

VIVANT CORPORATION
Special Meeting of the Board of Directors
April 14, 2010 at 10:30 A.M.
Vivant Boardroom

PRESENT:

Mr. Dennis N. A. Garcia - Chairman
Mr. Rannonito E. Garcia- President
Mr. Charles Sylvestre A. Garcia
Mr. Gil A. Garcia II
Mr. Jose Marko G. Sarmiento
Mr. Effen P. Sarmiento
Mr. Emil M. Garcia

ALSO PRESENT:

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

NOT PRESENT:

Atty. Jesus B. Garcia, Jr. – Independent Director
Amb. Raul Ch. Rabe – Independent Director
Mr. Alfred Ty
Mr. Elbert M. Zosa

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. Approval of the 2009 Audited Financial Statements

The Board discussed the salient items in the 2009 Audited Financial Statements. Thus, upon motion duly made and seconded, the following resolution was unanimously approved and adopted:

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation hereby approves and adopts as it hereby approves and adopts the 2009 Audited Financial Statements.”

IV. Adjournment

The meeting was adjourned upon motion duly made and seconded.

Prepared by:

Reviewed by:

EIRREN L. BADAYOS
Recording Secretary


ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary

Attested by:

DENNIS N. A. GARCIA
Chairman


RAMON P. SARMIENTO
President


CHARLES S. IVESTIRE A. GARCIA
Director


GIL A. GARCIA II
Director


JOSE MARCO G. SARMIENTO
Director

EIRREN P. SARMIENTO
Director


EMIL ANDRE GARCIA
Director

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
VIVANT CORPORATION

May 7, 2010
Cebu Country Club, Inc.
Baniad 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. Effen P. Sarmiento - Director
Mr. Emil M. Garcia - Director
Mr. Elbert M. Zosa - Director
Mr. Jesus B. Garcia, Jr. – Independent Director

ALSO PRESENT:

Mr. Arlo A.G. Sarmiento – Chief Operating Officer
Atty. Joan A. Giduquio-Baron - Asst. Corporate Secretary
Mr. Macario Padullo – Finance Manager
Mr. Lyndon Jayme – VECO AVP for Utility Economics
Mr. Nelson Perez – VECO Accounting Manager
Mr. Roger Lim – CPPC Senior VP & General Manager
Ms. Janice Villaflores – CPPC Finance & Accounting Manager
Mr. Ed Santina – CEDC – AVP Commercial Operations
Mr. Albert De Sagun – CEDC Project Manager
Mr. Anthony Shibley – DPI Chairman
Mr. Juan Eugenio Roxas – AHPI President

NOT PRESENT:

Amb. Raul Ch. Rabe – Independent Director
Mr. Alfred Ty – 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 Assistant Corporate Secretary, Atty. Joan A. Giduguino-Baron 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 Subsidiaries

A. CPPC

Operations result as of April 2010 was reported by Mr. Roger Lim. Availability factor was noted to be high during this month at 95.3% as compared to target. High Energy delivery was also noted. Mr. Lim explained that they have maximized availment of Greencore which resulted to high energy delivered to VECO for the month.

However, in terms of Greencore availability, Mr. Lim reported that the very best of times for availment could last up to December 2010 only as Greencore has nothing to sell after December.

Heat rate was reported to be at the lowest in April. Mr. Lim explained further that the major factors in lowering heat rate were tuning, loading and fuel quality.

For unscheduled downtime, it was reported to be very low at 69 hours (year-to-date) as compared to last year which was considered to be a good sign.

Safety, Security and Environmental Report were also discussed. There were no lost time due to accidents, nor were there incidents reported. Environmental compliance was properly observed. Wastewater effluent sampling and laboratory testing were conducted on a monthly basis and results passed the DENR standards. Emission test and ambient air quality testing within the plant vicinity were also conducted and all passed DENR standards.

Mr. Lim also discussed on the inventory report as to the classification of inventory in terms of value and movement. Monthly average cost for 2009 against 2010, actual and projections, were presented.

Status report on Finance as of March 31, 2010 was reported. Economic Indicators for YTD actual against YTD budget for March 2010 were presented. Mr. Lim also presented the Statement of Cash Flows as well as the Balance Sheet, particularly current and total assets. He also explained the Statement of Income Budget figures

for 2010 vs. Actual 2009. Major items such as: energy transmitted, energy revenues, cost of generation, gross profit, operating income, pre-tax income, net income after tax, and net income were covered in the discussion.

Gross profit projection and operating income projections for this year were explained as well as the capital expenditures.

B. VECO

Mr. Lyndon Jayme reported statistics for March 2010 as the data for April was not yet available at the time of meeting. A comparative analysis on sales was presented with and without CEMEX. It has been reported that system loss has gone up as compared to what was budgeted. With CEMEX coming in, it was expected that it would be able to draw 25MW at 20 hours a day but unfortunately, VECO was not able to sell as forecasted due to problems in CEDC power supply. Mr. Arlo Sarmiento explained further that system loss beyond 8.5% can no longer be passed on and should be absorbed by the company, which resulted to the big increase in the systems loss.

Another factor that was suspected for contributing to the increase in system loss was the acquisition of the new billing system for VECO which costs P70M. Mr. Jayme reported that they have encountered problems on the first months of implementation of the new system. Inefficiencies have been noted on bills that were not in the system but VECO is optimistic that it will eventually improve.

Cumulative sales report from January to March 2010 was reported. A growth of 8.4% was noted as compared to January to March 2009 due to CEMEX. Unserved KWH due to outages was explained, further noting the occurrence of brownouts.

Mr. Jayme also reported on the PBR Revenue Requirement for Regulatory Year 2011. Filing for the rate-designed translation of the PBR approved assets and revenue for different customer classes will be pushed for allocation. However, major disallowances were noted specifically, the sub-station in Naga. Because of this disallowance, a Motion for Reconsideration has been filed. But as of the date of the meeting but the ERC has not decided on the Motion.

Mr. Nelson Perez reported on the Income Statements as of March 2010 as well as the budgeted cash flows including items such revenues, operating expenses, operating profit, and net income. Cash inflows consisting of distribution business, generation business, cash outflows, net cash flows, beginning cash balance and end cash balance were also presented. Operating expenses were noted to be higher due to customer information advertisements and the increase in salaries and wages brought about by the conversion of electricity benefit into cash.

C. CEDC

Mr. Ed Satina reported on the commercial updates as of time of meeting. Target quantities that CEDC intended to contract was reported as well as the target demands. Status of the contracts were further explained. He then reported on the outstanding issues on the fuel price for billing. The approval of ERC was based on an indexation formula which gave a cost of P2.74 but actual approved cost was P1.97 which is what CEDC is using. Despite the actual cost that CEDC is using, KEPCO was still noted to be selling lower.

Mr. Albert De Sagun reported on project update. Unit 1 was reported to be back in operation since April 19, 2010 and that performance and acceptance tests will be conducted on May 28, 2010.

For Unit #2, commissioning is being done and synchronization will be done on or before May 31, 2010, while Unit#3 was still under construction as of time of meeting. Project accomplishment rated at 87% against 91% and was reported to be operational at the end of the year.

Mr. De Sagun also reported on the turbine damage that happened with Unit #1 in March. He showed photos of the whole turbine where damaged blades were shown. He explained further that damaged parts were brought back to Japan for repair and that everything was in good condition and operational at the time of reporting.

D. AHPI

Mr. Juan Eugenio Roxas reported on the Marketing updates. Profiles of prospective off-takers were presented as well as the status of proposals and ongoing negotiations.

Operations results for the first quarter against forecast were reported and the projections for the second quarter of the year. Historical operations results vs. projections for 2010 were also discussed based on market demand and effective settlement price.

On the financial issues, Mr. Roxas reported on the results as of the quarter ending March 31, 2010 including items such as, Energy Delivered, Bilateral Contracts, WESM Price, Revenues, Generation Costs, Operating Expenses and Net Income.

In closing, Mr. Roxas updated the Board on the Closing Issues of Benguet. Closing date was set to March 26, but was extended to April 26. However, due to major issues with HEDCOR, closing date was then tentatively re-set to May 26.

E. Delta P, Inc.

Mr. Anthony Shibley reported on the updates of the ERC Approval of 10-Year PSA. He briefly discussed on how the filing of MFR started. A petition for a new rate was filed previously but then ERC granted a rate lower than what was applied for. Because of this, DPI filed for a Motion for Reconsideration in December 2009 and on March 8, 2010, ERC decision was received on MR with Fuel Cost limited to an initial consumption rate of 0.2174 liter/kWh for HFO, 0.0052 liter/kWh for LFO and 0.0038 liter/kWh for LO or actual fuel consumption, whichever is lower. However, on March 11, 2010 DPI filed Manifestation/Motion for Adjustment of HFO Fuel Consumption Rate to 0.2742 liter/kWh cognizant with the Fuel Consumption Study Report of Pöyry Energy, Inc. Finally, on April 6, 2010 ERC order was received for adjustment of the previously approved HFO Fuel Consumption Rate.

Mr. Shibley also reported financial forecasts for the year 2010 to 2018 by presenting graphical representations of the economic indicators and operating assumptions including items such as: tariff, fuel cost per energy generated, operating and maintenance expenses, plant availability factor, net plant heat rate, plant output, and other relevant operational and financial data. He also reported on the Audited Income Statement and Audited Balance Sheet for the year ending December 31, 2009

VI. Update on Bauang Project

Mr. Arlo Sarmiento reported on the updates for Bauang Project specifically on the status of the Memorandum of Agreement. The following were the salient points tackled in the discussion, namely:

1. Acquisition Price = 3,252,327,685
2. Payment Terms
 1. Upon signing of Dec to Feb exclusivity 5,000,000
 2. Upon signing of the MOA 25,000,000
 3. Execution of SPA at Vivant's option 341,988,512
 4. Dec 20, 2010 412,977,025
 5. Jan 25, 2011 – Dec 25, 2012
 1. Monthly payments 102,827,590
 2. Interest 6% p.a.
3. If acquisition does not push through:
 1. Of the 30,000,000 already paid:

1. 21,000,000 will be forfeited
2. 9,000,000 will be refunded

Mr. Sarmiento also reported that in the March board meeting of PSALM, they have officially ceded its claim over the plant in favor of the Province of La Union with the exclusion of the land.

For the status of NGCP ASPA, Mr. Sarmiento reported that due to the change in NGCP management, the favorable position that we had which the previous management took has been reversed and new representations to the new management will start in a meeting scheduled for May 12, 2010.

The following pending issues for the project were as follow:

1. Incorporation of the project company
2. Copy of the signed PSALM Board resolution
3. NGCP-ASPA and ERC approval
4. List of acquired assets (schedule A)
5. Arrangement for assets needed but excluded from schedule A
 1. Land
 2. Tools
 3. Fuel
 4. Other real properties such as bunkhouses, etc.
6. Investors
7. Bank Financing
8. SPA
9. Turnover agreement

In closing, Mr. Sarmiento presented the new proposed equity structure for the project: Vivant Corporation at 40%, GPI Group at 15%, JLR at 5% and new investors to have 40%.

VII. Vivant Financials

Mr. Macario Padullo presented the Audited Financial Statement for 2009 as well as the Statement of Financial Position for the same year. He also reported on the Income Statement for Vivant for 2009 including items such as revenues, operating expenses, operating profit, and net income.

The first quarter financial report for 2010 was also reported.

VIII. Other Matters

Board Resolutions:

- A. The Board approved May 31, 2010 as the Record Date for the 2010 Annual Stockholders' Meeting to be held on June 24, 2010.

X. Adjournment

The meeting was adjourned upon motion duly made and seconded.

Prepared by:



FIRREN L. BADAYOS
Recording Secretary

Reviewed by:



ATTY. JOAN GIDDUQUIO-BARON
Asst. Corporate Secretary

Attested by:



DENNIS N. A. GARCIA
Chairman




CHARLES SYLVESTRE A. GARCIA
Director

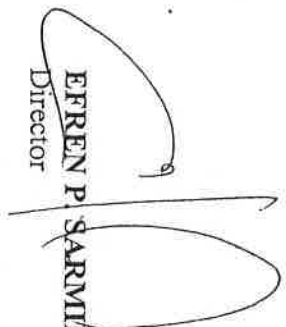


RAMON TITO F. GARCIA
President



GIL A. GARCIA II
Director


JOSE MARKO G. SARMIENTO
Director


EFREN P. SARMIENTO
Director

EMIL ANDRE GARCIA
Director


ELBERT M. ZOSA
Director


JESUS B. GARCIA, JR.
Independent Director