

Mr. Keating outlined to the Board efforts underway with respect to diversity and inclusion in the Corporation. He stated that the Corporation is working aggressively to become more diverse. Benchmarking work has been undertaken and the Corporation is targeting to have a Corporate population which represents the diversity of the Newfoundland and Labrador population. He stated that the intension is to set targets to be attained over a five year period.

1317. Power Development

Mr. Bennett reviewed his Executive Update included in the meeting papers.

Mr. Bennett reported that subsequent to drafting his Report, he attended a Town Hall meeting held by Astaldi with employees at which there was a focus on safety, in particular with respect to falling objects.

Mr. Bennett reported that while Astaldi's concrete placement performance under the Bridge Agreement has improved, it did not achieve the target for September with respect to one unit. They will not be paid for work they did carryout until they achieve that target. He stated that the tempo of the work has improved, volumes are up and workers have a more positive attitude. He stated that the river diversion and initial impoundment will take place this Fall for the protection of facilities from ice. He then reviewed a number of pictures that were included with the business unit report which was included for information purposes.

Mr. Bennett reported that the stabilization work on the North Spur will be completed in the Fall and will be on budget. The Board then discussed with Mr.

Bennett various issues that have received attention in the media in recent months.

1318. Newfoundland and Labrador Hydro

It was noted that the Board had received a briefing with respect to activities in Newfoundland and Labrador Hydro at the NLH meeting which preceded this meeting.

1319. Power Supply

Mr. MacIsaac reviewed the Executive update included in the papers relating to Power Supply.

Mr. MacIsaac reported that the Generation Impairment that was experienced in July/August at Churchill Falls had been fully restored. Scheduled deliveries in August were achieved so all revenues lost were recovered. He stated that overall CF(L)Co is ahead original budgeted plan with respect to energy deliveries to HQ year to date.

Mr. MacIsaac reported that 95% of the Strait of Belle-Isle cable is now substantially complete. It is coming in under budget and on schedule.

With respect to Transfer-To-Operations, Mr. MacIsaac stated that there is a rebasing of approach ongoing to ensure it is fit for purpose. There is a strategy rebase necessary for separation of in-service dates between the transmission and generation assets.

With respect to the performance of the contractor on the Labrador-Island Link, Mr. MacIsaac stated they are falling behind schedule and the final completion date is in jeopardy. Nalcor continues to work with the contractor to improve performance.

Mr. Marshall stated that a key focus for him has been the relationship that the Corporation has with aboriginals. He feels there is a need to make a long-term commitment. As part of achieving that commitment, an employee will be placed in Goose Bay on a full time basis to serve as a liaison between the Corporation and the aboriginals.

1320. GWAC AND WINTER READINESS

Mr. MacIsaac reviewed the presentation included in the meeting papers related to GWAC and Winter Readiness at Churchill Falls.

Mr. MacIsaac stated that it has become the practice to on an annual basis in the Fall provide an update to the Board on preparation with respect to Winter Readiness and GWAC for CF(L)Co. He stated that work is tracking to plan and the Corporation is in a good position heading into the GWAC season. He stated that the Corporation adopted NERC (North American Electric Reliability Corporation) guidance approximately four years ago and work continues to address the action plan put in place in this regard.

1321. LOAN FROM PROVINCE

Mr. Sturge stated that in order to obtain the short-term financing from the Government for Newfoundland and Labrador Hydro which was discussed at the NL Hydro Board meeting held earlier in the day, Government wishes to lend the money to Nalcor and then for Nalcor to in turn lend it to NL Hydro.

On motion duly made by S. Marshall, seconded by D. Brewer and unanimously carried, it was resolved:

THAT the borrowing by Nalcor Energy of up to \$225 million on a short-term basis from the Government of Newfoundland and Labrador on terms outlined to the Board at its meeting of September 30, 2016, be and it is hereby approved.

On motion duly made by S. Marshall, seconded by D. Brewer and unanimously carried, it was resolved:

THAT the lending by Nalcor Energy to Newfoundland and Labrador Hydro of up to \$225 million on a short-term basis on terms outlined to the Board at its meeting of September 30, 2016, be and it is hereby approved.

Messrs. MacIsaac, Bennett and Keating left the meeting at this time.

J. Borden joined the meeting at this time.

1322. INTERNAL AUDIT ANNUAL REPORT

Ms. Borden reviewed the Internal Audit Annual Report which was included in the meeting papers.

Ms. Borden first of all reviewed the section of the Report describing the Internal Audit Department and its structure. She stated that when NLH is separated out, it will have a separate Internal Audit Manager and one of the existing internal auditors will then be transferred from Nalcor to NLH. In response to an inquiry, Ms. Borden stated that the Department is properly staffed to cover all of its responsibilities. She stated that a great deal of work has been carried out to improve on this in recent years. She stated that at times having appropriate expertise in the information technology area can be challenging, but she continues to address this issue.

Ms. Borden then reviewed the required reporting portion of the Report. She reviewed the Internal Control Assessment slide which outlined the various audits being carried out and the results with respect to the identification or not of issues through those audits. She stated that no high risk items were identified in any of the audits.

Ms. Borden then reviewed the Quality Assurance and Improvement Program section of the Report. She confirmed to the Board the organizational independence of the internal audit activities and the internal audit employees. She also stated that there was no non-conformance with the Code of Ethics, Definition of Internal Auditing or professional standards.

Ms. Borden then reviewed the Appendices to her Report which provided a summary of audit issues and a summary of the Project Auditing Strategy for the Lower Churchill Project.


With respect to the 2017 Audit Plan, she stated that work is presently ongoing to develop that plan. It will be presented to the Board for approval at its meeting in November. She invited the Board to provide any input into the plan at any time.

1323. IN CAMERA SESSIONS

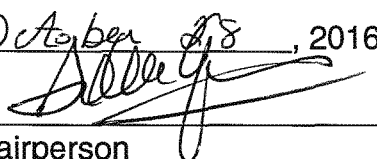
The Board of Directors held an in camera session with Ms. Borden only. They then held an in camera session of Board members only. Finally, they held an third in camera session involving all Board members except Mr. Marshall.

1324. TERMINATION

There being no further business, the meeting was terminated.



 Secretary

Verified at a meeting held on
October 28, 2016


 Chairperson