

**MINUTES OF THE ONE HUNDRED AND FOURTH 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, NOVEMBER 10, 2016 AT 2:00 P.M.**

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**Present:** J. Green, Chair  
C. Loomis, Member  
S. Marshall, Member

**Absent:** D. Brewer, Member  
H. Jacobs, Member

**Present by Invitation:** D. Sturge, Executive Vice-President  
Finance and CFO  
C. Russell, General Manager, Finance  
M. Baker, Legal Counsel  
S. Walsh, Deloitte  
C. Green, Deloitte  
B. Groves, Deloitte

**Secretary:** P. Hickman

**1337. CONSTITUTION OF THE MEETING**

Notice for the meeting was sent to all Directors on October 21, 2016. A quorum of Directors being present, the Chairperson declared the meeting duly called and validly constituted for the transaction of business.

**1338. SAFETY MOMENT**

Mr. Sturge provided a safety moment on driving safety.

**1339. Q3 EARNINGS UPDATE**

Mr. Sturge reviewed the Q3 Earnings Update, a copy of which was included in the meeting papers. He discussed the main drivers for 2016 profit and noted that

the final decision on NLH's General Rate Application could materially impact 2016 profit.

Mr. Sturge reviewed the Key Metrics outlined in the Report. He advised that total assets as at September 30, 2016 were \$13.7 billion and operating profit year-to-date was \$80.9 million. As well, he explained that oil production levels were high compared to year-to-date 2015, although realized oil price was down from year-to-date 2015. Mr. Sturge advised that realized electricity export price was down from year-to-date 2015 as well.

Mr. Sturge reviewed the Total Assets graph included in the Report, as well as the year-to-date performance of Business Segments. He then reviewed the Lower Churchill Project Capital Expenditure and the graph relating to 2016 Q3 Financing Activities and the Capital Structure. Finally, Mr. Sturge reviewed the 2016 Financial Outlook included in the Report.

**1340.****DELOITTE Q3 REPORT**

Ms. Walsh reviewed the Deloitte Q3 Report, a copy of which was included in the meeting papers. She stated that unless unanticipated difficulties are encountered, the Audit Report will be in the same format as the draft report included in the Q3 Report.

Ms. Walsh noted that the materiality level was \$13,500,000 for the interim period under review. She advised that the Auditors did not identify any fraud or illegal acts or any subsequent events other than those noted in the Statements. She asked the members of the Board and Management present at the meeting if they were aware of any fraudulent or illegal acts and they stated that they were not aware of any. Ms. Walsh asked Ms. Russell to provide clarification regarding the change in the Subsequent Events section of the Financial Statements from that included in the meeting papers (which change was provided to Directors prior to the meeting). Ms. Russell clarified that two subsequent events were added to

deal with the announcement of the Federal Loan Guarantee and an extension of the maturity date for Nalcor's revolving term credit facility.

Ms. Walsh noted the draft Interim Report and draft Management Representative Letter, both of which were included.

**1341. APPROVAL OF Q3 2016 FINANCIAL STATEMENTS AND  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

Ms. Russell advised that there were no major changes to the Financial Statements and MD&A except for the addition of two subsequent events as previously discussed.

Mr. Hickman advised that although Ms. Brewer was absent she had reviewed the Financial Statements and had indicated that she had no issues with the Statements.

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

**THAT** the Nalcor Energy Consolidated Financial Statements and Management Discussion and Analysis for the period ended September 30, 2016, as tabled and initialed by the Secretary for identification, be and they are hereby approved.

**1342. APPROVAL OF SUBSIDIARIES  
Q3 2016 FINANCIAL STATEMENTS**

Q3 Financial Statements of the various subsidiaries of Nalcor Energy other than CF(L)Co, were included in the meeting papers.

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

**THAT** the Financial Statements of the corporations listed below for the period ended September 30, 2016, as tabled and initialed by the Secretary for identification, be and they are hereby approved:

- LIL Holding Corporation
- LIL General Partner Corporation
- LIL Limited Partnership
- LIL Operating Corporation
- Muskrat Falls Corporation
- Labrador Transmission Corporation
- Lower Churchill Management Corporation
- Nalcor Energy Marketing Corporation
- Nalcor Energy – Oil and Gas Inc.
- Newfoundland and Labrador Hydro (Consolidated)
- Nalcor Energy – Bull Arm Fabrication Inc.
- Twin Falls Power Corporation Limited

**1343. REVIEW BY AUDITOR GENERAL**

Mr. Sturge advised that the Corporation has been informed by the Auditor General that he will be conducting a review into two main items at Nalcor: compensation and procurement. Jackie Borden, Manager, Internal Audit, will be the internal point person for this review.

**1344. FEDERAL LOAN GUARANTEE**

Mr. Sturge advised that on November 3, 2016, the Government of Canada announced a commitment to provide additional loan guarantees of up to \$2.9 billion to support additional borrowings by Nalcor for the Lower Churchill Projects. The specific conditions of this support will be finalized by Canada, the Government of Newfoundland and Labrador and Nalcor in the near future.

Mr. Sturge, Mr. Hickman, Ms. Russell, and Ms. Baker left the meeting at this time.

**1345. IN CAMERA SESSION**

The Board members held an in camera session with Ms. Walsh, Ms. Green and Mr. Groves.

Ms. Walsh, Ms. Green and Mr. Groves then left the meeting. The Board members continued their in camera session.

**1346. DATE FOR THE NEXT MEETING**

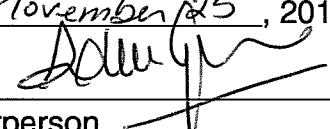
The date of the next meeting is Friday, November 25, 2016.

**1347. TERMINATION**

There being no further business, the meeting was terminated.

  
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Secretary

Verified at a meeting held on

November 25, 2016  
  
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Chairperson