

MEMO

Date: November 14, 2013

To: Muskrat Falls Corporation Board of Directors

Subject: Execution of Muskrat Falls Contracts and Instruments

Under By-Law No.1 of the Corporation, contracts and instruments in writing requiring execution by the Corporation shall be signed by the Chairperson, the President, a Vice-President, the Corporate Secretary, the Chief Financial Officer, the Assistant Corporate Secretary, the Assistant Chief Financial Officer, a General Manager or any director. In addition, the board of directors "shall have power from time to time by resolution to appoint any other officer or officers or any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing". With respect to the construction of the Muskrat Falls Generation Project, there are a large number of contracts and other written instruments related to project management, design, procurement, construction, acquisition and other similar costs associated with that Project that will have to be executed over the coming years and it is therefore recommended that authority for execution of these contracts and instruments be provided to others in addition to those listed above.

Attached is a copy of the Approval Authority Limits Matrix from the Lower Churchill Project (LCP) Capital Expenditure Authorization Procedure, which outlines the level of approval authority to be given to various Officers of the Corporation, as well as, upon receipt of appropriate authorization, the persons who would be able to execute written contracts and instruments related to the Muskrat Falls Generation Project on behalf of the Corporation. It is recommended that the Board approve the attached resolution, which would authorize the execution on behalf of the Corporation of contracts and instruments related to project management, design, procurement, construction, acquisition and other similar costs associated with the Muskrat Falls Generation Project in accordance with this Matrix. It should be noted that the Matrix cannot be amended without the approval of the President and CEO.



Peter A. Hickman
Assistant Corporate Secretary

LOWER CHURCHILL PROJECT - APPROVAL AUTHORITY LIMITS MATRIX
POST-SANCTION
(\$,000 CDN)

	Ref. #	Board of Directors	President & CEO	VP LCP & VP Finance & CFO (Note 4)	VP LCP	VP Finance & CFO	Project Director
AUTHORIZATION/AUTHORITY							
Pre-Sanction AFE	A1	Unlimited					
Master AFE	A2	Unlimited					
Supplemental AFE	A3	Unlimited					
Requisition in respect of:	A4						
- Award Recommendation (Contract/PO)	C1.3		AFE Total	100,000	50,000	10,000	35,000
- Variation (Note 1)	C1.5		AFE Total	100,000	50,000	10,000	35,000
- Single Source (Note 2)	C1.4		AFE Total	-	25,000	7,500	15,000
- Work Task Orders (Note 3)	C1.6, C1.7		AFE Total	-	10,000	5,000	7,500
- Personnel Authorization Assignment (EPCM Contract)	C1.7		AFE Total	-	10,000	-	7,500
COMMITMENT AUTHORITY							
Contract/PO/WTO/PAA/Variation execution	C1	Execution must be preceded by an approved Requisition, along with completion of (and compliance with) business processes and controls outlined in: a) Procurement Management Plan b) Contract Due Diligence Procedure c) Capital Expenditure Authorization Procedure All Financial Commitments are executed by both the LCP Supply Chain Manager and the LCP Budget Holder responsible for the work scope and budget covered by the Financial Commitment					
Corporate purchase card	C2	Restricted to \$1,000 per transaction by those who have been assigned these cards (travel can be charged to the card without value restriction and subject to an approved travel requisition.)					
VERIFICATION AUTHORITY							
Approval of invoices associated with Financial Commitments	V1	Budget Holder approval. - Subject to acceptable financial and technical verification - Limited to the value of the Financial Commitment					

Note 1:
Approval of each Variation will be based on the cumulative value of the Requisition associated with the Financial Commitment subject to Variation.

Note 2:
All Single Source justifications must also be approved by the Project Director and the Supply Chain Manager.

Note 3:
Each Work Task Order must represent a discrete scope of work and be associated with a Master Services Agreement. Level of approval authority for revised Work Task Orders is determined by the cumulative value of the Work Task Order.

Note 4:
Where either an Award Recommendation or Variation resulting in a revised Requisition is valued between \$50,000M and \$100,000M, it will require approval from both the VP LCP and the VP Finance & CFO.

Note 5:
Permanently delegated authority should be commensurate with normal activities associated with responsibilities of the position. Permanent delegation should not be greater than 75% of the authority of the delegator.
Temporary delegation can be assigned up to 100% of the authority of the delegator and should not exceed one month in duration.

Approved
Ed Martin
President & CEO

Date

January 16, 2013

RESOLUTION**1ST MEETING OF THE BOARD OF DIRECTORS OF
MUSKRAT FALLS CORPORATION
HELD ON NOVEMBER 15, 2013****EXECUTION OF MUSKRAT FALLS CONTRACTS AND INSTRUMENTS**

WHEREAS By-Law No.1 of the Corporation outlines the persons who are authorized to execute contracts and instruments on behalf of the Corporation;

AND WHEREAS By-Law No.1 of the Corporation provides that the Board of Directors may by a Resolution designate any other person or persons to execute contracts or instruments on behalf of the Corporation;

BE IT RESOLVED

THAT with respect to contracts and instruments relating to the Muskrat Falls Generation Project, that in addition to the persons authorized to execute contracts and instruments on behalf of the Corporation pursuant to By-Law No.1 of the Corporation, contracts and instruments related to project management, design, procurement, construction, acquisition and other similar costs associated with the Muskrat Falls Generation Project may be executed on behalf of the Corporation by persons so designated in the Approval Authority Limits Matrix of the Lower Churchill Project Capital Expenditure Authorization Procedure.