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9TH ANNUAL GENERAL MEETING OF SAFARICOM INVESTMENT CO-OPERATIVE LIMITED HELD AT 10 AM ON 24TH FEBRUARY 2018 AT ALL AFRICAN CONFERENCE OF CHURCHES, WESTLANDS

Having achieved quorum, the meeting was called to order at 10.00AM by the Chairman, Mr. George Mochache. Mercy Gakonyo, the Operations Manager made the opening prayer.

PRESENT

- | | |
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| 1. George Mochache | Chairperson |
| 2. Mackrine Abukah | Vice Chairperson |
| 3. Belsheba Nyabwa | Hon. Secretary |
| 4. James Gathumbi | Treasurer |
| 5. Rosemary Chege | Member |
| 6. Jackson Mulwa | Member |
| 7. Rhoda Marimbi | Member |
| 8. Agnes Marete | Member |
| 9. Ronald Musundi | CEO |

ABSENT WITH APOLOGY

- | | |
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| 10. Alexander Kinyae | Member |
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IN ATTENDANCE

- Mr. Ali Noor Ismail – CBS,PS –State Department for Cooperatives
- Madam Dolphin Aremo - County director
- Mr. Davis Kathurima- Cooperative Office
- Mr. Musa Karani – Cooperatives Office
- Josephine Ileri – Cooperative Bank
- Electoral committee members:
 - David Thuo (Chairman)
 - Lucy Munjuga (Secretary)
 - David Kathurima (Member)

The agenda was presented as outlined below:

1. Confirmation of the 2017 Annual General Meeting Minutes
2. Report from the Chairperson
3. Report from the Supervisory Committee

4. Presentation of the 2017 Audited Financial Statements
5. Report from the Treasurer
6. Presentation of the year 2018 budget
7. Borrowing Powers
8. Appointment of auditors
9. Disposal of surplus for the year 2017
10. Resolutions
11. Elections
12. Any other business (A.O.B.)

The agenda was proposed by Kennedy Matheka, member number 609, seconded by Reuben Omollo member number 76. It was then adopted by members.

Min 1: Confirmation of the 2017 Annual General Meeting Minutes

The secretary read through the minutes. There were no matters arising. Members adopted the minutes after proposal by member 4137 Magdalene Mungai and seconding by member 199 Joshua Ondieki.

Min 2: Report from the Chairperson

Chairman's report was read at 1105hrs upon arrival of Chief Guest Ali Noor Ismail Permanent Secretary- State Department for Cooperatives.

From the chairman's report highlights were:

- New strategic plan from 2018- 2022 for futuristic performance of 30% year on year growth
- Increase in member base to 8000 to counter delays in selling secondary shares
- Ensure processes are improved through research.
- Cost reduction initiatives
- Housing plans for New Ruaka and Athi river
- Health education and ICT to be tapped for more revenue
- Proposal for call center approach to address customer issues
- Institutional capacity in strategic plan for cooperate governance, human resource and ICT

CEO invited members to propose the chairman's report.

Proposer: Member 1109 (Kaguaga Development Limited)

Seconder: Member 3749 (Isabella Barasa)

Matters arising from chairman's report:

Various members asked questions and reacted to the report. These reactions were:

- The growth of 30% should have more supporting data that shows creativity, innovation and speed.
- Real estate had stagnated.
- There was need for value addition of land purchased.
- SIC had few social media comments.
- There was need for member satisfaction review chart.
- There was need for affordable housing between 2million and 3.4 million.
- Two members made a request to get details of Kanamai 2 and Elangata locations
- There was need to grow and expand membership
- Some members commended the board on good job done despite the rough year, and suggested investment in Kenyan government trust to finance development projects such as housing. SIC can venture in areas like bore hole drilling.
- Proposal was made to split shares to attract more members.
- A member asked the board to explain how members can be part of financing for Athi River and Ruaka Projects.
- How can SIC tap into the 500,000 houses annual deficit?
- Recommended a partnership with foreign companies

Responses to the Chairman's report was done by the Board

- There was an upgrade of the current website which was ongoing
- On Growth and diversification, suggestions were welcome as SIC focuses on counties to increase food security, education, and healthcare.
- Real estate stagnation for SIC was not accurate as less than 20 units of housing were left at the time of reporting and research indicates that SIC products are being bought. Improvement could still be explored in various processes.
- Organization has embarked on cost reduction via hiring of Legal officer, to get full time surveyor and human resource officer. This is to help in managing contractors more effectively
- Member who needed location on Elangata and others will be assisted from office
- Resolutions will address share price and affordability.
- Chair promised a more elaborate report for those who felt otherwise.

Guest of honor (Ali Noor Ismail) read speech with highlights on the following:

- ✚ Cooperatives can help members access better health and housing solutions
- ✚ There was need to embrace technology to leverage on improved services.
- ✚ Cooperatives in Kenya have an asset base of 800 billion thus showing that it is the best vehicle for saving and investment.
- ✚ There was need to focus on counties and need for good/accountable leadership.
- ✚ Need for innovation.

Important areas of investment and exponential growth as aligned by the Government of Kenya under the President of Kenya in the next four years include.

1. Affordable health

2. Food security
3. Affordable housing in 5years at least 500,000 units needed
4. Manufacturing.- in value addition

Min 3: Report from the Supervisory Committee

Chairperson of supervisory committee presented a report indicating measures done to improve on quality service delivery. Report touched on:

- Finance audit
- System audit
- Operations audit
- Cost review for approved budget against amount used
- Systems review and suggested improvements. That is: Human resource processes (hiring, remuneration and interviewing)
- Website improvement
- All recommendations had been given to CMC for period under review.

Min 4: Presentation of the 2017 Audited Financial Statements

Financial audit report was done by the auditor Kigo Njenga and company upon introduction from board treasurer. The report was adopted by the AGM after being proposed by member 28 (Rebecca Bisanju) and being seconded by Member 1338 (George Wamwati)

Matters arising from auditors report:

- Did the report capture the price of land at cost or valuation?
- When does SIC change the Auditor?
- Clarification of number of members in chairman's report vs audit report
- More information on team building expense and staff trainings
- Why did SIC incur losses in farming?
- If payables can be reduced as a lot of funds are with suppliers
- How do we treat bad debts and if there is a provision

Responses to Auditors report questions

- The land was reported at cost as per accounting policy
- The auditor informed the AGM of his interest to continue working with SIC
- The number of members were as per the time of preparing the report.
- The increase expenditure in team building and emolument was done to have a competitive edge. The organization does not want to lose out on expertise to competition as they will be readily taken making SIC to be a training ground.

Min 5: Report from the Treasurer

The treasurer took members through his report as per the printout on the financial report.

Highlights of the treasurer report were:

- 1) To cap share price at Ksh 525/-
- 2) Lower membership from Ksh 20,000/- to 10,000/-

Proposer: Member 511(John Orutwa)

Secunder: Member 1325(Tom Macakiage)

Min 6: Presentation of the year 2018 budget

The Budget was presented by the treasurer.

Highlights included:

- 1) Income
- 2) Expenditure
- 3) Performance based bonus based on budget.

Proposer: Member 1325 (Tom Macakiage)

Secunder: Member 2823(Agnes Kuria)

Matters arising from budget

- Why was there cost increase in personnel, why can't SIC sub-contract?
- Proposal to have improved quality of service delivery and need to focus on low cost housing
- Share price to increase up to Ksh 650/- and split 5 times each at ksh 130/-
- Need for clarification on business development budget.
- SIC needs to have a metric on staff cost and productivity
- We need to choose our competition and avoid doing real estate traditionally
- Survey areas where we buy land and get members interest, need for off plan projects.
- There was no need to open offices in all 47 counties.
- Management and staff did a good job with increase in statistics showing growth.
- Some members complimented the management on the good job

Responses to Matters arising

- ✚ Staff costs were due to organization's growth. In an industry that is service centered, there was need to manage legal costs due to agreements thus hiring of a legal office. Project office assists in land title processing, beaconing and surveying.
- ✚ The CEO office is also there to address staff gaps.
- ✚ Job analysis and evaluation was done to determine specialties.
- ✚ Share price could not just be increased without supporting statistics. Details on price to be addressed during resolutions.

Mr Kathurima from the ministry gave his input as:

- SIC considers reducing personnel cost to below 40% , avoid hiring new staff
- Manage shares as per government act cap 490 section 46 regarding share dividends and redeemable shares.

Supervisory committee member Anthony Clement did clarification of the Annual report and Financial Statement to correct misinterpretation as per ministry official initial finding on income vs expenditure and this was verified by the Auditor Kigo Njenga under oath and supported by CEO.

Min 7: Borrowing Powers

This agenda was handled under resolutions

Min 8: Appointment of auditors

The CEO announced that the cooperative will be changing the auditor. The AGM mandated the Board to select an auditor to replace the outgoing one.

Proposer: Member 3781(Peter Mugo)

Secunder: Member 601 (Peter Gichangi)

Min 9: Disposal of surplus for the year 2017

This agenda was handled under resolutions

Min 10: Resolutions

1. Review of borrowing powers from 1billion to 2 billion.

Propose: Member 1109 (Kaguaga Development Limited)

Adopted after 122 members voted in favor of the resolution.

Members unanimously adopted this.

2. Retain SIC shares at 525/- each

Proposer: Member 3282 – Georgina Gichohi

Members unanimously adopted this.

3. Resolution 3 to reduce minimum share from 300 to 100

Proposer: Member 3281 Kevin Kang'ethe

Secunder: Member 1848 Peter Njeru

This was unanimously adopted by members.

4. Reduce individual membership fee from 20,000/- to 10,000/- Members unanimously adopted to maintain the individual membership fee at Ksh. 20,000

Proposer: Member 3918 Winfred Kieti

Secunder: Member 1777 Jaaree Investments representative

5. Retain dividend pay-out as 35% then 25%

Proposer: Member 506 Rebecca Achia

Secunder: Member 9 Muthoni Karimi

Part 2: Balance of 40% as option to member to deposit or put in shares. (Adopted)

Proposer: Member 2942 (John Mbogo)

Secunder: Member 70 (Veronica Okello)

6. All monthly contributions and retained amounts from the rebates to go to an interest earning refundable deposit account.

Postponed.

7. Indemnity to be at Ksh. 3million

Proposer: Member 874 Peter Mugo

Secunder: Member 348 Collate Ong'weny

The resolution was adopted by members

8. Adopt delegates system

It was suggested that members to provide forum to the board to think about it. To be moved to 2019.

Resolution was deferred to next AGM.

9. There was a proposal to increase non-Safaricom staff to the board. Members agreed to revise non-Safaricom representatives to **three** on the central management board from and **one** in the supervisory committee.

Proposer: Member 993 (Joshua Nyaga)

Secunder: Member 1950 (Abakyala Self Womens representative)

Min 11: Elections

Officials from the department of cooperatives presided over elections. The outcome was as tabulated below:

Candidate	Proposer	Secunder	Number of votes
George Mochache	Member 669 Pauline Wahome	Member 1014 Tabitha Riri	73
James Gathumbi	Member 72 Richard Gitahi	Member 2823 Agnes Wairimu	76
Peter Gichangi	Member 1480 Langat Kipkorir James	Member 874 Peter Mugo	133
Peter Njioka	Absent		
Collate Akinyi Ong'wen	Member 276 Anne Okumu	2822 Robert Tenywa Mugo	12
Janet Auma Okeyo	Absent		
Patrick Sitati Kituyi	Member 199 Joshua Ondieki	3407 Elgon Limited Connections	6

Ndirangu Duncan Kabira	Absent		
Rabecca Bisanju Khakina	Member 1176 Christopher Oloo	4205 Catherine Odiyo Atieno	86
Mercy Nyokabi Gathua	Member 2656 Anne Kibinda Njeri	2867 Stella Ikileng'	17
Alice Wang'ombe	Member 4126 Eileen Mbaka Kagendo	176 Reuben Omollo	8
Supervisory Committee			
Pamela Nyakoah	Withdrew from process		
Geofrey Gituma Meta (In absentia)	Member 72 Richard Gitahi	None	

Supervisory committee had 1 applicant after the second one withdrew.

Cooperatives officials suggested that the candidate with the most votes after management board voting, takes up the supervisory committee position. The candidate was George Mochache. This idea was voted unanimously after member number 2303 Paul Ilado of Top Holdings Ranking made a proposal and Member 2301 Hannah Ngure Njeri seconded.

Candidates who were confirmed to the board were therefore:

Management Committee

1. Peter Gichangi
2. Rabecca Bisanju Khakina
3. James Gathumbi

Supervisory Committee

1. George Mochache

Min 13: Any other business (A.O.B.)

The AOB was presided over by new supervisory committee elected member George Mochache

Outgoing Chairman, George Mochache welcomed new board members and gave a vote of thanks to the members for their participation and support.

Closing prayer was done by Board Secretary Belsheba Nyabwa after which the meeting came to a close at 1830Hrs.

Signed by:



**Hon. Secretary
Belsheba Nyabwa**



**Chairperson
George Mochache**