

MINUTES OF THE SEVENTY-SEVENTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD IN THE BOARDROOM, SIXTH LEVEL, HYDRO PLACE, ST. JOHN'S, NEWFOUNDLAND AND LABRADOR ON THURSDAY, JUNE 26, 2014 AT 08:30 A.M.

Present in Person:	K. Marshall, Acting Chair L. Abbass, Member T. Clift, Member E. Martin, Member A. Hawkins, Member G. Shortall, Member
Absent:	E. Breen, Member
Present by Invitation:	Derrick. Sturge, Vice-President Finance and Chief Financial Officer Chris Kieley, Vice-President, Strategic Planning and Business Development Rob Hull, General Manager Finance Elaina Janes, Manager Human Resources and Labour Relations
Present by Invitation by Telephone:	Len Hoyt, McInnes Cooper
Secretary:	W. Chamberlain

979. CONSTITUTION OF THE MEETING

Notice for the meeting was sent on May 30, 2014. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

Mr. Sturge joined the meeting.

980. SAFETY MOMENT

Mr. Chamberlain circulated and provided a safety moment on sun awareness.

981. APPROVAL OF AGENDA

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

THAT the Agenda of the 77th Meeting of the Board of Directors of Nalcor Energy, which Agenda is currently before this meeting, be and it is hereby approved.

982. VERIFICATION OF MINUTES

It was agreed to defer approval of the **SEVENTY-FOURTH and SEVENTY-FIFTH** meetings of the Board of Directors of Nalcor Energy held on March 7, 2014 and March 21, 2014 respectively to the next regular meeting.

983. BUSINESS ARISING

There was no business arising.

984. BOARD COMMITTEE REPORTS**985. Compensation Committee**

Mr. Marshall, Chair of the Compensation Committee ("Committee"), advised that the Board previously approved by email the 2013 performance contract payment payout and the 4% base salary adjustment of the President & CEO and an increase of 10% in the base salary of the Vice-President, Strategic Planning and Business Development and that this approval will be ratified later in the meeting.

He stated that Mr. Hawkins has agreed to be a member of the Committee and advised that another meeting of the Committee is required to review the President & CEO's contract and other matters.

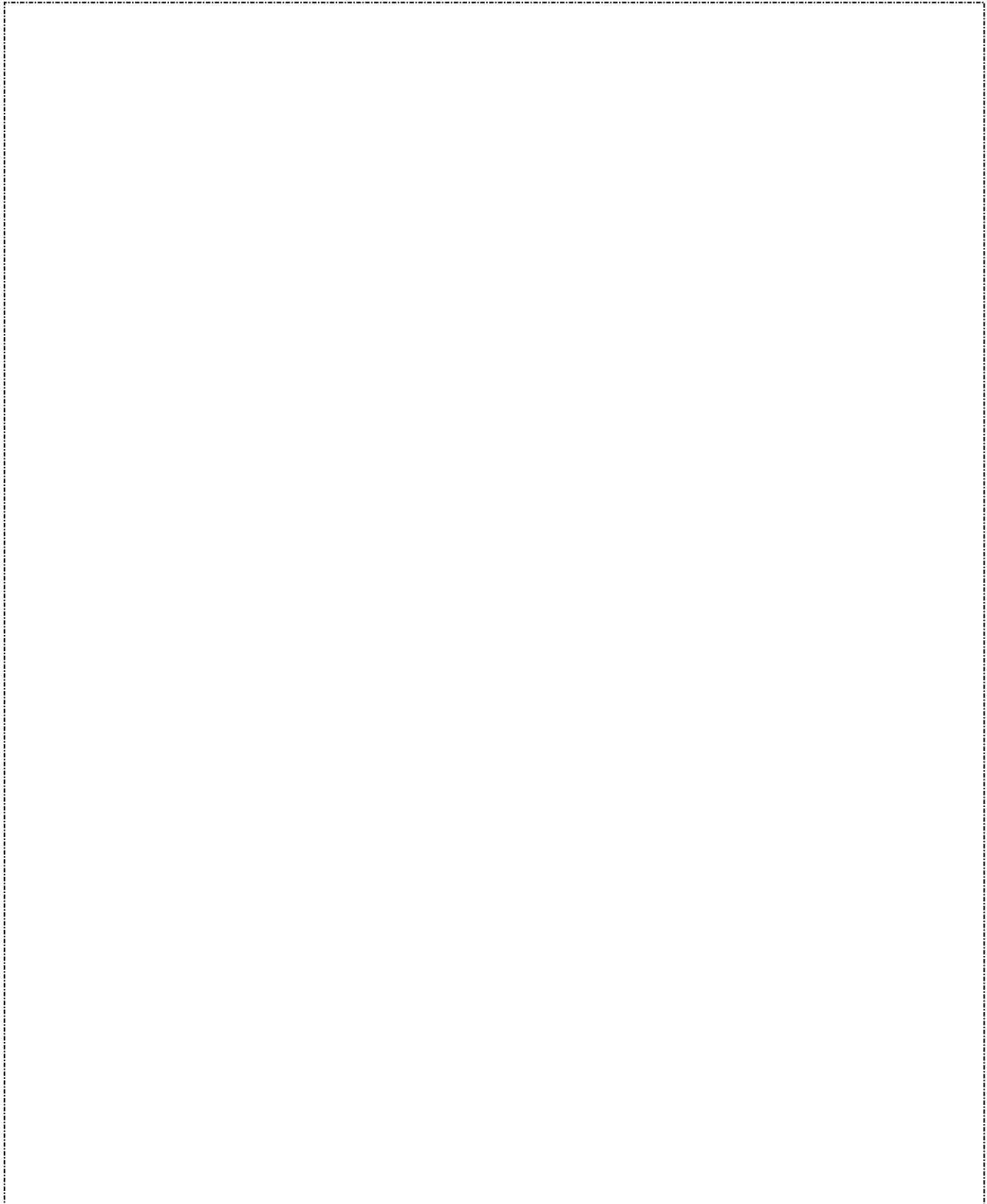
On motion duly made by Mr. Clift, seconded by Mr. Shortall and unanimously carried, it was resolved:

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THAT Mr. Allan Hawkins be and is hereby appointed a member of the Nalcor Energy Compensation Committee.

986.

GENERAL RATE APPLICATION



987. FINANCIAL REPORT**988. Financial Summary**

Mr. Sturge reviewed the Financial Report that was included in the Board papers circulated prior to the meeting. He stated that net income is on budget but noted that NL Hydro is forecast to be below budget by \$24 million assuming that the interim rates application is approved by the PUB. He advised that we will need to wait and see what the PUB does with the interim rate application and will include the 2014 actual costs in the amended GRA which is expected to occur in October. He noted that the PUB indicated it would require an update with respect to the financial data if the GRA proceeded in 2014 and are therefore effectively in the same place. He stated that proceeding with the GRA with 2014 data and a 2015 test year is the prudent and most efficient way to proceed.

He stated that the increase in forecast net income of Bull Arm Fabrication, Energy marketing and Oil and Gas offset the decrease in NL Hydro's forecast net income.

Mr. Sturge stated that capital expenditures are lower than budget due primarily to delays in Phase 1 Lower Churchill Project capital expenditures.

989. Compliance Certificate

Mr. Sturge referred to the Corporate Compliance Certificate for the period ended May 31, 2014.

990. PRESIDENT'S REPORT**991. Corporate Performance Review**

Mr. Martin reviewed the 2014 Nalcor Plan Performance Report that was included in the Board papers circulated prior to the meeting. He reviewed the corporate quilt in the Report and reported that the majority of the performance targets are on schedule. He noted that the financial performance targets have already been reviewed and stated that with respect to Integration that the Lower Churchill Project team is responsible for the commissioning of the Muskrat Falls Project

and are in the process of interfacing with the Operations team to ensure that they will be ready to receive the power from the Project.

He reviewed the generation contingency reserve which is red, as a result of the January outage, but noted that additional actions are being undertaken to improve upon performance including the installation of the new combustion turbine at Holyrood, Holyrood critical spares assessment and supplemental capital regarding Bay d'Espoir transformer additional spares. He provided an overview of some of the recent organizational changes that have occurred to date, including appointments of Mr. Scott Crosbie as Chief Operating Officer for NL Hydro and Ms. Alberta March as General Manager Gas Turbines and Diesels. He also confirmed that Mr. Gerard McDonald has been assigned to oversee and coordinate the Liberty and Government review processes related to the NL Hydro outage and the updating of corporate policies and procedures as required.

Mr. Martin also provided a brief overview of the Labrador industrial activities including status of Twinco transition.

It was agreed that Mr. Martin would provide a high level overview of the critical path for the Muskrat Falls Project, including schedule and cost recovery. He confirmed that a Project oversight process has been established with the shareholder and will be establishing an oversight process with the boards of directors that have oversight responsibilities to varying degrees.

992.

BUSINESS UNIT REPORTS

993.

Newfoundland and Labrador Hydro

Mr. Martin reported that the Newfoundland and Labrador Hydro Report that was included in the Board papers circulated prior to the meeting was self-explanatory and that more detailed information regarding NL Hydro would be provided at the

Newfoundland and Labrador Hydro Board of Directors meeting immediately following this meeting.

994. CF(L)Co

Mr. Martin briefly reviewed the Nalcor Energy Churchill Falls Report that was included in the Board papers circulated prior to the meeting. He reviewed the corporate quilt and advised that all performance targets are on target for completion by year end and provided a brief overview of the Twin Falls transitional issues.

995. Lower Churchill

Mr. Martin reviewed the Lower Churchill Report that was included in the Board papers circulated prior to the meeting. He reviewed the quilt and noted that all performance targets are on target and noted that safety reporting is good and that there was a contractor medical treatment injury which is currently being investigated. He stated that there was a typo on page 7 of the Report whereby the total project workforce is currently 1,785.

He advised that Astaldi, the contractor for the construction of the powerhouse, intake and spillway, had a slow start and there is a recovery plan in place and now seeing a positive change and productivity improvements. He reviewed the contracting strategy and status of the award of the Labrador-Island Link ("LIL") transmission tower assembly contract.

He stated that the most significant focus areas are costs, schedule, Astaldi recovery plan and LIL transmission line contract award.

996. Oil and Gas

Mr. Martin advised that the Oil and Gas Report that was included in the Board papers circulated prior to the meeting is self-explanatory and asked if there were any questions. There were no questions.

[REDACTED]

Mr. Martin left the meeting. Mr. Kieley joined the meeting.

997.

Bull Arm

Mr. Kieley reviewed the Bull Arm Fabrication Report that was included in the Board papers circulated prior to the meeting. [REDACTED]

[REDACTED]

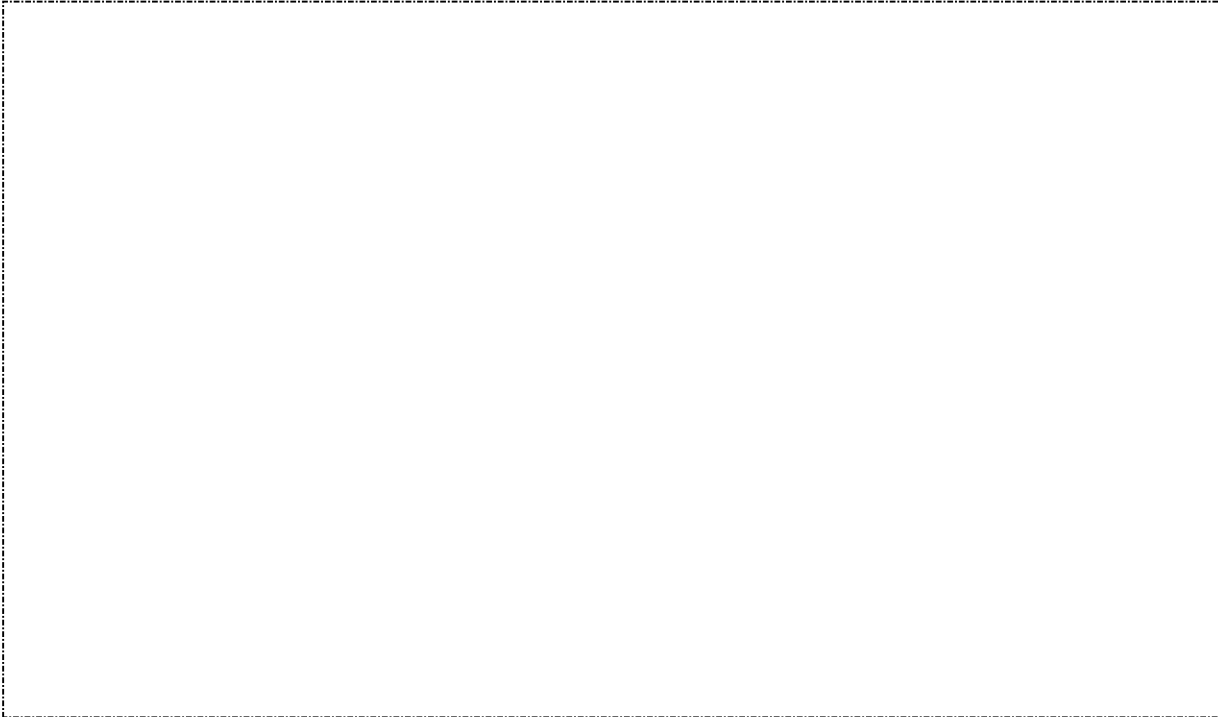
998.

Energy Marketing

Mr. Kieley reviewed the Nalcor Energy Marketing Report that was included in the Board papers circulated prior to the meeting. He reviewed the corporate quilt and stated that all performance targets are on target and net income and cash from

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operations are better than target. He advised that the Nalcor Energy Marketing (NEM) company was incorporated in March and advised that the first quarter results were good and prices in the second quarter were lower than forecast.



Mr. Kieley left the meeting. Mr. Hull and Mr. Hoyt joined the meeting.

999. APPROVAL OF EMERA AGREEMENTS

Mr. Hull reviewed the Brief Paper on Proposed Amendments to Emera Agreements that was included in the Board papers circulated prior to the meeting. Mr. Hull stated that the Sanction Agreement that was executed by Nalcor Energy and Emera provided that the 2012 Formal Agreements would be amended as required reflecting the Sanction Agreement. He further stated that the parties agreed to and incorporated these amendments into eleven of the Formal Agreements and such amendments were binding upon execution of the Sanction Agreement. Since the execution of the Sanction Agreement some developments since then have made some of the amendments unnecessary.

Accordingly, there have been certain departures from the Sanction Agreement including the cost sharing date and true-up adjustment.

He reported that the amendments were reviewed by the corporate due diligence process and by the Province as well and Management is seeking approval to execute the three amending agreements. He confirmed that official sign off from the Province has not been received to date but is expected before the execution date of July 15th.

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

THAT

1. The Corporation be and is hereby authorized to execute and deliver the following agreements (collectively the "**Nalcor/Emera Agreements**") substantially as contemplated by the briefing provided to the board at its meeting of June 26, 2014 and each of which are hereby approved upon execution as authorized by this resolution:
 - Amended and Restated Formal Agreements with Emera Inc.;
 - Agreements confirming assignment of Formal Agreements;
 - Agreement terminating the Sanction Agreement between the Corporation and Emera Inc.
2. Any two of the officers or directors of the Corporation be and are hereby authorized and directed to execute and deliver each of the Nalcor/Emera 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/Emera 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.

Mr. Hull and Mr. Hoyt left the meeting. Ms. Elaina Janes joined the meeting.

1000. CODE OF BUSINESS CONDUCT AND ETHICS REPORT

Ms. Janes reviewed the Annual Activity and Compliance Report: Code of Business Conduct and Ethics that was included in the Board papers circulated prior to the meeting. She stated that the reporting period was 2013.

She reviewed the purposes of the Code of Business Conduct and Ethics ("Code") and noted that there were no amendments to the Code in 2013. She then reviewed the details of the complaints for each of the areas and the resulting actions or conclusions. She also reviewed reports of non-compliance with respect to conflict of interest and any specific education and awareness activities in 2013.

Mr. Marshall advised that his company requires that employees annually complete an on-line code of business conduct refresher course and advised that he would provide the name of the provider that provides this service which he then subsequently forwarded by email to the Secretary before the end of the meeting.

Ms. Janes left the meeting.

**1001. APPROVAL OF ANNUAL TRANSPARENCY AND
ACCOUNTABILITY PERFORMANCE REPORT**

The Chair stated that the Board would like to receive this Annual Transparency and Accountability Performance Report earlier in the year for review and comment.

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

THAT the 2013 Annual Transparency and Accountability Performance Report dated June 2014, be and it is hereby approved.

1002. RATIFICATION OF APPROVAL OF CEO COMPENSATION

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

THAT the email approval of the Board of Directors that:

- Management be directed and authorized to proceed with the payout of the 2013 performance contract payments to the President & CEO as presented to the Board of Directors;
- The President and CEO's base salary be adjusted by 4% consistent with the amount provided to CEO direct reports, effective concurrently with CEO direct reports' adjustment; and
- The Vice-President, Strategic Planning and Business Development's base salary be increased by 10%, effective concurrently with other Vice-Presidents' salary adjustments,

be and it is hereby ratified.

1003. RATIFICATION OF APPROVAL OF MD&A

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

THAT the email approval of the Board of Directors of the Management Discussion and Analysis included in the Corporation's 2013 Annual Report, be and it is hereby ratified.

**1004. APPROVAL OF SHAREHOLDER RESOLUTIONS-
OILCO, BULL ARM AND GIPCO**

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

THAT Nalcor Energy is hereby authorized to execute written resolutions of the Shareholder of Nalcor Energy-Oil and Gas Inc. ("Oilco") with respect to the following:

1. Approval of 2013 Financial Statements;
2. Appointment of Deloitte and Touche as Auditors of Oilco; and
3. Election of the following persons as Directors of Oilco to hold office until the next annual meeting or until their successors are duly elected or appointed:

Ken Marshall
Edmund Martin
Gerry Shortall
Gilbert Dalton
Justin Ladha

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

THAT Nalcor Energy is hereby authorized to execute written resolutions of the Shareholder of Nalcor Energy-Bull Arm Fabrication Inc. ("Bull Arm Inc.") with respect to the following:

1. Approval of 2013 Financial Statements;
2. Appointment of Deloitte and Touche as Auditors of Bull Arm Inc.; and
3. Election of the following persons to be Directors of Bull Arm Inc. to hold office until the next annual meeting or until their successors are duly elected or appointed:

Ken Marshall
Edmund Martin
Mike Mulrooney
Gerry Shortall
Allan Hawkins

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

THAT Nalcor Energy is hereby authorized to execute written resolutions of the Shareholder of Gull Island Power Company Limited ("GIPCo") with respect to the following:

1. Approval of 2013 Financial Statements;
2. Appointment of Deloitte and Touche as Auditors of GIPCo; and
3. Election of the following persons to be Directors of GIPCo to hold office until the next annual meeting or until their successors are duly elected or appointed:

Ken Marshall
Edmund Martin
Derrick Sturge
Robert Henderson
Gilbert Bennett

1005. OTHER BUSINESS

There was no other business.

1006. NEXT MEETING

It was agreed that the next regular meeting would be held at the Newfoundland and Labrador Hydro Happy-Valley-Goose Bay office and a tour of the Muskrat Falls site is being scheduled. The Secretary was asked to schedule the meeting in proximity to the date of the next regular meeting of the CF(L)Co Board of Directors meeting which was scheduled for Friday, October 3, 2014. The Secretary agreed to review and schedule the next regular meeting taking this into consideration.

Messrs. Sturge, and Chamberlain left the meeting for the in camera meeting of the Board.

1007.

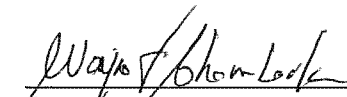
IN CAMERA

The Chair stated that the Board would like to be briefed on any material Astaldi issues between meetings.

1008.

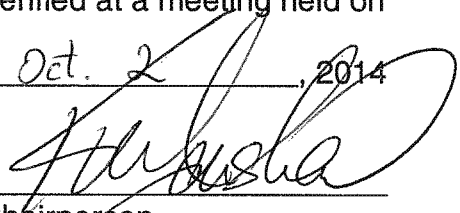
TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on

Oct. 2, 2014


Chairperson