

**MINUTES OF THE SIXTY-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,
MARCH 22, 2013 AT 11:00 A.M.**

Present in Person: T. Styles, Chair
L. Abbass
T. Clift
A. Hawkins
K. Marshall
E. Martin

Present by Phone: G. Shortall

Absent: E. Breen

Present by Invitation: K. Legge, General Manager Finance &
Corporate Services

Secretary (acting): P. Hickman

794. CONSTITUTION OF THE MEETING

Notice of the meeting was sent to Directors on February 20, 2013. A quorum of Directors being present, the Chair declared the meeting duly called and validly constituted for the transaction of business.

795. SAFETY MOMENT

Mr. MacIsaac joined the meeting and provided a safety moment relating to slips, trips and falls. Mr. MacIsaac left the meeting.

796. VERIFICATION OF MINUTES

A copy of the minutes of the Sixty-Fourth meeting of the Board of Directors held on January 18, 2013 was included in the meeting papers circulated prior to the meeting.

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

THAT the minutes of the **SIXTY-FOURTH** meeting of the Board of Directors of Nalcor Energy held on January 18, 2013 which minutes are currently before this meeting, be and they are hereby verified as being correct; and

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

797. ACTION LIST

The Board of Directors reviewed the Action List, a copy of which was included in the meeting papers.

**798. REQUIREMENT FOR INDEPENDENT DIRECTORS
OF SUBSIDIARY COMPANIES**

Mr. Hickman reported that he and Wayne Chamberlain had reviewed the legislative requirement that subsidiary companies of Nalcor Energy have independent directors on their Board. This is a legislative requirement under the Energy Corporation Act. Mr. Hickman stated that he and Mr. Chamberlain met with officials of the Department of Natural Resources and discussed this issue with them. They agreed they would give it further consideration and noted any change would involve an amendment to the legislation.

799. COMMITTEE REPORTS

800. Compensation Committee

Mr. Legge and Mr. Hickman left the meeting at this time.

On motion duly made by A. Hawkins, seconded by T. Clift and unanimously carried, it was resolved:

THAT Management be and is hereby directed and authorized to proceed with a general economic adjustment of 4% to the base salary of the President and CEO, effective April 1, 2013.

On motion duly made by T. Styles, seconded by A. Hawkins and unanimously carried, it was resolved:

THAT Management be and is hereby directed and authorized to proceed with a general economic adjustment of 4% to the salary scales for non-union employees and, subject to satisfactory performance as assessed by the President and CEO, to the base salaries of all Vice-Presidents and the General Counsel and Corporate Secretary, effective April 1, 2013.

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

THAT Management be and is hereby directed and authorized to proceed with the payout of 2012 performance contract payments to the Vice-Presidents and General Counsel and Corporate Secretary and to their direct reports and other eligible managers as presented to and recommended by the Compensation Committee.

Messrs. Legge and Hickman returned to the meeting at this time.

801. Audit Committee

Mr. Shortall provided the Board with a Report on recent Audit Committee meetings. He stated that the Committee had reviewed the draft 2012 consolidated Financial Statements for Nalcor and recommend their approval subject to there being no significant subsequent changes made to the Statements, as confirmed by the Audit Committee. He also reported that Mr. Mark Bradbury, Manager, Internal Audit, had provided the Committee with an update on work ongoing to develop an internal audit program for Lower Churchill Project.

802. Safety, Health and Environment Committee

Mr. Clift provided a report to the Board on a recent meeting of the Safety, Health and Environment Committee. He stated that the Committee had discussed the

issue of which Committee of the Board should review the Environmental Audit Reports. After discussion, the Board agreed that this issue should be considered by the Governance Committee of the Board, to determine best practices in this regard and decide which Committee should review the Environmental Audit Reports.

With respect to safety matters, Mr. Clift reported that the Committee had reviewed the safety statistics information that was presented to the NL Hydro Board at its meeting immediately prior to the Nalcor Board meeting.

803. 2012 CONSOLIDATED FINANCIAL STATEMENTS

It was noted that at the Newfoundland and Labrador Hydro Board meeting which was held immediately prior to the Nalcor Board meeting, the Financial Report to the Board had been reviewed. That review included a review of the draft 2012 Consolidated Financial Statements of Nalcor.

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

THAT the 2012 Consolidated Financial Statements comprising of the Consolidated Statements of Financial Position, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flows, all for the year-ended December 31, 2012, as tabled and initialed by the Secretary for identification, be and they are hereby approved, subject to there being no significant subsequent changes made to said Financial Statements, as confirmed by the Audit Committee of the Board of Directors; and

THAT T. Styles, G. Shortall, or any two Directors be and they are hereby authorized to sign said Balance Sheet on behalf of the Board.

804. COMPLIANCE CERTIFICATE

The Compliance Certificate included in the meeting papers was noted.

805. 2012 PERFORMANCE REPORT

Mr. Martin reviewed the 2012 Performance Report, a copy of which was included in the meeting papers.

Mr. Martin reviewed the “quilt” included in the Report. He stated that overall, 2012 was a very good year with respect to achieving the corporate targets included in the Corporate Performance Plan. He noted that the areas of safety in which the targets were not achieved have been analysed and appropriate plans are in place to address the issues related to these areas.

806. 2013-2017 DRAFT CORPORATE PLAN

A copy of the 2013-2017 Draft Corporate Plan was included in the meeting papers. Mr. Martin stated that it was largely finalized but there are some aspects of the Plan that remain to be finalized. He stated that the Plan is in line with the various subsidiary corporate Plans, which have been reviewed by the Boards of those companies. He also noted that the safety targets included for 2013 are the same as 2012, given that they were not achieved in 2012.

**807. CONFIRMATION OF SANCTION
OF MUSKRAT FALLS PROJECT**

Included in the meeting papers was a Resolution of the Board confirming the Board’s sanction of the various components of the Muskrat Falls Project. The resolutions passed by the Board in December 2012 to sanction the various components of the Muskrat Falls Project were conditional on certain things occurring. These events have occurred and it is recommended that the Board approve the Resolution include in the meeting papers confirming the satisfaction of the conditions precedent and the sanction of the components of the Project.

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

WHEREAS pursuant to the resolution passed by the Corporation's Board of Directors at its meeting of December 5, 2012 the sanction of the Maritime Link (as defined therein) is subject to: (i) the GNL Authorization (as defined therein) and (ii) the finalization of the ML Sanction Term Sheet (as defined therein);

AND WHEREAS pursuant to the resolution passed by the Corporation's Board of Directors at its meeting of December 5, 2012, the sanction of the Muskrat Falls Plant, Labrador Transmission Assets and Labrador-Island Link (in each case, as defined therein) is subject to: (i) the GNL Authorization and (ii) the sanction of the Maritime Link;

AND WHEREAS the Corporation's Board of Directors is satisfied that the ML Sanction Term Sheet was executed and delivered (without any material change to its terms) and that the GNL Authorization was granted, in each case on December 17, 2012;

NOW THEREFORE BE IT RESOLVED THAT:

1. The execution and delivery of the ML Sanction Term Sheet effective on December 17, 2012 be and is hereby approved, ratified, sanctioned and confirmed, for all legal purposes;
2. The sanction of the Maritime Link effective on December 17, 2012 be and is hereby approved, ratified, sanctioned and confirmed, for all legal purposes;
3. The sanction of each of the Muskrat Falls Plant, Labrador Transmission Assets and Labrador-Island Link effective on December 17, 2012 be and is hereby approved, ratified, sanctioned and confirmed, for all legal purposes; and
4. All acts, contracts, documents, writings, resolutions or other decisions or things signed, passed, adopted, made, taken or transacted by the Board of Directors or the officers of the Corporation in respect of any of the foregoing, as the case may be, be and are hereby approved, ratified, sanctioned and confirmed, for all legal purposes.

808. BUSINESS UNIT REPORTS**809. NLH**

It was noted that the Board reviewed the NLH Year End 2012 Report at the NLH Board meeting which occurred immediately prior to the Nalcor Board meeting.

810. CF(L)CO

It was noted that the Board of Directors reviewed the 2012 Nalcor Churchill Falls Year End Report at the NLH Board meeting which had occurred immediately prior to the Nalcor Board meeting.

Mr. Martin reviewed [REDACTED]

[REDACTED] He also noted that the Water Management Agreement between Nalcor and CF(L)Co is becoming "operational" in that the water management committee provided for under the Agreement has been formed and they are putting in place an Interconnection Protocol. Finally, he informed the Board of Nalcor's request to CF(L)Co for land in the vicinity of the Churchill Falls plant, which is necessary for the construction of a switchyard and transmission lines related to the Labrador Transmission Assets. Discussions are ongoing in this regard.

811. LOWER CHURCHILL

Mr. Martin reviewed the Lower Churchill 2012 Year End Report, a copy of which was included in the meeting papers. He highlighted the key accomplishments which were listed in the Report.

With respect to Muskrat Falls Project, Mr. Martin reported that a number of significant contracts had been let, with the contract for the construction of the power house to be tendered within the next few months.

Mr. Martin provided an update on the progress of Emera's filing with Nova Scotia's regulator, the UARB.

Mr. Martin informed the Board that the date of scheduled first power from Muskrat Falls has been adjusted from July 2017 to December 2017 to provide more effective resource leveling for the bidders on the power house contract. He noted that the schedule for construction of the Labrador-Island Link has not changed.

Mr. Martin informed the Board that Phase 2 of LCP, relating to the development of Gull Island, is now under the responsibility of the Strategic Planning and Business Development Division. This will assist with ensuring clear execution focus on the development of the Muskrat Falls Project.

Mr. Martin stated that work relating to the Federal Loan Guarantee is progressing. The Federal Government now has retained external counsel and they are reviewing the documentation. This has slowed the process slightly but there is nothing to be concerned about at this point in time. He stated that the Project's triple A rating has been confirmed by the three rating agencies that had carried out a rating review of the Project.

Finally, Mr. Martin noted that there would be continued focus on labour productivity, which he stated is a key aspect of insuring the project is developed on budget and on schedule.

Mr. Hawkins left the meeting at this time.

812. OIL AND GAS

Mr. Martin reviewed the Oil and Gas 2012 Year End Report, a copy of which was included in the meeting papers. He noted that it had been reviewed with the Oilco Board at its recent Board meeting.

813. BULL ARM

The 2012 Year End Report for Bull Arm Fabrication which was included in the meeting papers was noted.

814. ENERGY MARKETING

Mr. Martin reviewed the Energy Marketing Year End 2012 Report, a copy of which was included in the meeting papers. He then reviewed the 2013 outlook section of the Report.

Mr. Marshall left the meeting at this time.

815. ENERGY MARKETING CORPORATE STRUCTURE

A Report was included in the meeting papers relating to the Nalcor Energy Marketing Corporate Structure. Mr. Martin explained to the Board that Leadership had considered various ways to move forward with Energy Marketing in the corporation. The decision was made to proceed with incorporation of an energy marketing subsidiary of Nalcor. A Order-in-Council authorizing the incorporation of the subsidiary has been received from the Government and it is anticipated that it will be incorporated within the next few months. He reviewed the Report and outlined to the Board what is being carried out in preparation of the establishment of the subsidiary, which will take over Nalcor's Energy Marketing operation.

816. CORPORATE INSURANCE PROGRAM

Mr. Martin reported that the Corporation will soon be renewing its insurance program. Consideration is being given to changing the program to reflect trends in the industry. He is concerned about what the impact on coverage will be due to the incident at the Holyrood Plant in January. Consideration will be given as to whether to make a claim under the insurance program for that work.

817. PROXY – GIPCO ANNUAL GENERAL MEETING

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

THAT Nalcor Energy, a Shareholder of Gull Island Power Company Limited ("GIPCo"), hereby appoints Ed Martin and Gilbert Bennett or, failing either of them, Derrick Sturge, as proxies of Nalcor Energy to attend, vote and otherwise act for and on behalf of Nalcor Energy at the 2013 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.

818. CORPORATE ORGANIZATION

Mr. Martin reported that with the retirement of Jim Haynes, Vice-President of Regulated Operations, he took the opportunity to consider changes to the corporate structure. He stated that the corporation and the province will experience very significant changes in its operations and electrical system in the coming years as Muskrat Falls comes on line and he also included that factor in his consideration. He decided that rather than make large scale changes at this time, Leadership would take the next 18 to 24 months to ready the system and

organization for the large scale of changes that are to take place and then make the appropriate corporate organizational changes.

In the meantime, Mr. Martin stated that he had decided to make the following adjustments. First of all, Mr. Rob Henderson will be to take over Mr. Haynes position and will be VP Newfoundland and Labrador Hydro. As well, the Systems Operations and System Planning will be merged and a VP appointed to oversee that area. Apart from the day-to-day work of these two departments, this new Division will design the system to reflect the changes to the operations and electrical system.


Finally, as previously noted, the Phase 2 of the Lower Churchill Project will come under the umbrella of the Strategic Planning and Business Development area. This group will also coordinate integration activities amongst the various business units of the Nalcor group of companies.

819. NORTH SPUR AT MUSKRAT FALLS

Mr. Abbass noted that there had been some reports in the media relating to the stability of the North Spur at the Muskrat Falls site. He inquired as to what had been done in this regard. Mr. Martin stated that this is an issue which is not new and which has been monitored and studied over the years. The Corporation is doing what is necessary to stabilize that area and further detailed engineering will be carried out.

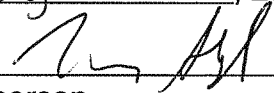
820. TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

July 3, 2013


Chairperson