

**MINUTES OF THE TWENTY-FIFTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON FRIDAY, APRIL 30<sup>th</sup>, 2010 AT 08:00 A.M.**

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**Present:** J. Ottenheimer, Chair  
C. Bennett  
T. Cliff  
K. Marshall  
E. Martin  
G. Shortall

**Present by Invitation:** Derrick Sturge, Vice-President Finance and Chief Financial Officer  
Chris Kieley, Vice-President Strategic Planning and Business Development  
Jim Keating, Vice-President Oil and Gas

**Secretary (Acting):** P. Hickman

**319. CONSTITUTION OF THE MEETING**

Notice of the meeting was forwarded to Directors on April 7, 2010. A quorum of Directors being present, the meeting was duly called and validly constituted.

**320. CONGRATULATIONS TO BOARD MEMBERS**

The Chair extended congratulations to Mr. Marshall for the success of the recent Juno Awards, the organizing committee of which Mr. Marshall had chaired. As well, he congratulated Mr. Martin on being named Alumnus of the year for the Memorial University Business School and also to Ms. Bennett for recent success in fundraising for the local Ronald McDonald House.

**321. SAFETY MOMENT**

Mr. Hickman provided a safety moment on crosswalk safety.

**322. VERIFICATION OF MINUTES**

A copy of the minutes of the **TWENTY-FOURTH** meeting of the Board of Directors of Nalcor Energy held on March 5, 2010, were included in the meeting papers circulated prior to the meeting.

On motion duly made by G. Shortall, seconded by C. Bennett and unanimously carried, it was resolved:

**THAT** the minutes of the **TWENTY-FOURTH** meeting of the Board of Directors of Nalcor Energy held on March 5<sup>th</sup>, 2010, which minutes are currently before this meeting, be and they are hereby verified as being correct, as amended; and

**THAT** the Chairman be and he is hereby authorized to verify the minutes by signing the Minute Book.

**323. BUSINESS ARISING**

**324. Indemnities for Officers**

The item on the action list relating to Indemnities for Officers was noted. It was agreed that Mr. Martin and W. Chamberlain would provide something in writing to the Board and Officers with respect to this item.

**325. Oil and Gas (See Minute No. 310)**

**326. BOARD COMMITTEE REPORT****327. Governance Committee**

Mr. Clift reported that the Governance Committee had reviewed a number of mandates and charters for various committees and boards for all of the Nalcor Energy Companies. He noted that there were a few included in the meeting papers for the approval of the Board, which are related specifically to Nalcor Energy. He reviewed each of these documents and highlighted the significant changes in them.

Mr. Hickman informed the Board that the Auditors for the Public Utilities Board were recently at Hydro Place to review minutes of Hydro Board Meetings and the meetings of its various committees. Given that the Hydro Board has no committees of its own, it was necessary for the auditor to review minutes of the Nalcor Committees, more particularly the contents of those minutes relating to NLH. The Board discussed whether there are any concerns with the Auditors of the PUB reviewing Nalcor's Committee Minutes, and if so, how could this be addressed in the future. It was agreed that as the first step to addressing this issue, Messrs. Martin, Ottenheimer, Sturge and Hickman would review minutes of the Nalcor Audit, Compensation and Governance Committees to determine if there is anything in those minutes that the PUB should not be aware of.

On motion duly made by C. Bennett, seconded by E. Martin and unanimously carried, it was resolved:

**THAT** the following mandates and charters, as circulated in the Board papers and presented to the Board at its April 30<sup>th</sup>, 2010 meeting, be and they are hereby approved:

- Board of Directors Mandate
- Audit Committee Charter
- Compensation and HR Committee Mandate

25<sup>th</sup> Nalcor Energy Board Meeting  
April 30, 2010  
Page 4 of 12

- Corporate Governance Committee Charter
- Safety, Health and Environment Committee Mandate

On Motion duly made by E. Martin, seconded by G. Shortall and unanimously carried, it was resolved:

**THAT** the following Directors be appointed to the Safety, Health and Environment Committee of the Board:

Cathy Bennett, Chair  
Tom Clift  
John Ottenheimer

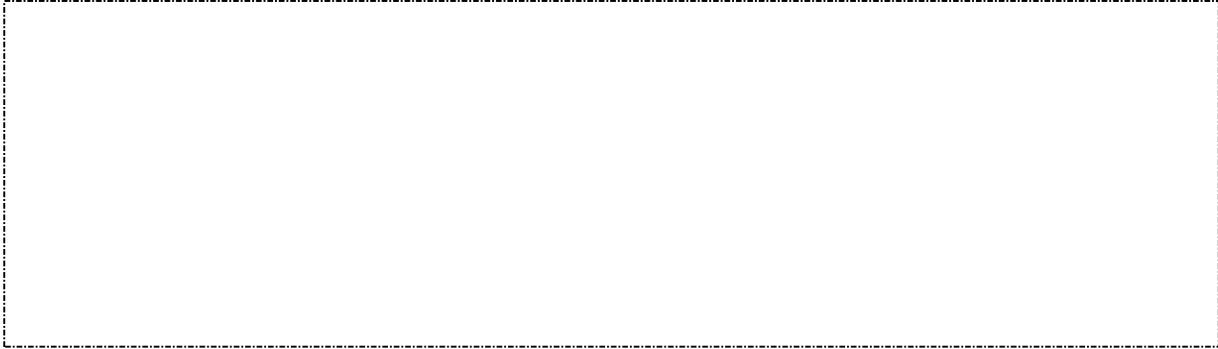
**328. PRESIDENT'S REPORT**

**329. Performance Report**

Mr. Martin reviewed the 2010 Corporate Plan Performance Report which was included in the board papers distributed prior to the meeting. He noted that there were no red items in the report with the only yellow item being related to the all injury frequency rate. He noted that although there has been only one lost time injury and two medical treatment injuries so far this year, there had been none since the beginning of March. He also reported that a focus has been placed on apprentices and new employees, to ensure they are appropriately informed and trained with respect to safety, as there has been a pattern of such employees suffering injuries.

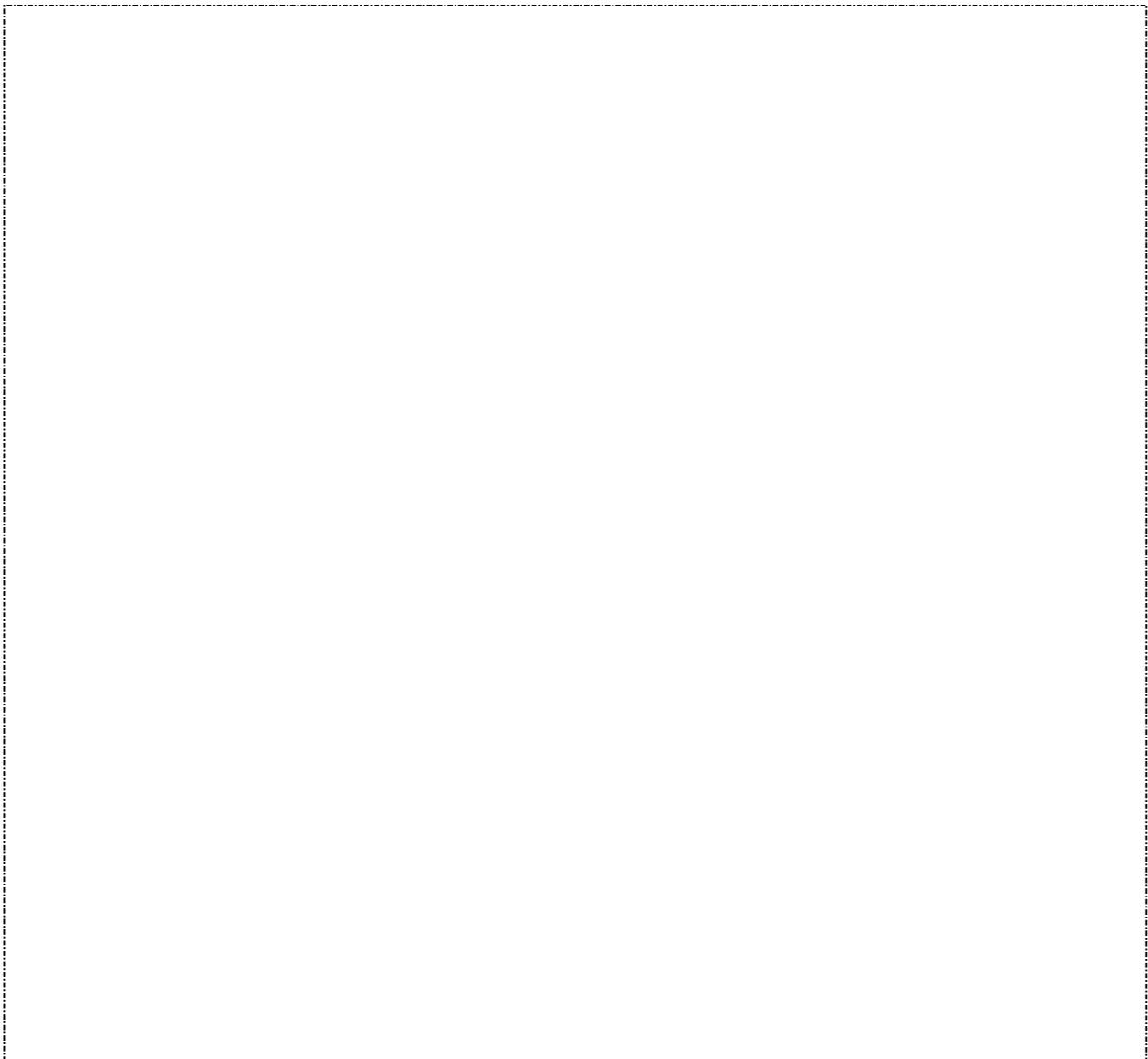
Mr. Clift noted that the College of the North Atlantic has a Safety Engineering Program and that students are required to do Co-op work. He suggested it might be useful for Nalcor and its companies to hire some of those students on work terms. Mr. Martin stated that he would have Human Resources look into this.

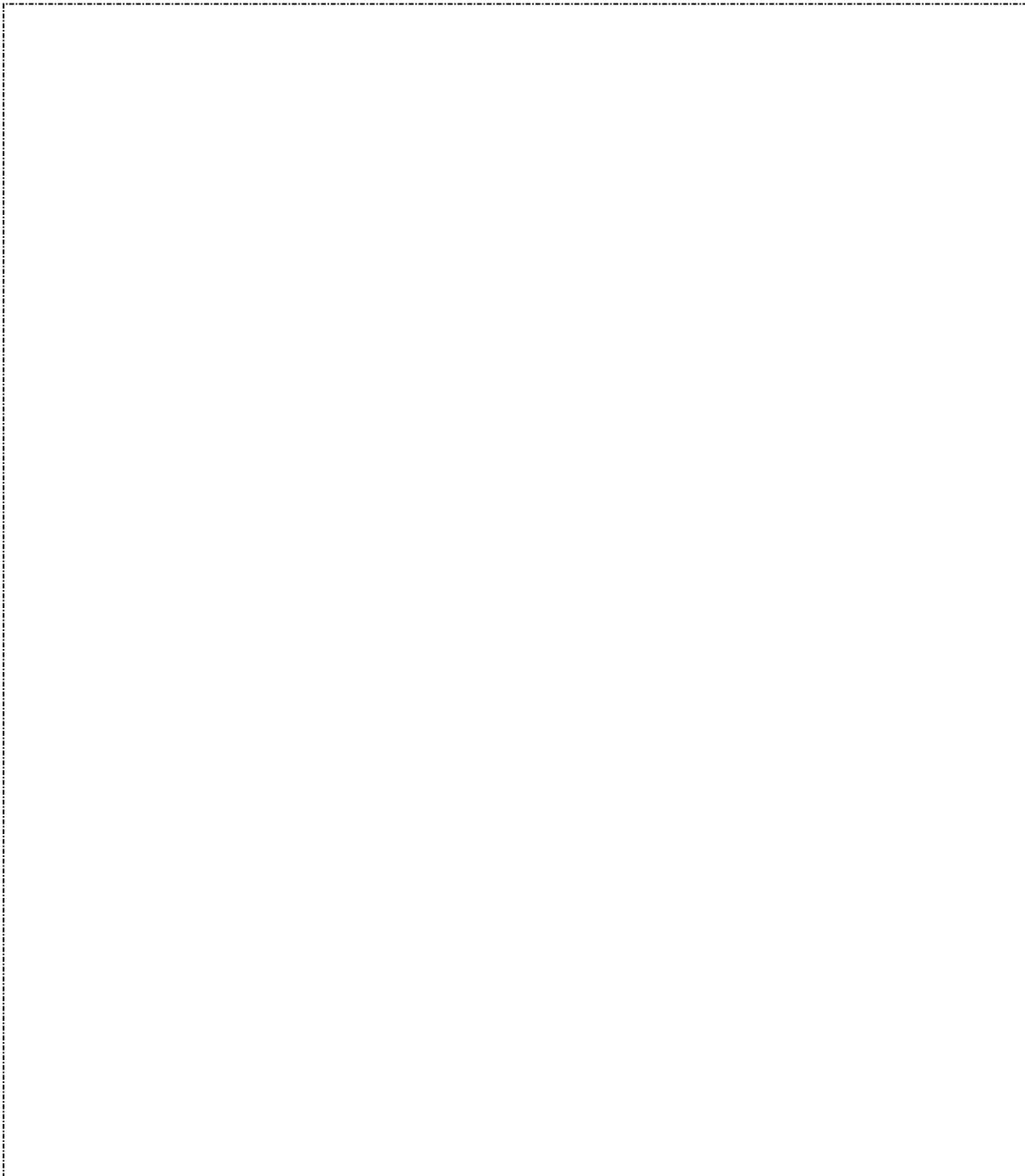
Mr. Martin noted a big focus this year in the area of safety is the Work Protection Code and the implementation of a consistent code throughout the Nalcor Companies.



330.

**CF(L)Co Long-term Asset Management Plan**





**331. Lower Churchill Project Update**

Mr. Martin provided copies to the Board Members of a presentation providing an update on that project. He then reviewed the presentation for the benefit of the Board Members.

**332. ANNUAL REPORT**

Mr. Martin distributed copies of the 2009 Nalcor Annual Report to each of the Board Members. The Chair informed the Board that the 2010 Nalcor Annual Meeting is scheduled for June 9, 2010, at 2:00 o'clock at the Holiday Inn in St. John's. He stated that all of the Directors are welcome to attend if they are available.

**333. BUSINESS UNITS REPORTS****334. Newfoundland and Labrador Hydro**

It was agreed that the Newfoundland and Labrador Hydro update that was included with the Board papers and circulated prior to the meeting would be reviewed at the Newfoundland and Labrador Hydro Board of Director's Meeting, immediately following this meeting. Accordingly, it was agreed that the Board would not review the update at this meeting.

**335. CF(L)Co**

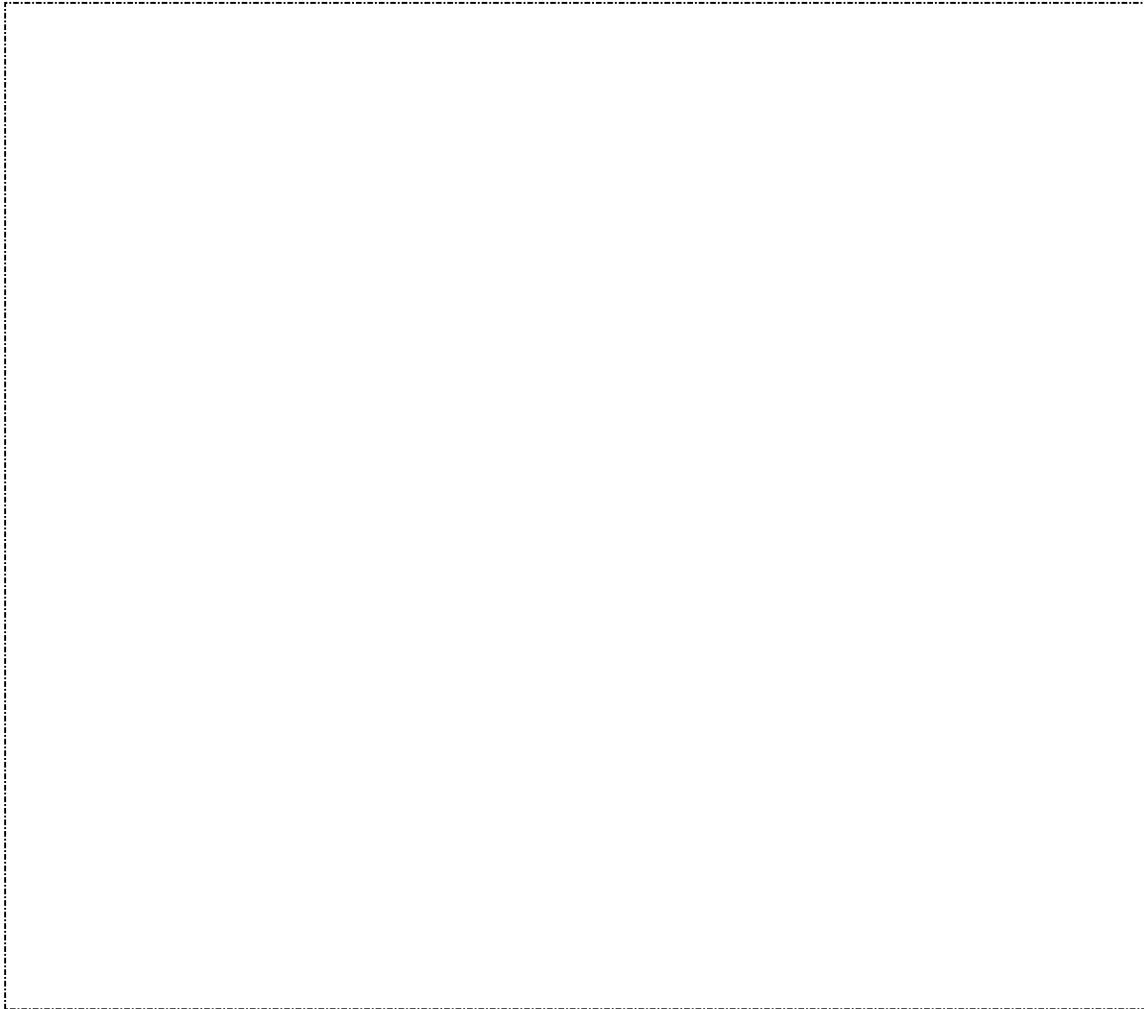
It was agreed that the CF(L)Co update that was included with the Board papers and circulated prior to the meeting, would be reviewed at the Newfoundland and Labrador Hydro Board of Director's Meeting, immediately following this meeting. Accordingly, it was agreed that the Board would not review the update at this meeting.

**336. Lower Churchill**

Mr. Martin reviewed the Lower Churchill Project Report that was included in the meeting papers.

337. Oil and Gas

Mr. Keating joined the meeting at this time. He reviewed the Oil and Gas Report which was included in the meeting papers.



Mr. Keating left the meeting at this time.

Mr. Kieley joined the meeting at this time.

338. Bull Arm

The Bull Arm Report included in the meeting papers was noted.

**339. Energy Marketing**

The Energy Marketing Report included in the meeting papers was noted.

**340. Other Activities**

The Other Activities Report included in the meeting papers was noted.

**341. Abitibi Overview**

Mr. Kieley provided the Directors with a slide which provided a brief overview of the status of the various aspects of the Abitibi file. Mr. Kieley reviewed various aspects of this file, particularly as it relates to Nalcor.

Mr. Kieley left the meeting at this time.

**342. FINANCIAL REPORT****343. Financial Summary**

Mr. Sturge reviewed the Financial Report that was circulated prior to the meeting. He reviewed the highlights as outlined in the report, as well as the Summary of Earnings for the various segments of the Nalcor Companies.

Mr. Sturge stated that the issue of the accounting treatment of the costs related to the Trust for the CF(L)Co motion against Hydro-Quebec is presently being considered by the Auditors. The final opinion of the Auditors will soon be forthcoming.

Mr. Sturge stated that consideration as to whether Newfoundland and Labrador Hydro will soon have to file a General Rate Application is ongoing. It appears at this point in time that an application will have to be made later in 2010. He discussed possible rate increases, as well as the causes for such increases.

Mr. Sturge provided new slides relating to Energy Marketing Price-Volume Variance on a year-to-date and annual basis. As well, he noted that work is continuing on a Risk Management Strategy, which should be ready within the next few weeks. It will then be presented to the Audit Committee.

**344. Compliance Certificate**

D. Sturge distributed copies of a Compliance Certificate for the period ended March 31, 2010.

**345. Proxy-GIPCo Annual General Meeting**

On motion duly made by G. Shortall, seconded by C. Bennett and unanimously carried, it was resolved:

**THAT** Nalcor Energy, a Shareholder of Gull Island Power Company Limited ("GIPCo"), hereby appoints John Ottenheimer and Ed Martin or, failing either of them, Gilbert Bennett or, failing him, Jim Haynes, or, failing him, Derrick Sturge, as proxies of Nalcor Energy to attend, vote and otherwise act for and on behalf of Nalcor Energy at the 2010 Annual General Meeting of the Shareholders of GIPCo, and at any adjournment thereof, in respect of all matters that may properly come before the meeting, in the same manner as Nalcor Energy could, if it were an individual Shareholder, each of them to have such power in respect of fifty (50) percent of all shares of GIPCo registered in the name of Nalcor Energy;

**AND BE IT FURTHER RESOLVED**

**THAT** any two of the Chairman, the President and Chief Executive Officer and the Secretary of Nalcor Energy, be and they are hereby authorized and directed to execute under the Corporate Seal of Nalcor Energy an instrument or instruments of proxy to the above effect;

**AND BE IT FURTHER RESOLVED**

**THAT** the Corporation will vote its shares at the forthcoming Annual Meeting of Gull Island Power Company Limited in favour of those individuals nominated for election as Directors of GIPCo.

**346. IN CAMERA**

Messrs. Martin, Sturge and Hickman left the meeting at this time. The Board held an In Camera session.

Messrs. Martin, Sturge and Hickman returned to the meeting.

Mr. Marshall reported that during the In Camera session, on a motion by K. Marshall, seconded by T. Clift and unanimously carried, it was resolved:

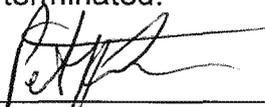
**THAT** a recommendation by the Compensation Committee to the Board to approve the 2009 Performance Contract payment for the CEO, be and it is hereby approved.

**347. NEXT MEETING**

The next meeting of the Board is scheduled for Friday, June 25, 2010.

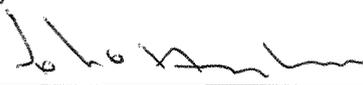
**348. TERMINATION**

There being no further business, the meeting was terminated.

  
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Secretary

Verified at a meeting held on

June 25, 2010

  
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Chair

***ACTION LIST***  
 April 30, 2010

November 21, 2008	Management to provide a presentation on historical information on oil and pricing in the oil commodity market (#124)	E. Martin	Future Meeting
September 25, 2009	Management assess the need for any further indemnities that may be required with respect to other officers of Nalcor Energy that are also officers of CF(L)Co.	E. Martin	Future Meeting
April 30, 2010	Review Committee Meeting Minutes	J. Ottenheimer/ E. Martin/ D. Sturge/ P. Hickman	June 25, 2010
April 30, 2010	Consider hiring Co-op Students from College of the North Atlantic - Safety Engineering Program	E. Martin	June 25, 2010