

MINUTES OF THE SEVENTY-FIRST SPECIAL 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, NOVEMBER 15, 2013 AT 08:30 A.M.

Present in Person: T. Styles, Chair
L. Abbass, Member
T. Clift, Member
A. Hawkins, Member
K. Marshall, Member
G. Shortall, Member

Present by Telephone: E. Breen, Member
E. Martin, Member

Present by Invitation: Derrick Sturge, Vice-President Finance and Chief Financial Officer
Rob Hull, General Manager Commercial/Financing
James Meaney, General Manager Finance, Lower Churchill Project
John Green, McInnes Cooper
Nicholas Whalen, McInnes Cooper
Xeno Martis, Fasken Martineau
Peter Hickman, Assistant Corporate Secretary and Senior Legal Counsel

Secretary: W. Chamberlain

895. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on November 13, 2013. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

All of the invitees joined the meeting unless specifically noted otherwise in these minutes.

896. SAFETY MOMENT

Mr. Hickman circulated and provided a safety moment on walking in the fall and in the dark.

897. APPROVAL OF FINANCING AGREEMENTS

Mr. Sturge stated that a copy of the Lower Churchill Project Phase 1 Financial Briefing presentation was provided to the Board by email on November 13, 2013 and that Management provided the Board with an overview and details of various agreements at the last meeting of the Board held on November 14, 2013.

Mr. Meaney advised that the financing agreements have been reviewed by the Government of Canada and the Province and include equity funding, guarantee and support agreements, security and pledge agreements, and underwriting and collateral agency agreements.

Mr. Martis stated that the agreements reflect the Federal Loan Guarantee conditions precedents and that a few of these conditions are still outstanding. He advised that although the Lead Arranger has committed to fully underwriting the debt financing, it has not completed much due diligence with respect to these agreements, as the financing is guaranteed by the Government of Canada pursuant to the FLG and as a result, Canada has performed the due diligence with respect to its FLG financing commitment.

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

WHEREAS Nalcor was established pursuant to the Energy Corporation Act (Newfoundland and Labrador) with the object to invest in, engage in and carry out activities in all areas of the energy sector in Newfoundland and Labrador and elsewhere;

AND WHEREAS the Corporation has approved a financing plan and structure designed to finance a new hydro-electric generation plant to be

constructed on the Churchill River in the in the vicinity of Muskrat Falls (the "**MF Plant**");

AND WHEREAS the Corporation has approved a financing plan and structure designed to finance the transmission facilities to be constructed between the MF Plant and the generating plant located at Churchill Falls, Newfoundland and Labrador (the "**Labrador Transmission Assets**" ("**LTA**"));

AND WHEREAS the Corporation has approved a financing plan and structure designed to finance the transmission facilities to be constructed from central Labrador to Soldiers Pond, Newfoundland and Labrador (the "**Labrador-Island Link**" ("**LIL**"));

AND WHEREAS the Nalcor LCP Financing Agreements (as defined below) are in furtherance of the objects of the Corporation and the approved financing plan and structure for the MF Plant, the LTA and the LIL;

AND WHEREAS briefings and updates have been provided to the board of directors on the Nalcor LCP Financing Agreements;

AND WHEREAS the Corporation has determined it is in its best interests to enter into the Nalcor LCP Financing Agreements.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Corporation be and is hereby authorized to negotiate, execute and deliver each of the following agreements (collectively the "**Nalcor LCP Financing Agreements**") substantially as contemplated by the briefings and updates provided to the board and each of which are hereby approved upon execution as authorized by this resolution:
 - a. LIL Equity Guarantee Issuance Agreement;
 - b. MF Equity Guarantee Issuance Agreement;
 - c. LTA Equity Guarantee Issuance Agreement;
 - d. LIL Equity Funding Agreement;
 - e. MF Equity Funding Agreement;
 - f. LTA Equity Funding Agreement;
 - g. LIL Equity Support Agreement;
 - h. MF Equity Support Agreement;
 - i. LTA Equity Support Agreement;
 - j. Credit Agreement (Devco);
 - k. Administrative Services Agreement (Devco);
 - l. Nalcor/LIL GP Certificated Securities Pledge Agreement;
 - m. Nalcor/Muskrat Certificated Securities Pledge Agreement;

- n. Nalcor/Labrador Transco Certificated Securities Pledge Agreement;
- o. Nalcor/Opco Certificated Securities Pledge Agreement;
- p. Subordination Agreement (Pre-FCP Pledge);
- q. Subordination Agreement (Emera NL Cross Default Indemnity Agreement);
- r. LIL Underwriting Agreement;
- s. MF/LTA Underwriting Agreement; and
- t. Funding Protocol with the Province;
- u. LIL Master Definitions Agreement; and
- v. Muskrat/Labrador Transco Master Definitions Agreement.

Capitalized terms used in this Section 1 have the meanings given to them in the Definition Schedule attached hereto as Schedule 1.

- 2. Any two of the officers or directors of the Corporation be and are hereby authorized and directed to negotiate, execute and deliver each of the Nalcor LCP Financing Agreements with such amendments or variations thereto as they may approve. The execution by such officers or directors shall be conclusive proof that the Corporation has authorized such officers or directors to execute the agreements in the form in which they have been executed.
- 3. Any two of the officers or directors of the Corporation be and they are hereby authorized and directed to do all such further and other acts and things and to execute and deliver or cause to be executed and delivered such further and other instruments, agreements, certificates, deeds, assignments, acknowledgements, declarations, documents, undertakings and writings as in their discretion may be necessary or desirable to complete the transactions contemplated by the Nalcor LCP Financing Agreements or any of the agreements or schedules referred to therein or any one of them, and all of the other instruments and agreements referred to in the foregoing resolution, and to give effect to the foregoing, all to be in such form and on such terms as such persons shall approve, such approval and the approval of the board of directors to be conclusively evidenced by their execution thereof.

SCHEDULE 1

DEFINITION SCHEDULE

“Administrative Services Agreement (Devco)” means the administrative services agreement between Nalcor and Lower Churchill Management Corporation in which Nalcor agrees to provide Lower Churchill Management Corporation with administrative support;

"Collateral Agent" means the Toronto Dominion Bank, in its capacity as collateral agent for the GAA Finance Parties;

"Credit Agreement" means the agreement with Lower Churchill Management Corporation in which Nalcor provides Lower Churchill Management Corporation funds for working capital and other corporate purposes;

"Emera NL" means ENL Island Link Incorporated, a Newfoundland and Labrador Corporation;

"Emera NL Cross Default Indemnity Agreement" means the indemnity and security agreement between Nalcor and Emera NL made effective as of February 11, 2013 pursuant to which Emera NL grants Nalcor a security interest in the distributions payable to Emera NL as a limited partner in the Partnership;

"Funding Protocol with the Province" means the agreement between Nalcor and the NL Crown with respect to funding the Lower Churchill Projects;

"GAA Finance Parties" means the Intermediary Trust, the LIL Funding Vehicle, the MF/LTA Funding Trust, and Canada in accordance with the provisions of the GAA;

"General Partner" means Labrador-Island Link General Partner Corporation, a corporation incorporated under the laws of Newfoundland and Labrador in its capacity as general partner of the Partnership;

"Guarantee Assurance Agreement" or "GAA" means the guarantee assurance agreement entered into among Canada, the Collateral Agent, the MF/LTA Funding Trust, Muskrat and Labrador Transco, the LIL Funding Vehicle, the Intermediary Trust, the Partnership, the General Partner and Opco;

"Intermediary Trust" means LIL Construction Project Trust, a single purpose trust formed under the laws of Newfoundland and Labrador;

"LIL Equity Funding Agreement" means the agreement between Nalcor LP and the Partnership setting forth the manner and time at which Nalcor LP shall make equity contributions to the Partnership and how these equity contributions will be credited to the appropriate capital account;

"LIL Equity Guarantee Issuance Agreement" means the agreement between Nalcor and the General Partner in which the General Partner provides an undertaking to Nalcor to provide Nalcor with notice of any request for consent received from Lower Churchill Management

Corporation pursuant to the LIL Project Development and Management Agreement, and not to consent to any request without the prior consent of Nalcor;

"LIL Equity Support Agreement" means the equity support agreement to be entered into among Nalcor, Nalcor LP, the General Partner, the Partnership and the Collateral Agent;

"LIL Financing Agreements" means LIL Partnership Collateral Trust Deed, the LIL Opco Collateral Trust Deed, the LIL Partnership Debenture, the LIL Opco Debenture, the LIL Partnership Bond, the LIL Partnership Bond Pledge Agreement, the LIL Opco Bond, the LIL Opco Bond Pledge Agreement, the LIL Assignment of Insurance, the Opco Assignment of Insurance, the LIL Partnership Blocked Account Agreement and the LIL Opco Blocked Account Agreement;

"LIL Funding Vehicle" means Labrador-Island Link Funding Trust, a single purpose trust formed under the laws of the Province of Newfoundland and Labrador pursuant to the LIL Funding Trust Declaration;

"LIL Funding Trust Declaration" means the declaration of trust dated November 1, 2013 establishing the LIL Funding Vehicle;

"LIL Master Definitions Agreement" means the master definition agreement entered into among the Collateral Agent, Her Majesty the Queen in Right of Canada, LIL Funding Vehicle, Intermediary Trust, Nalcor, Nalcor LP, the NL Crown, the General Partner in its own behalf and on for and on behalf of the Partnership, Opco and the Security Trustee;

"LIL Underwriting Agreement" means the agreement pursuant to which Labrador-Island Link Funding Trust proposes to sell to the Underwriters certain bonds and the Underwriters agree to purchase them all;

"LTA Equity Funding Agreement" means the agreement between Nalcor and Labrador Transco setting forth the manner and time at which Nalcor shall make equity contributions to Labrador Transco and how these equity contributions will be credited to the stated capital of Labrador Transco;

"LTA Equity Guarantee Issuance Agreement" means the agreement between Nalcor and Labrador Transco in which Labrador Transco provides an undertaking to Nalcor to provide Nalcor with notice of any request for consent received from Lower Churchill Management Corporation pursuant to the MF/LTA Project Development and Management Agreement, and not to consent to any request without the prior consent of Nalcor;

"LTA Equity Support Agreement" means the equity support agreement to be entered into among Nalcor, Labrador Transco and the Collateral Agent;

"Labrador Transco" means Labrador Transmission Corporation, a Newfoundland and Labrador corporation;

"Lead Arranger" means TD Securities Inc and Goldman, Sachs & Co;

"MF Equity Funding Agreement" means the agreement between Nalcor and Muskrat setting forth the manner and time at which Nalcor shall make equity contributions to Muskrat and how these equity contributions will be credited to the stated capital of Muskrat.

"MF Equity Guarantee Issuance Agreement" means the agreement between Nalcor and Muskrat in which Muskrat provides an undertaking to Nalcor to provide Nalcor with notice of any request for consent received from Lower Churchill Management Corporation pursuant to the MF/LTA Project Development and Management Agreement, and not to consent to any request without the prior consent of Nalcor;

"MF Equity Support Agreement" means the equity support agreement to be entered into among Nalcor, Muskrat and the Collateral Agent;

"MF/LTA Funding Trust" means the Muskrat Falls Labrador Transmission Assets Funding Trust, established under NL Law pursuant to the MF/LTA Funding Trust Declaration;

"MF/LTA Funding Trust Declaration" means the declaration of trust dated November 1, 2013 establishing the Muskrat Falls/Labrador Transmission Assets Funding Trust;

"MF/LTA Underwriting Agreement" means the agreement pursuant to which Muskrat Falls/Labrador Transmission Assets Funding Trust proposes to sell to the Underwriters certain bonds and the Underwriters agree to purchase them all;

"Muskrat" means Muskrat Falls Corporation, a Newfoundland and Labrador corporation;

"Muskrat/Labrador Transco Master Definitions Agreement" means the master definition agreement entered into among the Collateral Agent, the Lead Arranger, Her Majesty the Queen in Right of Canada, MF/LTA Funding Trust, Nalcor, NL Crown, Muskrat and Labrador Transco;

"NL Crown" means Her Majesty in Right of Newfoundland and Labrador;

"Nalcor" means Nalcor Energy, a body corporate existing pursuant to the Energy Corporation Act (Newfoundland and Labrador);

"Nalcor LP" means Labrador-Island Link Holding Corporation, a Newfoundland and Labrador corporation;

"Nalcor/Labrador Transco Certificated Securities Pledge Agreement" means the pledge agreement executed by Nalcor in favour of the Collateral Agent with respect to the issued and outstanding shares of Labrador Transco;

"Nalcor/LIL GP Certificated Securities Pledge Agreement" means the pledge agreement executed by Nalcor in favour of the Collateral Agent with respect to the issued and outstanding shares of Labrador-Island Link General Partner Corporation;

"Nalcor/Muskrat Certificated Securities Pledge Agreement" means the pledge agreement executed by Nalcor in favour of the Collateral Agent with respect to the issued and outstanding shares of Muskrat Falls Corporation;

"Nalcor/Opco Certificated Securities Pledge Agreement" means the pledge agreement executed by Nalcor in favour of the Collateral Agent with respect to the issued and outstanding shares of Labrador-Island Link Operating Corporation;

"Partnership" means the Labrador-Island Link Limited Partnership;

"Pre-FCP Pledge" means the security agreement between Nalcor, Emera NL and Nalcor LP made effective February 11, 2013 pursuant to which Emera grants to Nalcor and Nalcor LP a security interest in the units it holds in the Partnership as security for Emera NL's obligations to Nalcor and Nalcor LP prior to first commercial power of the LIL;

"Security Trustee" means Computershare Trust Company of Canada;

"Subordination Agreement (Emera NL Cross Default Indemnity Agreement)" means the agreement in which Nalcor subordinates the security interest it has in the Partnership distributions of Emera NL to the security interests created by certain LIL Financing Agreements;

"Subordination Agreement (Pre-FCP Pledge)" means the agreement in which Nalcor and Nalcor LP subordinate the security interest they have in Emera NL's units in the Partnership to the security interests created by created by certain LIL Financing Agreements;

898. APPROVAL OF FINANCING COMMITMENT

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

WHEREAS briefings and updates have been provided to the board of directors on the Nalcor Financing Commitment Agreements.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Corporation be and is hereby authorized to negotiate, execute and deliver each of the following agreements (collectively the "**Nalcor Financing Commitment Agreements**") substantially as contemplated by the briefings and updates provided to the board and each of which are hereby approved upon execution as authorized by this resolution:
 - a. Financing Commitment Letter;
 - b. LIL Underwriting Agreement; and
 - c. Muskrat/Labrador Transco Underwriting Agreement.
2. Any two of the officers or directors of the Corporation be and are hereby authorized and directed to negotiate, execute and deliver each of the Nalcor Financing Commitment Agreements with such amendments or variations thereto as they may approve. The execution by such officers or directors shall be conclusive proof that the Corporation has authorized such officers or directors to execute the agreements in the form in which they have been executed as general partner for and on behalf of the Partnership.
3. Any two of the officers or directors of the Corporation be and they are hereby authorized and directed to do all such further and other acts and things and to execute and deliver or cause to be executed and delivered such further and other instruments, agreements, certificates, deeds, assignments, acknowledgements, declarations, documents, undertakings and writings as in their discretion may be necessary or desirable to complete the transactions contemplated by the Nalcor Financing Commitment Agreements or any of the agreements or schedules referred to therein or any one of them, and all of the other instruments and agreements referred to in the foregoing resolution, and to give effect to the foregoing, all to be in such form and on such terms as such persons shall approve, such approval and the approval of the board of directors to be conclusively evidenced by their execution thereof.

899. LOWER CHURCHILL PROJECT PHASE 1

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

WHEREAS Nalcor Energy was established pursuant to the *Energy Corporation Act* (Newfoundland and Labrador) with the object to invest in, engage in and carry out activities in all areas of the energy sector in Newfoundland and Labrador and elsewhere;

AND WHEREAS the Corporation wishes to further this objective with the design, construction, development, financing, ownership, operation, maintaining and sustaining of (i) a new hydro-electric generation plant to be constructed on the Churchill River in the vicinity of Muskrat Falls (the "**MF Plant**"), (ii) transmission facilities to be constructed between the MF Plant and the generating plant located at Churchill Falls, Newfoundland and Labrador (the "**Labrador Transmission Assets**" ("**LTA**")), and (iii) transmission facilities to be constructed from central Labrador to Soldiers Pond, Newfoundland and Labrador (the "**Labrador-Island Link**" ("**LIL**"));

AND WHEREAS briefings and updates have been provided to the board of directors on the Nalcor LCP Agreements (as defined below);

AND WHEREAS the Corporation has determined that it is in the best interests of the Corporation to enter into the Nalcor LCP Agreements.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Corporation be and is hereby authorized to negotiate, execute and deliver each of the following agreements (collectively the "**Nalcor LCP Agreements**") substantially as contemplated by the briefings and updates provided to the board and each of which are hereby approved upon execution as authorized by this resolution:
 - a. Asset Transfer Agreement with Muskrat Falls Corporation ("**Muskrat**") in which Nalcor transfers and assigns to Muskrat property and rights it has acquired, and contracts, permits and licenses to which it is a party, with respect to the MF Plant;
 - b. Assignment of Water Management Agreement with Muskrat in which Nalcor transfers and assigns to Muskrat the Water Management Agreement;
 - c. Assignment of Water Lease with Muskrat in which Nalcor transfers and assigns to Muskrat the Water Lease;

- d. Asset Transfer Agreement with Labrador Transmission Corporation ("**Labrador Transco**") in which Nalcor transfers and assigns to Labrador Transco property and rights it has acquired, and contracts, permits and licenses to which it is a party, with respect to the Labrador Transmission Assets;
 - e. Asset Transfer Agreement with Labrador-Island Link General Partner ("**LIL GP**") in its capacity as general partner of Labrador-Island Link Limited Partner (the "**Partnership**") in which Nalcor transfers and assigns to the Partnership property and rights it has acquired, and contracts, permits and licenses to which it is a party, with respect to the Labrador-Island Link;
 - f. EPCM Assignment Agreement with Lower Churchill Management Corporation ("**Devco**") in which Nalcor assigns to Devco the agreement for engineering, procurement and construction management services for the Labrador-Island Link entered into effective February 1, 2011 between Nalcor and SNL Lavalin Inc;
 - g. Asset Transfer Agreement with Devco in which Nalcor transfers and assigns to Devco property and rights it has acquired, and contracts (other than the EPCM), permits and licenses to which it is a party, with respect to the business and affairs to be undertaken by Devco in connection with the Lower Churchill Project;
 - h. Credit Agreement with Devco to provide Devco with funds for working capital and other general corporate purposes including the finance of services to be rendered by Devco under the Project Development and Management Agreements;
 - i. Administrative Services Agreement with Devco in which Nalcor provides Devco with administrative services support; and
 - j. Transfer of Rights under the Impacts and Benefits Agreement with Innu Nation, dated November 18, 2011 ("**IBA**"), with each of Muskrat, Labrador Transco, and the Partnership, as applicable.
2. Any two of the officers or directors of the Corporation be and are hereby authorized and directed to negotiate, execute and deliver each of the Nalcor LCP Agreements with such amendments or variations thereto as they may approve. The execution by such officers or directors shall be conclusive proof that the Corporation has authorized


such officers or directors to execute the agreements in the form in which they have been executed.

3. Any two of the officers or directors of the Corporation be and they are hereby authorized and directed to do all such further and other acts and things and to execute and deliver or cause to be executed and delivered such further and other instruments, agreements, certificates, deeds, assignments, acknowledgements, declarations, documents, undertakings and writings as in their discretion may be necessary or desirable to complete the transactions contemplated by the Nalcor LCP Agreements or any of the agreements or schedules referred to therein or any one of them, and all of the other instruments and agreements referred to in the foregoing resolution, and to give effect to the foregoing, all to be in such form and on such terms as such persons shall approve, such approval and the approval of the board of directors to be conclusively evidenced by their execution thereof.

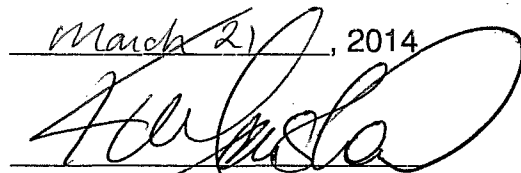
900.

TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

March 21, 2014

Chairperson