount of P50,000 and up where Option 2 becomes compulsory. The added benefit for this option is P500 per day for a maximum of 30 days in case the member is hospitalized for his protection. Senior citizens were guaranteed to get the same benefits if they were existing members of the old MAF regardless of age.

Details of the new MAF were featured in the Newsletter and everyone was enjoined to read for better understanding.

It was further clarified that additional beneficiaries registered in the old MAF as of December 31, 2011 will continue to get to same benefit under Option 1. As to the difference in amount of premiums as noted by Ms. Ofelia Llono, this year's premiums were divided by quarter so members were informed to expect another deductions in the succeeding quarters. In the coming years, it shall be deducted at one time.

2. Mr. Jerome Monteros suggested for one deduction only for MBA since a member is deducted P80 monthly premium another automatic deduction when a member applies for loan. However, it was clarified that Resolution 2012-04 applies only to MAF members. The ones raised by Mr. Monteros, who is not a MAF member, referred to MBA. Even then, Mr. Micayabas explained that when FICCO MBA will finally be merged with CLIMBS, there will be no more deduction for MBA, only new MAF is maintained either at Option 1 or Option 2. Dependents and spouses remain at Option 1.

3. Engr. Alba, referring to SPP, asked who gives protection and what is protected?

Dir. Laguna answered that Climbs gives the protection and what is protected is the deposit.

Engr. Alba argued why protect the deposit when that can be withdrawn by the beneficiaries if a member dies?

Mr. Micayabas explained that SPP is designed as additional benefit to the member. If he dies with P100K deposit, CLIMBS gives a counterpart of another P100K but this SPP has a ceiling up to P300K only, for which Engr. Alba found it expensive paying 1% for SPP and if he has P5M deposits only to get P300K

when he dies. Engr. Alba further raised that the information given by the Branch is different from the ones explained by Mr. Micayabas. Henceforth, Dir. Laguna suggested to Mr. Micayabas to coordinate with the Branch and validate the information given and include in the next issue of the Newsletter as suggested by Engr. Alba.

- Ms. Fortunata Abalde requested to adjust the premium making it affordable to below average income members who wish their families to be covered by MAF.

Mr. Micayabas explained that the premiums were based on the study conducted by CLIMBS since FICCO experienced a shortage in the previous set up. However, he assured to bring the issue to CLIMBS.

- The suggestion of Ms. Llono for a limitless age of children to be covered by MAF was answered by Dir. Laguna that FICCO follows the legal age. On the question if dialysis is covered under the new MAF, the same was explained that if that was covered under the old MAF then the same is true in the new MAF.
- Mr. Abucay strongly recommended to adjust the premiums making it affordable to the members because FICCO remits 100% to CLIMBS. In this transaction, FICCO does the job at the expense of the members while CLIMBS, without any effort, gets millions.

Dir Laguna duly noted the suggestions and assured to further negotiate with CLIMBS to reduce the premiums.

Motion for approval of GA Resolution No. 2012-04 was duly approved.

IX. PROPOSED BUDGET FOR 2012 - presented by MR. BENJAMIN T. QUE

	<u>OPERATING BUDGET</u>			<u>CAPITAL OUTLAY</u>
	<u>Gross Income</u>	<u>Expenses</u>	<u>Net Income</u>	<u>BUDGET</u>
FICCO- Carmen	P 61,457,000	P 24,533,000	P 36,924,000	P 2,029,700
OVERALL FICCO	P775, 448,000	P395, 541,000	P379, 907,000	P89, 030,090
PROFITABILITY RATE	60%			

GA RESOLUTION NO. 2012-05

- Mr. Que moved and severally seconded for the approval of the 2012 Operating and Capital Outlay Budget for FICCO Carmen Branch and the overall FICCO Budget for the year 2012. **MOTION WAS DULY APPROVED.**

X. AUDITED FINANCIAL STATEMENT OF FICCO FUNERAL HOMES

Total Assets	-	P20, 002,312.00
Total Liabilities	-	P25, 698,574.00
Fund Balance	-	(P4, 627,437.00)
Undistributed Surplus/Net Loss	-	(P1, 068, 825, 00)

- Mr. Que moved and seconded by Dir. Beltran for the acceptance of the audited financial statement for FICCO FUNERAL HOMES for the year 2011 operation. **MOTION WAS DULY APPROVED.**

XI. PROPOSED BUDGET FOR FICCO FUNERAL HOMES FOR THE YEAR 2012:

	<u>OPERATING BUDGET</u>	<u>CAPITAL OUTLAY</u>
Gross Margin	P2, 267,100.00	
Operating Expenses	3,247,869.74	
Surplus	(P 980,769.74)	
For the year 2012		P488, 000.00

GA RESOLUTION NO. 2012-06

- Mr. Que moved and seconded by Dir. Beltran for the approval of 2012 Operating and Capital Outlay Budget for FICCO FUNERAL HOMES. **MOTION WAS DULY APPROVED.**

At this juncture, the 57th General Assembly for FICCO Carmen Branch was temporarily suspended to accommodate the 4th MBA General Assembly and resumed at 11:06 in the morning.

XII. DISTRIBUTION OF AWARDS:

OUTSTANDING MEMBERS
BANDOLA, Rosalie
MONDILLA, Harvey
QUINONES, Angelito
ERLAMO, Elizabeth
TOMAROY, Mark
FERNANDEZ, Lorna and/or
PESTANO, David Mark

OUTGOING OFFICERS
LAGUNA, Cecilia
DAANOY, Arsellita
INIGO, James
CABONCE, Ma. Estela
ABREGANA, Lilian

XIII. PROCLAMATION OF ELECTED OFFICERS:

- BOARD OF DIRECTOR : DIR. ROSARIO FERRER

CREDIT COMMITTEE :
CARMEN BRANCH TALAKAG BUSINESS CENTER

CAHOY, Victoria
ASO, Melai
ANDILAB, Avelino

DAHINO, Helen
GANIA, Rosita
GEFES, Shirley

AUDIT & INVENTORY COMMITTEE
ELACO, Rowena
PATLUNAG, Jimmy
ELECTION COMMITTEE
EDURIA, ALLAN

XIV. DISTRIBUTION OF DIVIDEND/PATRONAGE REFUND:

- Dividend and Patronage Refunds were distributed to the members at the rate of 11% and 10% respectively.

XV. OTHER MATTER:

- The suggestion raised by a male member to provide a ramp for disabled members in the next assembly was duly noted.

XVI. CLOSING PRAYER - thru video presentation.

XVII. RECESS:

- The Assembly was declared in recess at 11:20 in the morning.

Certified Correct:

ESTER D. MAMBAYAS
Recording Secretary

Attested by:

DIR. LUIS S. YAP
Presiding Chair