

MINUTES OF THE ONE HUNDRED AND SEVENTH MEETING OF THE BOARD OF DIRECTORS OF NALCOR ENERGY HELD VIA CONFERENCE CALL ON FRIDAY, JANUARY 27, 2017 AT NOON

Present:

- B. Paddick, Chair**
- C. Hickman, Member**
- J. Hillyard, Member**
- M. MacLeod, Member**
- S. Marshall, Member**
- D. Molloy, Member**
- D. Oake, Member**
- E. Turpin, Member**
- A. M. Hann, Member**
- B. Maynard, Member**

Present by Invitation:

- R. Ellsworth, Member LIL GP Corp. Board**
- R. Daw, Member Muskrat Falls Corp. Board**
- C. Woodford, Member Lab. Trans. Corp. Board**
- J. Quaicoe, Member Muskrat Falls Corp. Board**
- J. Keating, Executive Vice-President Corp. Services & Offshore Development**
- D. Sturge, Executive Vice-President Finance and CFO**
- J. Meaney, General Manager Finance, Lower Churchill Project**

Absent:

- J. Green, Member**

Secretary:

- P. Hickman**

1391. CONSTITUTION OF THE MEETING

Notice for the meeting was sent to all members of the Board on January 20, 2017. A quorum of Directors being present, the Chairperson declared the meeting duly called and validly constituted for the transaction of business.

1392. SAFETY MOMENT

Mr. Hickman provided a safety moment on mental health awareness.

1393. UPDATE – FEDERAL LOAN GUARANTEE

Prior to the meeting a presentation had been distributed to the various Directors present which provided an overview of the financing of the Lower Churchill Project – Phase 1, as well as an update on the Federal Loan Guarantee (FLG1). Mr. Sturge stated that as some of the Directors present had not previously received an overview of the financing of the Lower Churchill Project and the FLG1, it was decided that information would be provided in that regard, in addition to the main purpose of the presentation, that being to provide information on the extension of the FLG1 (FLG2). He also noted that discussions have been continuing with respect to finalizing the terms of the extension of the FLG and it is anticipated a Term Sheet will be finalized in the not too distant future. At that time, approval will be required from the Boards of various Nalcor companies.

Mr. Meaney reviewed the presentation. He began by reviewing the background information included in the presentation, as well as the key terms of the FLG1 and FLG2. These were outlined in the table which compared the terms in both on various items.

Mr. Meaney highlighted the cost overrun escrow account (COREA). He stated that as a term of FLG2 the COREA payments have been restructured from four \$400 million payments down to four \$184 million payments. He stated that this was a key element of the present discussions with the Federal Government and will reduce the amount of payments that have to be made by the Province.

Mr. Meaney then reviewed the issues related to FLG2 that remain to be finalized. He stated that since the time of the distribution of the presentation to the directors, another version of the Term Sheet had been received from the Federal

Government. He updated Board members on the status of these issues given the latest Term Sheet.

Mr. Meaney reviewed the next steps which were outlined in the presentation. He was asked about the change of control provisions in the bonds. It was agreed that information will be included with respect to these in the next update on FLG2.

Messrs. Ellsworth, Daw, Woodford, Quaiocoe and Ms. Hann left the meeting at this time.

**1394. CONFIRMATION OF CEO CERTIFICATION
RE: ATIPA REQUESTS**

Included in the meeting papers were two memos relating to two separate complaints that had been made to the Access to Information and Privacy Commissioner in relation to Nalcor responses to Access to Information requests. In both of these responses Nalcor invoked Section 5.4 of the Energy Corporation Act. Under the Act in a situation where a complaint has been made about Nalcor's use of that Section, the CEO is required to certify the Corporation's use of Section 5.4 and the Board is in turn required to confirm that certification. The memos outlined in detail the justification and reasons for invoking Section 5.4 in both cases. The certification by Mr. Marshall was also included for each complaint.

On motion duly made by J. Hillyard, seconded by B. Maynard and unanimously carried, it was resolved:

THAT the Board of Directors hereby confirms the certification of the Chief Executive Officer pursuant to Section 5.4 of the *Energy Corporation Act* with respect to Access to Information request #PB-068-2013.

On motion duly made by J. Hillyard, seconded by B. Maynard and unanimously carried, it was resolved:


THAT the Board of Directors hereby confirms the certification of the Chief Executive Officer pursuant to Section 5.4 of the *Energy Corporation Act* with respect to Access to Information request #PB-683-2016.

1395. VERIFICATION OF MINUTES

A copy of the minutes of the **ONE HUNDRED** and **SIXTH** meeting of the Board of Directors held on December 14, 2016, was included in the meeting papers. As some of the Directors had comments on the minutes, it was agreed that the Directors who had changes to suggest would submit them to Mr. Hickman, who will then forward the revised minutes to the Directors. The minutes will be considered for approval at the next meeting of the Board.

1396. TERMINATION

There being no further business, the meeting was terminated.



Secretary

Verified at a meeting held on

 _____, 2017

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Chairperson