

868. BUSINESS UNIT REPORTS

869. Newfoundland and Labrador Hydro

The Chair advised that a report was provided at the Board of Directors meeting of Newfoundland and Labrador Hydro that immediately preceded this meeting.

870. CF(L)Co

The Chair advised that a report was provided at the Board of Directors meeting of Newfoundland and Labrador Hydro that immediately preceded this meeting.

871. Lower Churchill

Mr. Martin referred to the Lower Churchill Report included in the Board meeting papers circulated prior to the meeting and advised that all of the targets are expected to be achieved and that an update will be provided later in the meeting with respect to the financing of the Lower Churchill Project.

872. Oil and Gas

Mr. Martin reviewed the Oil and Gas Report included in the Board meeting papers circulated prior to the meeting.

873.

Bull Arm

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

874.

Energy Marketing

Mr. Martin reviewed the Energy Marketing Report included in the Board meeting papers circulated prior to the meeting. He stated that the financial targets are currently under target and that Mr. Sturge in the Financial Report provides a good overview of the challenges and issues related to meeting the financial targets.

875.

FINANCIAL REPORT (cont'd)

876.

Lower Churchill Project Financing Update

Messrs. Meaney, Hull and Warren joined the meeting by telephone.

Mr. Sturge advised that with respect to Project financing that Mr. Meaney was the lead with respect to the Lower Churchill Project finance and insurance matters.

Mr. Hull was the lead with respect to the Emera agreements and NL agreements and Mr. Warren was the lead with respect to the Federal Loan Guarantee and due diligence.

Mr. Sturge reviewed the Lower Churchill Project Financing Update that was circulated at the meeting. He stated that as the Lower Churchill Project

progresses closer to financial close that Management will be seeking a number of approvals from the Board and accordingly, the Board will be provided with overviews of the debt and equity financing and commercial arrangements regarding Phase 1. He advised that the purpose of the update today is to review the debt financing arrangements and the Federal Loan Guarantee ("FLG").

Mr. Meaney advised that the three main focus areas were debt financing, NL revenue agreements and equity financing support from the Province and noted that the financing arrangements will apply to the construction phase of the Project and the revenue agreements will be in effect when the Project is in-service.

He proceeded to provide the Board with some background on how the debt financing will work and advised that the financing will be guaranteed by the Federal Government. He stated that the company has approached the financial markets by means of a Request for Financing for fully underwritten debt financing up to \$2.6 billion for the Muskrat Falls and Labrador Transmission Assets Funding Trust and \$2.4 billion for the Labrador-Island Link Funding Trust.

Mr. Meaney stated that the form of the Federal Loan Guarantee has been agreed upon and will be an unconditional obligation of the Federal Government and advised that Moody's have confirmed their rating and the other rating agencies will provide their rating a little later in the process. He then reviewed the financing schedule and key milestones and provided background on the transaction and FLG financing structures. He reviewed the key objectives of the FLG financing structure and the three types of financing structures evaluated being an upfront bond, a leading tranching bond and a bank facility and trailing tranching bond. He stated that the final financing structure selected pursuant to the Request for Financing (RFF) process could vary slightly or include a combination of these structures and examined the compliance of each structure with the FLG requirements.

He reviewed the objectives of the RFF and evaluation criteria and the key dates and noted that certainty of price and placement were important considerations.

Mr. Warren provided the Boards with an overview of the RFF process when the submissions are received, noting the involvement of representatives from both Canada and the Province as well as support from the various law firms of the respective parties.

Mr. Sturge confirmed that the Province has been fully informed throughout the process and understands the deliverables.

Mr. Meaney advised that Management will be seeking additional meetings with the Board to provide an overview of the equity and commercial agreements.

Mr. Martin reviewed and provided an update on the status and risks associated with the Muskrat Falls Project, including the outcome of the Nova Scotia UARB application, sanction of the Maritime Link by Emera, Emera DG3 costs for the Maritime Link and contracting matters and noted that all are being progressed and mitigation measures are being taken to respond to the risks.

The Board members were canvassed on whether they had any questions and there were none.

Messrs. Sturge, Meaney, Hull and Warren left the meeting.

877. OTHER BUSINESS

There was no other business.

878. NEXT MEETING

The next meeting of the Board is scheduled for Friday, November 29, 2013.

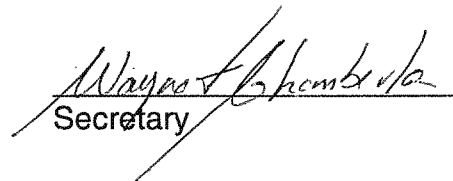
Messrs. Martin, MacIsaac and Chamberlain left the meeting for the in camera meeting.

879. IN CAMERA

Messrs. Martin and Chamberlain returned to the meeting and were advised that there were no comments from the in camera meeting.

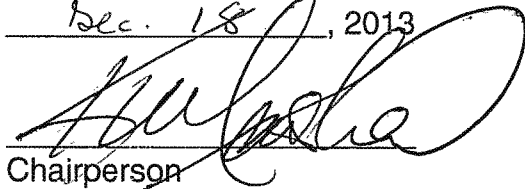
880. TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

Dec. 18, 2013


for the
Chairperson