

MINUTES OF THE EIGHTY-FIRST 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 13, 2015 AT 11:00 A.M.

Present in Person: K. Marshall, Chair
L. Abbass, Member
T. Clift, Member
E. Martin, Member
E. Breen, Member

Present by Telephone: G. Shortall, Member

Present by Invitation: Derrick Sturge, Vice-President
Finance and Chief Financial Officer
Gilbert Bennett, Vice-President Lower
Churchill Project
Michael Roberts, Vice-President
Human Resources and
Organizational Effectiveness (Acting)
Chris Kiely, Vice-President Strategic
Planning and Business Development
Rob Hull, General Manager Finance
Greg Jones, General Manager Energy
Marketing

Secretary: Wayne Chamberlain

1075. CONSTITUTION OF THE MEETING

Notice of the meeting was sent on February 10, 2015. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business.

1076. SAFETY MOMENT

Mr. Abbass circulated and reviewed at the meeting an article entitled "Burning stoves can cause lethal carbon monoxide poisoning warns HPA" and a fact sheet on carbon monoxide safety.

1077. APPROVAL OF AGENDA

The Chair advised that there was one amendment to the Agenda whereby Item 13: Annual Report 2014 Code of Business Conduct and Ethics was moved to follow Item 7: Board Committee Reports.

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

THAT the Agenda of the 81st Meeting of the Board of Directors of Newfoundland and Labrador Hydro, as amended by the Secretary, be and it is hereby approved.

1078. VERIFICATION OF MINUTES

A copy of the minutes of the **SEVENTY-NINTH** and **EIGHTIETH** meetings of the Board of Directors of Nalcor Energy held on November 28, 2014 and December 17, 2014 respectively, were included in the meeting papers circulated prior to the meeting.

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

THAT the minutes of the **SEVENTY-NINTH** and **EIGHTIETH** meetings of the Board of Directors of Nalcor Energy held on November 28, 2014 and December 17, 2014 respectively, as amended by the Secretary, 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.

1079. BUSINESS ARISING

There was no business arising.

1080. ACTION ITEMS

It was agreed that the presentation on cybersecurity would not be required to be presented at the next regular meeting of the Board.

It was agreed that the review and approval of a revised Corporate Governance Committee Mandate that includes ERM oversight would be deferred to the next regular meeting of the Board.

It was agreed that the review and approval of a revised SHE Committee Mandate that includes oversight of community activities and proposed name change of the Committee would be deferred to the next regular meeting of the Board.

1081. BOARD COMMITTEE REPORTS**1082. Audit Committee**

Mr. Shortall as Chair of the Audit Committee reported that the CF(L)Co Audit Committee met on February 23, 2015 and reviewed and made a recommendation that the CF(L)Co Financial Statements ("Financial Statements") be approved and that the CF(L)Co Board met on February 24, 2015 and approved the Financial Statements.

He stated that the Audit Committee met on March 4, 2015 with the Chief Financial Officer and senior Nalcor Finance Department representatives, Manager of Internal Audit and two partners and a manager of the external auditors, Deloitte.

He advised that the Committee extensively reviewed the Nalcor Consolidated Financial Statements ("Financial Statements"), as well as 18 individual Nalcor affiliate corporate financial statements and stated that there were minor revisions to the note disclosures of the financial statements. He confirmed that the external auditors provided an unqualified audit opinion on all of the Financial Statements of Nalcor and subsidiaries.

He advised that minor revisions were made to the MD&A and that the 2014 Audit Results Report was reviewed and there were no major audit issues. He further advised that the Internal Audit report was reviewed and there were no major issues identified. He noted that in camera sessions were held with Internal Audit, external auditors and the Committee and there were no significant issues.

He confirmed as Chair that the Audit Committee recommends approval of the 2014 Corporate Financial Statements substantially in the form as included in the meeting papers. There were no questions on the report provided by Mr. Shortall.

The Chair and Board acknowledged and thanked Mr. Shortall and the Audit Committee for their work throughout the year including the extensive review and work completed with respect to the Nalcor and subsidiary financial statements.

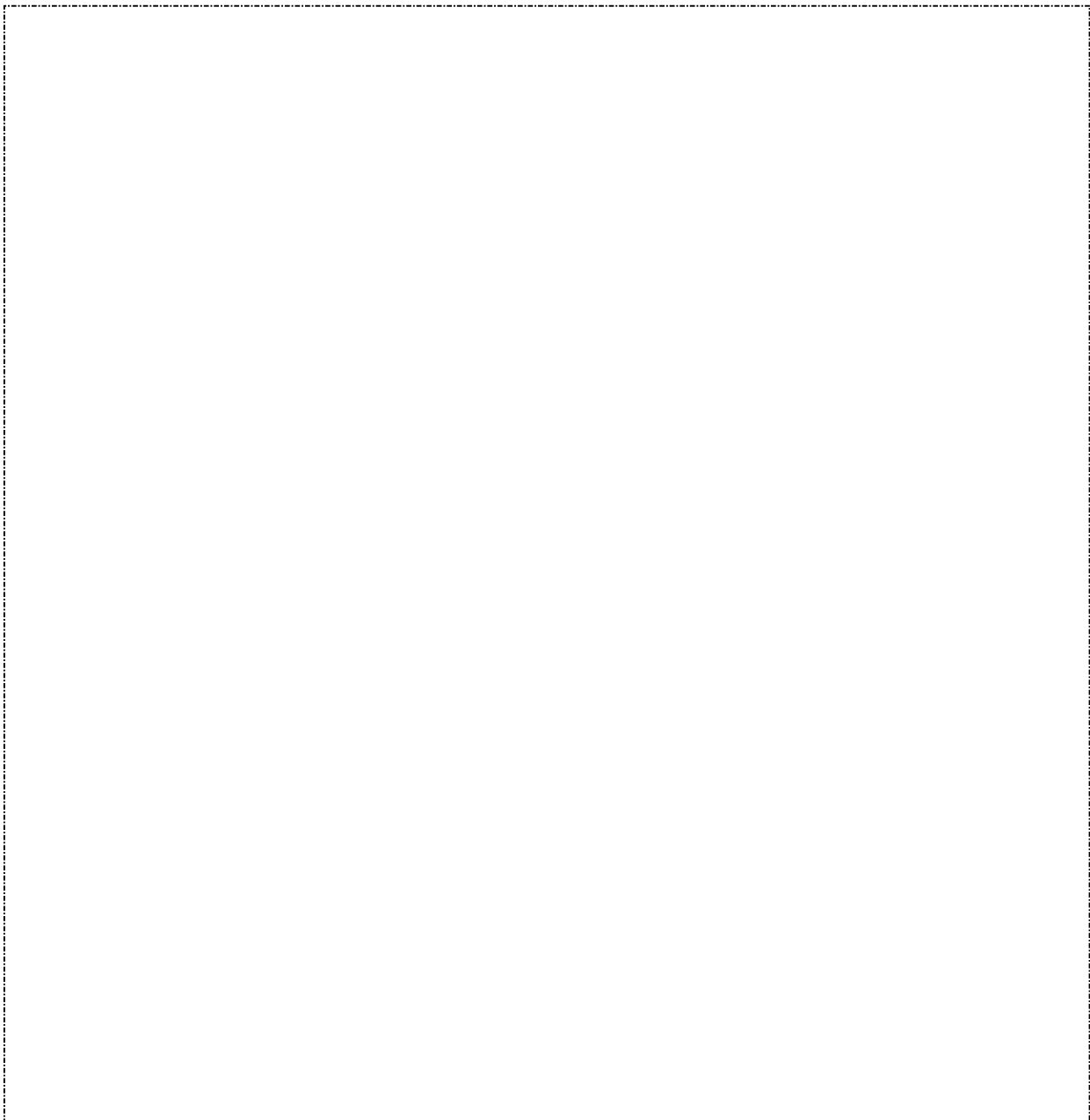
1083. Safety, Health and Environment Committee

Mr. Clift as Chair of the Safety, Health and Environment ("SHE") Committee reported that corrections were being made to the SHE Committee's mandate to include community activities. He advised that the Corporation had strong safety performance in 2014 with all targets being achieved or exceeded. He stated that FELT leadership activities have been continuing and noted that there were several safety initiatives in 2015.

He advised that Marion Organ is the Manager of the Environmental Services Department and is on top of the environmental issues and is forward thinking in her approach. He noted that the environmental performance target was exceeded in 2014 and noted that an environmental compliance certificate is being developed to provide the SHE Committee with an assurance that the environmental requirements and obligations are being met.

1084. Compensation Committee

Mr. Marshall as Chair of the Compensation Committee advised that the Committee reviewed compensation matters regarding a salary adjustment for 2015 and 2014 performance contracts payouts assessments for the CEO, Vice-Presidents and General Counsel and their respective direct reports and other eligible managers and that meetings have been held with the shareholder regarding these matters.



With respect to salary administration adjustments, Mr. Roberts provided an overview of the key success factors and the change in the landscape from 2005 to the present and then reviewed the market data including Atlantic Canada utility sector, local oil and gas sector and other market data, including Mercers and Hay Group and the Newfoundland and Labrador CPI forecast. He advised that Management's recommendation is a 2% salary adjustment effective as of April 1, 2015.

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

THAT Management be and is hereby directed and authorized to proceed with a general economic adjustment of 2% 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, 2015.

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

THAT Management be and is hereby directed and authorized to proceed with a general economic adjustment of 2% to the base salary of the President and CEO, effective April 1, 2015.

Mr. Roberts and the Secretary left the meeting. Mr. Marshall as Chair of the Compensation Committee reviewed the particulars of the 2014 Performance Contract payouts of the President and CEO, Vice-Presidents and General Counsel and Corporate Secretary and their respective direct reports and other eligible managers.

Mr. Roberts and the Secretary returned to the meeting.

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

THAT Management be and is hereby directed and authorized to proceed with the payout of the 2014 performance contract payments to the President & CEO as recommended by the Compensation Committee and presented to the Board of Directors.

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

THAT Management be and is hereby directed and authorized to proceed with the payout of 2014 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.

**1085. ANNUAL REPORT 2014 CODE OF BUSINESS CONDUCT
AND ETHICS**

Mr. Roberts reviewed the Annual Activity and Compliance Report Code of Business Conduct and Ethics dated March 3, 2015 that was included in the meeting papers circulated prior to the meeting. He advised that there were no amendments to the Code and then briefly reviewed the safety and health, respect and dignity in the workplace, protection of corporate assets and privacy and confidentiality of personal and business information incidents on non-compliance with respect to the noted Nalcor subsidiary companies. He also provided an update with respect to the education and awareness activities and noted that the whistleblower policy in the Code is currently being updated.

1086. FINANCIAL REPORT**1087. Finance Report**

Mr. Sturge reviewed the headlines and highlights of the Financial Report, a copy of which was included in the meeting papers circulated prior to the meeting and advised that he was prepared to respond to any questions.

1088. Compliance Certificate

Mr. Sturge referred to the Corporate Compliance Certificate dated February 16, 2015 for the period ended December 31, 2014 that was included in the meeting papers circulated prior to the meeting. There were no questions.

1089. 2014 AUDIT**1090. Audit Results Report**

Mr. Sturge referred to the Deloitte Audit Results Report, a copy of which was included in the meeting papers circulated prior to the meeting and advised he was prepared to respond to any questions.

1091. 2014 Consolidated Financial Statements**1092. Management Discussion and Analysis**

Mr. Shortall as Chair of the Nalcor Audit Committee ("Committee") stated that the Nalcor Consolidated Financial Statements ("Financial Statements") were reviewed and as noted earlier in the meeting advised that the Committee recommends that the Board approve the Financial Statements. It was noted that Lower Churchill Project is currently tracking at \$6.99 billion and first power at the end of 2017 but it was noted by Mr. Martin that there are three major contracts still outstanding and are seeing some market pressure with respect to the costs of these contracts and Astaldi has had a slow start at the Muskrat Falls Powerhouse/Spillway site and we will have a better sense on the budget and schedule in a few months when these contracts are concluded and Astaldi's performance unfolds.

There was also discussion around Note 26.1 Key Management Personnel and what was included in the amounts noted.

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

THAT the 2014 Management and Discussion Analysis and 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, 2014, as tabled and initialed by the Secretary for identification, be and they are hereby approved; and

THAT K. Marshall and G. Shortall, or any two Directors be and they are hereby authorized to sign said Financial Statements on behalf of the Board.

1093. FINANCE AGREEMENTS

Mr. Sturge reviewed the Finance Agreements presentation that was included in the Board papers circulated prior to the meeting. He stated that the Muskrat Falls/Labrador Transmission Assets Finance Agreements and the Labrador-Island Link Project Finance Agreements ("PFA") and related agreements were executed on November 29, 2013 and noted that a briefing on proposed amendments to the PFA was provided to the Board in November of 2014.

He stated that since the briefing to the Board in November that the Nalcor corporate due diligence team reviewed and signed off on the amending agreements of the PFA ("PFA Amending Agreements") and advised that the Government of Newfoundland and Labrador and its external counsel reviewed and signed-off as well. He stated that final drafts of the PFA Amending Agreements were sent to Canada and the Collateral Agent on February 16th for their review and approval, with the understanding Nalcor Energy and subsidiaries would be seeking Board approval of the PFA Amending Agreements in early

March 2015. He advised that it is not anticipated that anything significant will be forthcoming from the review by Canada and the Collateral Agent and there is an expectation that the PFA Amending Agreements will be ready to finalize in April/May of 2015.

Mr. Sturge stated that Management is seeking the approval of the Board to execute the PFA Amending Agreements and noted that should Canada and the Collateral Agent have any significant changes arising from their review that Management will be back to the Board for approval.

On motion duly made by Mr. Martin, seconded by Mr. Shortall 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 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 by resolution of the board of directors arising from a meeting held on November 15, 2013 (the "**November 15, 2013 Resolution**") the board of directors authorized and approved the Nalcor LCP Financing Agreements (as defined in the November 15, 2013 Resolution);

81st Nalcor Energy Board Meeting
March 13, 2015
Page 11 of 15

AND WHEREAS certain of the Nalcor LCP Financing Agreements as set forth below need to be amended and restated in order to accommodate circumstances arising since the November 15, 2013 Resolution;

AND WHEREAS in order to accommodate circumstances arising since the November 15, 2013 Resolution certain additional agreements as set forth below associated with the Nalcor LCP Financing Agreements are required;

AND WHEREAS briefings and updates have been provided to the board of directors on the Nalcor LCP Financing Agreements to be amended and restated, and on the additional agreements to be negotiated, executed and delivered;

AND WHEREAS the Corporation has determined it is in its best interests to amend and restate certain of the Nalcor LCP Financing Agreements and to enter into the Amended and Restated Nalcor LCP Financing Agreements and the Additional Agreements (as such terms are defined below), each as set forth below.

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 “**Amended and Restated Nalcor LCP Financing Agreements**”) substantially as contemplated by the briefings and updates provided to the board of directors and each of which are hereby approved upon execution as authorized by this resolution:
 - a. Amended and Restated LIL Master Definitions Agreement;
 - b. Amended and Restated MF/LTA Master Definitions Agreement;
and
 - c. Amended and Restated LIL Equity Support Agreement.
2. The Corporation be and is hereby authorized to negotiate, execute and deliver each of the following agreements (collectively the “**Additional Agreements**”) substantially as contemplated by the briefings and updates provided to the board of directors and each of which are hereby approved upon execution as authorized by this resolution:
 - a. Nalcor Equity Funding Agreement COREA Amending Agreement.
3. 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 Amended and Restated Nalcor LCP Financing Agreements and

the Additional 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.

4. 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 Amended and Restated Nalcor LCP Financing Agreements and the Additional 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.
5. All actions taken and all matters and things done in furtherance of the purposes of the above noted resolutions and in the best interests of the Corporation through and including the date hereof, shall be and they are approved, adopted, ratified and confirmed.

1094. BUSINESS UNIT REPORTS

1095. Newfoundland and Labrador Hydro

The Chair advised that the Newfoundland and Labrador Hydro Year End 2014 Report was reviewed at the Board of Directors meeting of Newfoundland and Labrador Hydro which immediately preceded this meeting.

1096. CF(L)Co

The Chair advised that the Nalcor Energy Churchill Falls Year End 2014 Report was reviewed at the Board of Directors meeting of Newfoundland and Labrador Hydro which immediately preceded this meeting.

1097. Lower Churchill

Mr. Gilbert Bennett joined the meeting and reviewed the Lower Churchill Year End 2014 Report that was included in the Board papers circulated prior to the meeting. He advised that although Astaldi has had a slow start, there has been continuous improvement with respect Astaldi's performance at the Muskrat Falls site, particularly with respect to planning and supervision and will be in a better position to fully assess their performance in June or July. He noted that this year's winter conditions at the Muskrat Falls site have been very challenging with cold temperatures and heavy accumulations of snow.

He provided an overview with respect to the Quebec Innu protest noting that they were extensively consulted, they did not commence any legal actions with respect to the consultation process and there is no basis for an Impacts and Benefits Agreement. He stated that at this point there is not sufficient evidence to support an injunction application. He advised that we will need to take a wait and see approach.

Mr. Bennett advised that the transmission line construction contractor, Valard, is doing well and is satisfactorily progressing the tower construction on the right-of-way.

Mr. Bennett left the meeting.

1098. UPDATE RE READY FOR COMMERCIAL INTEGRATION

Chris Kieley, Rob Hull and Greg Jones joined the meeting. Mr. Martin stated that the purpose of the update is to provide the Board with an overview of the long-term organizational design required to connect Newfoundland and Labrador to North America both ways through Quebec, and Atlantic Canada to New England.

He advised that with this changing environment respective corporate entities will be required to provide reciprocal open access and non-discriminatory open

access with respect to the transmission assets. There will also be an increased focus to ensure that the value of market exports is maximized and the interests of electricity consumers in the province are appropriately protected by an updated regulatory process. He stated that it is fundamental that appropriate control is maintained over the dispatch of water resources to optimize the long term value. Accordingly, he noted that it will be necessary to separate the transmission and generation assets in Newfoundland and Labrador Hydro ("NLH") and create a System Operator that will oversee the use of the transmission assets.

Mr. Martin stated that the new organizational design needs to be established and in place by year end or early 2016 which will require new legislation and changes to regulatory process.

Mr. Hull advised that a jurisdictional review across Canada and the U.S. has been completed and the most relevant organizational designs are in British Columbia, Manitoba and Quebec.

1099.

PROXY

1100.

GIPCO Annual General Meeting

On motion duly made by Mr. Martin, seconded by Mr. Clift 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 2015 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

81st Nalcor Energy Board Meeting
March 13, 2015
Page 15 of 15

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.

1101. OTHER BUSINESS

There was no other business.

1102. DATE OF NEXT MEETING

It was agreed that the meeting in May will include the review and approval of the Quarterly Financial Statements.

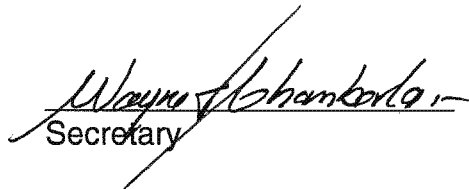
1103. IN CAMERA SESSION

Messrs. Martin, Sturge, Kieley, Hull, Jones and Chamberlain left the meeting for the in camera meeting of the Board.

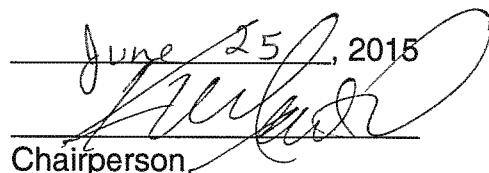
Messrs. Martin and Chamberlain returned to the meeting and were advised by the Chair that there were no comments.

1104. TERMINATION

There being no further business, the meeting was terminated.


Secretary

Verified at a meeting held on


Chairperson.