

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
VIVANT CORPORATION
September 3, 2010
Suite 907-908, Ayala Life-FGU Center
Cebu Business Park, Cebu City

PRESENT:

Mr. Dennis N. A. Garcia - Chairman
Mr. Ramonito E. Garcia- President
Mr. Charles Sylvestre A. Garcia - Director
Mr. Gil A. Garcia II – Director, Treasurer
Mr. Jose Marko G. Sarmiento - Director
Mr. Eifren P. Sarmiento - Director
Mr. Elbert M. Zosa - Director
Mr. Jesus B. Garcia, Jr. – Independent Director

ALSO PRESENT:

Mr. Arlo A.G. Sarmiento – Chief Operating Officer
Atty. Jess Anthony N. Garcia – Corporate Secretary
Atty. Macario C. Padullo – Finance Manager

NOT PRESENT:

Amb. Raul Ch. Rabe – Independent Director
Mr. Alfred Ty – Director
Mr. Emil M. Garcia - Director

I. Call to Order

The Chairman, Mr. Dennis N.A. Garcia, called the meeting to order at 9:30 AM and presided over the same.

II. Proof of Notice and Certification of Quorum

The Corporate Secretary, Atty. Jess Anthony N. Garcia 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 the Previous Minutes of Meeting

Upon motion duly made and seconded, the minutes of the previous meeting of the BOD was ratified and approved.

IV. Update on Projects

1. 1590 EC

AGS reported on the important updates for 1590 EC, in particular, the timeline for preservation, operation, and maintenance of the power plant. The following milestones of the timeline were discussed:

1. Dec 2009 - Signed exclusivity agreement for 2 months.
2. March 2010- Signed MOA for the exclusive option to buy the plant on July 26, 2010
3. July 2010 - Signed a 6-month extension of the option to buy the plant, which included the right and obligation to preserve, maintain & operate the plant.
4. January 26, 2011- Deadline for a decision whether or not to buy the plant.

Under the Memorandum of Agreement which was signed on July 23, 2010 for the extension of the option to buy the power plant, the following salient points were covered:

1. The option to buy shall be extended by six months, until Jan 26, 2011.
2. The consideration for the extension is 98M. 58M was payable upon execution of MOA and the balance payable monthly at 10M per month from Oct 2010 to Jan 2011, plus monthly royalty fee of 5% of Net Income;
 - The 96M payment shall be credited as part of the purchase price should the Consortium opt to buy the plant.
 - On the other hand, should the Consortium opt not to exercise the option, then all payments made shall be forfeited in favor of the PGLU.
3. The Consortium is given the right to “preserve, maintain, and operate” the plant during the option period.

AGS further explained on the benefits of the said MOA with the PGLU. He explained that being an O&M operator of the plant for 6 months without purchasing it would give the team a hands-on experience of the plant and the electricity spot market. During the discussion, Atty. Jesus B. Garcia then raised his concern that if the company is starting to get into the direction of running or operating a plant, he suggested for the team to develop the expertise of doing so. He further advised to find key persons who are technically experts to be able to run diesel-fired power plants. AGS then explained that the current set-up with Vivant’s technical partners is sufficient. However, he said that what is crucial

to Vivant is to establish a strong technical audit team to ensure that the technical partners are doing their job properly. In relation to the audit function, Mr. Elbert Zosa (EMZ) suggested that the company put in place a system for financial reporting. EMZ further stated that he hasn't been getting reports, being chairman of the finance committee. Thereafter, Atty. Jesus Garcia suggested to have a proper planning session for the company to really be prepared for expansion, and establish proper audit procedures.

After a thorough discussion, EMZ then asked that he be provided with the financial statements on a regular basis.

AGS also reported on the table of organization of 1590EC, briefly explaining the duties and responsibilities of each position.

- VVT Group
 - Marketing & Trading
 - Finance
 - External Affairs
- GPI Group
 - Plant Operations
 - Admin
 - HR

With the items specified above, it was noted that the bulk of the work will be with the GPI group since they will be handling operations. Specific plans were also discussed such as having an office in Bauang and headquarters in Manila, close to VSNRC, where all meetings will be held.

Capital structure was also briefly discussed, and AGS reported that it will be as follows: Vivant Energy Corp 80%, Gigawatt Power Inc 15%, and J. L. Roxas 5%. With the current structure, AGS explained to the Board that with the entry of a new investor, Zaldy Co of Sunwest Corporation, the revised capital structure would be as follows:

- Vivant Energy Corp 60%
- Sunwest 20%
- Gigawatt Power Inc 15%
- J. L. Roxas 5%

Dispatch options, operations update and the projected September income statement were briefly discussed.

2. VSNRC

AGS presented the year to date income statement and 2010 forecasts. He reported on other financial items such as operating expenses, revenues, operating income, and other financial figures. He also reported on the finance-lease accounting treatment issue that the auditors required VSNRC to use.

Update on Benguet closing was discussed by Atty. Jess N. Garcia. He explained that the VSNRC Board of Directors has decided to refuse the acceptance of the assignment of the Benguet capacity because of the fact that the Power Sector Liabilities and Management Corporation (PSALM) changed the terms of the assignment contract. For this purpose, VSNRC has already sent a letter to PSALM explaining its position on the turn over of Benguet. VSNRC was still awaiting a communication from PSALM on the matter.

3. CEDC

AGS reported on the status of Abovant shares. He presented financial figures on the total advances to be converted to equity and those that are to be converted from common shares to preferred shares.

As of time of reporting, management was still waiting for the certificate of confirmation/verification from SGV regarding the balance of advances to be converted.

Significant construction updates were also reported. Units 1 & 2 were supposed to be for pre-commercial operations but due to a lot of faults, particularly resonance issue for Unit 1 and other minor faults for Unit 2, both units are still not ready for pre-commercial operations.

4. VECCO

2010 year to date operation results and reforecast were reported, briefly discussing the total kWh sold, noting 5% growth against last year and 4% below budget due to the outages. Items such as operating profit, net income, revenues and operating expenses, particularly on the labor and non-labor costs were discussed. A comparative analysis on sales from January to July 2010, with and without CEMEX, was also presented with the list of top customers having an average bill of 1Million a month being ranked.

5. Unified Leyte

AGS gave a brief description of the Unified Leyte Project. He presented to the Board the management's intention to participate in the Independent Power Producer Administration Bid for the appointment as administrator of the Unified Leyte's PPA between NPC and PNOCC-EDC with a Contracted Annual Energy (CAE) of 4,370 GWh. The PPA's will expire in 2025 and 2026 and the CAE will be divided into two which shall be administered by 2 administrators at 60:40 respectively. The Unified Leyte Capacities are the biggest suppliers of energy to the Visayas Grid.

AGS also reported on the timeline for the bidding process as well as the latest updates on the bidding process. Financial assumptions were also discussed using a comparative assumption for both administrators (60:40). As of time of reporting, what management has accomplished is the submission of documentary deliverables to PSALM.

6. Silay Project

AGS reported on the status of Silay Project which was in the process of conducting a feasibility study as of time of reporting. Management has engaged the services of Meadowland Developers, Inc. as consultants for the conduct of the feasibility study with consultancy fees that would amount to 4.96M. The feasibility study shall cover a period of 6 months from July 2010.

Project timeframe, specifically the work schedule on major activities and corresponding output, was presented to the Board.

VII. Vivant Financials

Atty. Macario C. Padullo (MCP) reported on the consolidated financial statement of the company for the month of July 2010. He presented Vivant Corporation's income statement and balance sheet. He also reported on key financial ratios of the company as well as the cash flows and the accounting treatment of the IPPA project and its impact to VVT.

VIII. Other Matters

1. WESM Training in Cebu – Board was informed of the upcoming training in Cebu on September 16 & 17, 2010
2. Vivant Tree-Planting Activity – October 9, 2010

X. Adjournment

The meeting was adjourned upon motion duly made and seconded.

Prepared by:


EIRREN L. BADAYOS
Recording Secretary


Reviewed by:



ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary

Attested by:


DENNIS T. A. GARCIA
Chairman


RAMONNTITO F. GARCIA
President


CHARLES SYLVESTRE A. GARCIA
Director


GIL A. GARCIA II
Director


JOSE MARKO G. SARMIENTO
Director


EFREN P. SARMIENTO
Director


ELBERT M. ZOSA
Director


JESUS B. GARCIA, JR.
Independent Director