

VIVANT CORPORATION
MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
Vivant Board Room, Ayala-Life FGU Center
Cebu Business Park, Cebu City
March 22, 2013 at 9:00 A.M.

PRESENT:

Mr. Dennis N. A. Garcia	Chairman
Mr. Charles Sylvestre A. Garcia	Director
Mr. Gil A. Garcia, II	Director
Mr. Emil Andre M. Garcia	Director
Mr. Elbert M. Zosa	Director
Mr. Efen P. Sarmiento	Director
Mr. Jose Marko G. Sarmiento	Director

ALSO PRESENT:

Mr. Arlo A.G. Sarmiento	Chief Operating Officer
Ms. Minnel Carmela N. Franco	VP-Finance
Ms. Maria Victoria E. Sembrano	AVP- Admin. & Finance
Atty. Macario C. Padullo, Jr.	AVP-Corp. Management Systems
Mr. Juan Eugenio L. Roxas	AVP-External Affairs
Atty. Jess Anthony N. Garcia	Corporate Secretary
Mr. Theo C. Sunico	
Mr. Hans R. Hauri	

NOT PRESENT:

Mr. Ramonito E. Garcia	President
Atty. Jesus B. Garcia, Jr.	Independent Director
Amb. Raul Ch. Rabe	Independent Director

I. Call to Order

The Chairman, Mr. Dennis N.A. Garcia (DAG), called the meeting to order at 9:00 A.M. and presided over the same.

II. Proof of Notice and Certification of Quorum

The Corporate Secretary, Atty. Jess Anthony N. Garcia (JNG) certified to the Board of Directors (BOD) that notices were sent in accordance with the law and a quorum was present to transact business.

III. Reading and Approval of Minutes of Previous Meeting

The minutes of the Board of Directors' (BOD) meeting last February 8, 2013 was presented by JNG to the BOD for approval. Upon motion that was duly seconded, the BOD approved the minutes as presented without corrections.

IV. Matters Arising from Previous Board Meeting

Arlo A.G. Sarmiento (AGS) said that the only matter under this topic was with regard to the directive wherein management was asked to meet with the CEPALCO group. AGS said that there will be a report on this matter later in the meeting.

V. Update on Northern Renewables

- Deferment of Monthly Payments

Theo C. Sunico (TCS) reported on the proposal of Northern Renewables (NR) to defer monthly payments to PSALM due to the tunnel repair. He gave a background of the situation, explaining that the tunnel repair deprived NR of much-needed revenues during the wet season, thereby impairing NR's ability accumulate cash for the payment of its monthly payments to PSALM. He said that PSALM understood NR's predicament but that they could not accept NR's proposal because it would be tantamount to an amendment of the IPPA Agreement and may affect the rights of the other bidders.

TCS said that PSALM's counter proposal was for NR to just defer the monthly payments without signing an amendment to the IPPA and PSALM would just bill NR for interest payments in accordance with Article 10 of the IPPA Agreement.

TCS however cautioned the BOD that under PSALM's proposal, NR would be exposed to the default provisions in the IPPA, but he also reported that based on verbal communications with PSALM, they would not cite NR in default as long as interest is paid on the deferred amounts.

- Bi-lateral Contracts/Marketing

TCS reported that NR signed a term sheet with Trans Asia for a term of 2 years, for 15mw, with a tariff of Php4.95/kwh, line rentals would be FAO Trans Asia, delivery will be on a non-firm but on a 1st priority basis.

- Update on Credit Lines

Minuel Carmela N. Franco (MNF) updated the BOD on the credit lines of NR as a contingency measure in the event that PSALM triggers the default provisions under the contract. This way NR will be ready to pre-pay any outstanding obligations and avoid any default.

V. Updates on 1590EC

Juan Eugenio L. Roxas (JLR) reported that the Lease Extension was approved by the Provincial Board of La Union on March 21, 2013, with the contract signed by the Governor on March 22, 2013. The lease extension was for a 1 + 1 year term, with a monthly lease of PHP12.5 Million plus a royalty of 1.5% of gross margin. JNG also added that 2 other provisions in the Lease Extension are the extension of term in the event of signing a bilateral contract, and a provision that absolves 1590EC from any liability for pre-existing defects of the power plant. The defects were enumerated in the contract.

- Income Tax Exposure

Atty. Macario C. Padullo, Jr. (MCP) reported on the possibility that 1590EC would be exposed to income tax for certain transactions in 2012.

VI. Business Development Updates

- CIPC

Emil Andre M. Garcia (EMG) discussed the CIPC project timeline. He reported that OEM contracts have already been awarded to Wartsila and Caterpillar. Metrobank commercial group already conducted site visits on March 11 & 12. Groundbreaking is scheduled on April 18, 2013. Based on the contract, CIPC has one year to construct the power plant and start commercial operations, otherwise CIPC will be subject to penalties for delays.

MNF gave a status report of the project financing for CIPC. She discussed the loan amount of PHP430 Million or 80% loan value of total project cost. She reported on the tenor, rate, collaterals of the term and that there will be no prepayment penalty starting the 2nd year. She reported that in lieu of a DSR, Metrobank was willing to accept a standby LC. She said that Metrobank was willing to fix the interest for 10 years with re-pricing for 5 years after that.

She also reported that they were talking to other banks such as BDO, BPI, Unionbank, and RCBC. She said that proposals from other banks could also be used to improve the terms of the final bank lender that CIPC chooses.

EMG reported that the shareholders agreement is currently being negotiated by the parties.

EMG also presented the ERC approved tariff for the project. He said that the applied rate for Coron was reduced by the ERC but that the approved rate was still acceptable.

EMG discussed the details of the pending MR with the ERC. He said that the consortium was asking the ERC for reconsideration for the removal of the sub caps imposed by the ERC.

EMG reported on the cash call summary for the project. He said that the partners have put in Php 180 Million so far for the project and that in the next few months an additional Php 135 Million will be needed for the project.

- VMHI

EMG reported on updates for VMHI. He said that start of construction will be 3rd quarter of 2013 and commercial operations will be in 2015.

He discussed details of the project: Installed capacity is 6MW, he also discussed the corporate structure reporting that VEC will own 67% of VMHI and 33% will be owned by companies of Francis Gaston.

He gave a summary of the project including details on the measurements of the weir, penstock and head race.

He reported that the following permits were still pending: ECC, SLUP, FLAG, ROW, while the GIS has been completed and submitted to NGCP for review. NGCP already started reviewing the GIS. Water rights are still under review by DOE. The shortlisted EPCC contractors were reported to be: Sta. Clara International, OR Sarmiento Construction, EEI Corporation, WT Construction & Abengoa.

MNF gave an update on project financing for VMHI. She said that the following banks were approached by Vivant: BDO, MBTC, BPI, PNB, RCBC and DBP.

EMG presented the financial model for the project. Based on 6MW installed capacity with 60% capacity factor and an assumed settlement price of Php5.03/kwhr with 0% inflation rate, he said that equity IRR would be 18.9%. However, if the FIT rate would be used at Php5.90/kwh, equity IRR would increase to 25%.

The BOD discussed the interest rates and their direction in the future. MNF noted that a debt of 80% of project cost is not normal and this would still depend on the nature of the project and whether it is contracted or not.

Elbert M. Zosa (EMZ) advised the BOD to look into the loans to deposits ratio of the banks because this is an indicator of where the interest rates are going in the future.

- CEPALCO Projects

EMG reported that initially, management was interested in a coal power plant with CEPALCO. However, during the most recent meeting with CEPALCO, the latter only offered Vivant participation in a 27MW Bunker power plant.

EMG presented the details of the project. He said that VVT's participation will be 51% of the project, with Equity of VVT estimated to be Php254 Million with a cash call at the end of

2013. He said that the value of this project is that this can be VVT's entry point to the bigger coal plant project.

- 3 x 55MW Coal

EMG reported that CEPALCO is only offering the bunker project at the moment but not the coal. Nevertheless, he discussed possibility of VVT's participation in the coal project. Depending on the final configuration and agreement with CEPALCO, VVT's equity in the possible coal project would be between Php1.4 Billion to Php2 Billion.

AGS reported that the only offer in the table right now is the 27MW bunker without any guarantees as to the coal project. AGS said that management was seeking direction from the BOD on the participation in the Diesel Power Plant project.

He said that the advice from Ed Bautista and Amb. Rabe was to go ahead with the bunker project because it will put VVT in a better position for the coal project.

- Cebu Coal

EMG reported that AP invited VVT to participate in a Cebu Coal project for purposes of supplying the requirements of Veco.

EMG reported on the updates regarding the site development of the Cebu Coal Project.

He showed the proposed project schedule with the important milestones.

He presented VVT's options: 1) 40% equity in the unit dedicated to supply Veco and 2) 20% equity for the entire 300MW. Both options will require an equity infusion of Php851 Million for 2013 and another Php851 Million for 2014 by VVT.

With the first option, supply to Veco will be 150MW and this will be secured by a PSA. Also, no party will have an absolute majority in the company. For Option 2, AP will have absolute majority but VVT will be able to benefit from the upside available in the market. VVT will also be exposed to the construction risk for the additional units as well as the marketing risk.

- Tablas

EMG reported on the Tablas project. He said that the consortium recently received a notice of bid award to supply TIELCO.

He reported details of the consortium.

VVT is tasked to procure project financing, BOI application, and permits and licenses.

The project will initially be to supply TIELCO from a bunker power plant then this will be replaced with a hydro power plant.

VIII. January 2013 Vivant Consolidated Financial Statement

Maria Victoria E. Sembrano (MES) reported on VVT's Consolidated Financial Statement for January 2013. Consolidated revenues for January 2013 amounted to Php80.3 Million against the budget of Php67.9 Million or a positive variance of 18%. This was mostly brought about by the unexpected increase in Veco's revenues which was 114% above budget at Php60 Million compared to budget of Php28.2 Million.

MES reported the Income Statement for January 2013. Net income before tax was reported at Php40.2M or 82% higher than budget of Php22 Million.

MES presented the balance sheet as of January 2013. Total Liabilities and Equity amounted to Php7.5 Billion which was up by 3% from December 2012 level of Php7.2 Billion.

She also reported the financial ratios. Current and acid tests were positive. Profitability was high, and all other financial indicators were good for the company.

IX. Other Matters

AGS announced that the company would celebrate its 10th year Anniversary on April 12, 2013.

- Vivant Logos

In line with VVT's efforts at re-branding, management presented different company logos to the BOD.

Systemat presented the different logos to the Vivant BOD. Lito Bunag discussed the process from brand architecture to brand design. He discussed that everything starts from the core business and competence of the company. From there the BOD must think about brand positioning which deals with the brand assets, name, symbol, tag line and standards manual. Thereafter, there must be brand new identity, which includes the brand extensions and what differentiates it from others. This must then develop into a brand image, which captures corporate marketing and shareholder relations and then finally brand equity.

Lito Bunag also discussed some of the brands that they developed for other companies. Lito Bunag also discussed the importance of a brand standards manual for companies.

Lito Bunag stressed that importance of the necessity for Vivant to parlay its rich legacy to mainstream identity and image, and refresh the Vivant brand to grow with the business.

Lito Bunag presented and discussed the details of the 3 final logos that were pre-screened by management.

The first logo was similar to a 6 pointed star with interlocking V shapes that are alternately colored blue and gold representing continuity.

The second logo presented was a stylized V that was directional from bottom left to top right and colored dark red that gradually transitions to yellow. Lito Bunag said that while the first logo was more conservative in nature, the second one was more dynamic.

The third logo presented was also a stylized V with a flowing shape like a flag fluttering in the breeze. Lito Bunag said that this logo represented life which was close to the meaning of the company “Vivant” which means life.

The Board discussed the above presentations and delegated to the Executive Committee the decision to choose which logo the company should adopt moving forward.

X. Adjournment

After a motion duly made and seconded and there being no other matters to discuss, the Chairman of the Board formally declared the meeting adjourned at 5:00 pm.

Prepared by:

JESS ANTHONY N. GARCIA
Corporate Secretary

Attested by:

DENNIS N.A. GARCIA
Director

GIL A. GARCIA II
Director

EMIL ANDRE M. GARCIA
Director

DENNIS N.A. GARCIA
Director

CHARLES SYLVESTRE A. GARCIA
Director

EFREN P. SARMIENTO
Director

ELBERT M. ZOSA
Director

JOSE MARKO A.G. SARMIENTO
Director