

**MINUTES OF THE FORTY-NINTH 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 27, 2012 AT 08:30 A.M.**

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**Present in Person:** C. Bennett, Chair  
T. Clift  
K. Marshall  
G. Shortall  
E. Martin

**Present by Invitation:** D. Sturge, Vice-President Finance & CFO  
C. Fehr, Mgr. Corporate & Development

**Secretary:** W. Chamberlain

**635. CONSTITUTION OF THE MEETING**

Notice for the meeting was forwarded to Directors on April 5, 2012. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

**636. SAFETY MOMENT**

Ms. Fehr provided a safety moment on the new temporary and young worker hard hat program.

Ms. Fehr left the meeting.

**637. VERIFICATION OF MINUTES**

A copy of the minutes of the 46<sup>th</sup> and 47<sup>th</sup> meeting of the Board of Directors of Nalcor Energy held on March 2, 2012 and April 5, 2012, respectively, were included in the meeting papers circulated prior to the meeting.

On motion duly made by Mr. Shortall, seconded by Mr. Martin and unanimously carried, it was resolved:

**THAT** the minutes of the **FORTY-SIXTH** and **FORTY-SEVENTH** meetings of the Board of Directors of Nalcor Energy held on March 2, 2012 and April 5, 2012 respectively, which minutes are currently before this meeting, be and they are hereby verified as being correct; and

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

**638. BUSINESS ARISING**

There was no business arising.

**639. BOARD COMMITTEE REPORTS**

**640. Safety, Health and Environment Committee**

Ms. Bennett reported that the Committee inquired about an air incident that recently occurred in Quebec involving an aircraft which was similar to the aircraft used by CF(L)Co. and an update will be provided regarding this matter at the next meeting. The Committee inquired about the Newfoundland Power incident whereby there was a fatality when a person was outside their vehicle and further details will be provided on this incident.

**641. Compensation Committee**

Mr. Chamberlain advised that a Board resolution relating to approval of compensation of President and CEO.

On motion duly made by Mr. Clift, seconded by Mr. Shortall and unanimously carried, it was resolved:

**THAT** the email approval by the Board of Directors on March 13, 2012 of a resolution directing and authorizing Management to proceed with the payout of performance contract payments to the President & CEO as presented to and recommended by the Nalcor Energy Board of Directors Compensation Committee, and approving a general salary adjustment to the base salary of the President and CEO of 4% effective April 1, 2012, be and it is hereby ratified.

**642. PRESIDENT'S REPORT****643. Corporate Performance Review**

Mr. Martin reviewed the 2012 Nalcor Plan Performance Report that was included in the Board papers circulated prior to the meeting. He reviewed the corporate plan highlights and advised that there were several lost time and medical treatment injuries and that there have been no injuries since then. He noted that if there are no further injuries during the year, the annual target could be achieved.

Mr. Marshall joined the meeting.

He further advised that the Work Protection Code, work methods and grounding and bonding initiatives are on schedule as well as Phase 1 of safety coaching workshops.

Mr. Martin reported that 95% environmental leadership targets are expected to be completed by year end. He advised that project execution under the direction of Mr. MacIsaac is progressing well and the development of two important project management processes are ahead of schedule.

He further advised that the project execution work with respect to Unit A2 in Churchill Falls was completed ahead of schedule and it is back in service. He also noted that progress with respect to asset management is proceeding on schedule.

Mr. Martin reported that the corporation will be completing an employee survey this year which will provide good benchmarking information with other comparable companies. He also noted that the development of a Shareholder and Board of Director plan is progressing and that Ms. Theresa Rahal of Strategic Directions Inc. has been engaged to provide a report and recommendations regarding the Board orientation and engagement plan. Ms.

Bennett suggested that new Board members should be provided with an opportunity to attend Board committee meetings.

**644. BUSINESS UNIT REPORTS**

**645. Newfoundland and Labrador Hydro**

Mr. Martin advised that a report would be provided at the Board of Directors meeting of Newfoundland and Labrador Hydro which immediately follows this meeting.

**646. CF(L)Co**

Mr. Martin advised that a report would be provided at the Board of Directors meeting of Newfoundland and Labrador Hydro which immediately follows this meeting.

**647. Lower Churchill**

Mr. Martin reviewed the Lower Churchill Project Report that was included in the Board papers circulated prior to the meeting. He briefly reviewed the plan highlights and advised that some early works have commenced with regard to the construction of a road and further early works, including site clearing, will be commenced in the coming months. He advised that the Project personnel continue to progress and have RFPs ready with respect to long lead procurement, including the procurement of the subsea cable and turbine and generator packages.

He noted that DG3 deliverables are being prepared to support the Shareholder with regard to the debate in the House of Assembly which is scheduled for the fall.

Mr. Martin provided an update on the various activities of Phase 1 related to Muskrat Falls plant, Labrador–Island Link and Maritime Link. The agreements

with Emera are in draft final form, subject to completion of a due diligence review by both parties and their respective Shareholders.

He advised that negotiations with respect to the federal loan guarantee continues to be progressed and federal government is seeking a draft agreement as well as a data room with all relevant information pertaining to the Project. Further discussions are required to clarify whether the federal loan guarantee will require the involvement of Emera in the Project. He noted that the agreements with Newfoundland and Labrador Hydro will be progressed next and will be critical to financing of the Project.

Mr. Martin further advised that capital costs are increasing but will be offset to some degree with lower financing costs associated with a federal loan guarantee. Also legislative support with respect to the Project has been reviewed and provided to the Province. He noted that public information sessions are scheduled for the Transmission EA.

Mr. Martin also reviewed Phase 2 activities related to Gull Island including judicial review application of the Regie decision denying Newfoundland and Labrador Hydro's complaint related to its transmission service request to Hydro-Quebec, market access and opportunities, [REDACTED]

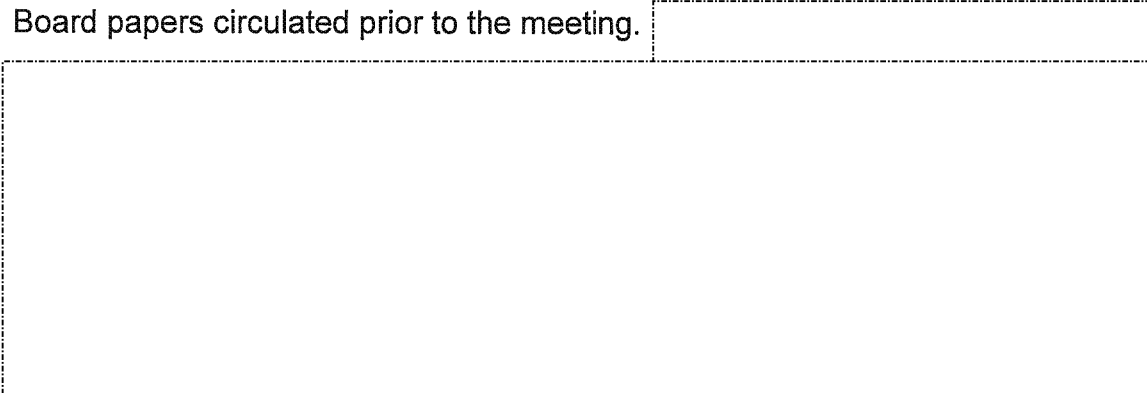
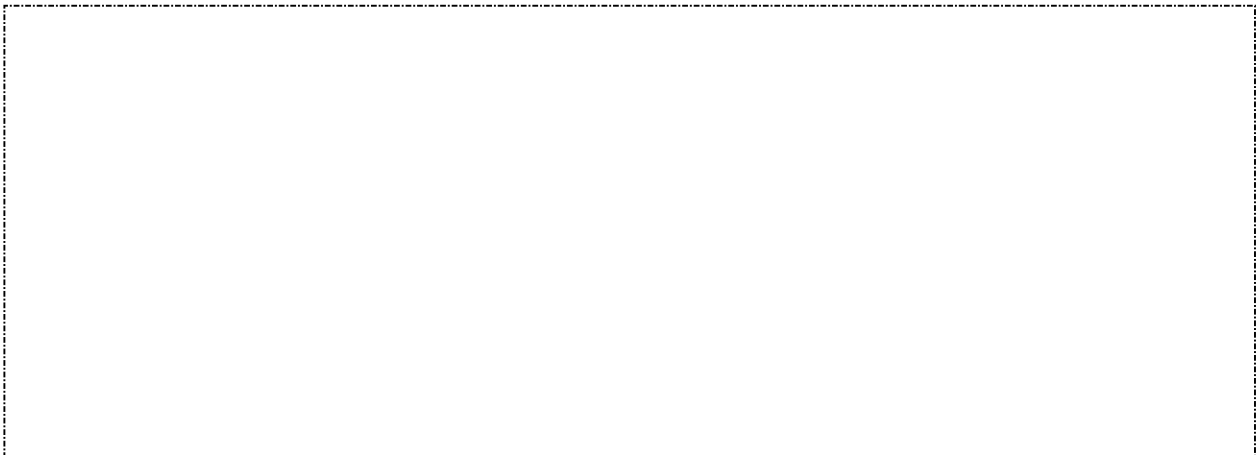
**648.**

**Oil and Gas**

Mr. Martin reviewed the Oil and Gas Report that was included in the Board papers circulated prior to the meeting. [REDACTED]

**649. Bull Arm**

Mr. Martin reviewed the Bull Arm Fabrication Report that was included in the Board papers circulated prior to the meeting.

**650. Energy Marketing****651. Other Activities**

Mr. Martin reviewed the Other Activities Report that was included in the Board papers circulated prior to the meeting.

**652. FINANCIAL REPORT****653. Finance Summary**

Mr. Sturge reviewed the Financial Report for the period ended March 31, 2012 which was included in the Board papers circulated prior to the meeting. He reviewed the highlights and noted that a key issue going forward will be the impact on net income under IFRS from being unable to recognize regulated assets and liabilities in NLH under IFRS.

He further reported that forecast net income is \$87.6 million which is below budget for the reasons noted in the Report.

Mr. Sturge provided an overview of the past history of the provincial debt guarantee fee and noted that the fee has been reduced from the fee that was paid in the past.

**654. Compliance Certificate**

Mr. Sturge referred to the Corporate Quarterly Compliance Certificate for the period ended March 31, 2012 that was included in the Board papers circulated prior to the meeting.

**655. OTHER BUSINESS**

There was no other business.

**656. NEXT MEETING**

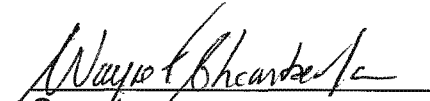
The next meeting is scheduled for Friday, June 29, 2012.

**657. IN CAMERA SESSION**

The Board agreed that it was not necessary to hold an In Camera Session at this time.

**658. TERMINATION**

There being no further business, the meeting was terminated.

  
Secretary

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Verified at a meeting held on

June 28, 2012

Jim Stylo  
Chairperson