

Meeting with GNL re: LCP Reporting, Internal Audit and Equity Funding Protocol Date 8/22/13

Date 8/22/13

Nalcor Mark B., Kurt L., Rob H., Scott P., Dawn D.
 GNL Paul Morris, Paul Myrden, Rob M., Todd Stanley.

- ① Cost - Actual vs Budget + Forecast vs Baseline
- ② HSE stats
- ③ Progress vs. Milestones ^{work completed} - contract awards
- ④ IE data provided to Canada also provided to Nalcor/NL reports

- Cabinet Directive
 - ↳ Cost accountability protocol to be established
 - ↳ Independent review of expenditures
 - ↳ Added level of review above LCP Governance & Controls process

MG 2012-0240. (April 2012)
 NR 2012-007, EPC 2012-028.
 Provided to Ed Martin

- Paul Myrden - Financial reporting vs. audit of process.
- GNL Needs
 - ↳ Financials
 - ↳ Reasonability of Expenditures
 - ↳ Expenditure vs Plan (view to oversight)

- For next equity request, GNL need:

- ↳ Certificates
- * ↳ Report showing expenditures and schedule (summary) to date vs plan

- Electronic copy of LCP Governance & Controls deck to Paul Morris.

Weekly Meeting with Derrick 8/26/13

- ① LCP Financing
 - Timeline to FC for Ed ^{Capital Cost profile}
 - Clarifications and Schedule 9 Amendment for RFP Proposants
 - Good meetings with CBB/MWH
 - ↳ IE report gaps ^{getting} closed
 - ↳ HQ Motion - include study
 - ↳ Review Agmts with MWH
 - ↳ DD / Clois Checklist from CBB
 - IIC - Moore McNeil, Canada approved. Complete review in Sept.

- ② LCP Dashboard
 - Working Group meeting today
 - Bring to Derrick, Gilbert, Paul and then Ed
 - Province wants it.
 - Present to Board in Sept.

③ Powerhouse Intelligence

gradual approach

- Collective
- ① Benefit of timing for Dec 2 FC ← Costs learn over
 - ② Execution plan / market disruption ← Commitments
 - ↳ CIBC/BMO seemed to better address other than Mak's question
 - ↳ No insulation / best mitigation
 - ③ RBC/Scotia pricing / fees / no buy ← Private placements

- ① Master Trust Indenture
- ② Declaration of Trust
- ③ ~~Canada~~ Guarantee
- ④ Canada Form of Legal Opinions from Canada. Justice

① Foundation documents for the SPV's / Fundy Vehicles

Steve Goltz - 416-507-2592

Bruce Els - 416-597-7335

Catherine Deluz - 416-214-3836

Eric Beauchamp
416-597-7552

Wanda Waguell 416-597-7523

Date Oct 9/10

Charles Newman

- ① Integrated Project Schedule
 - ↳ Not adequate for MWH's purposes
 - ↳ Needs to see more detail
 - ↳ Information can be gleaned from classical CPM format.
 - ↳ Req to provide template

- ② Astaldi
 - ↳ Experience in hydro
 - ↳ How many hydro projects they've done
 - 500 MW greater, cold weather
 - ↳ MWH doesn't seem to

- ✓ ③ Step-Up Generator / Transformer Contracts
 - ↳ Status

Feedback from Canada on Call 10/16/13

Date 10/17/13

- ① Canada OK with Nalcor/NL decision on BHA investment approach - Structured Note from Bank OK
- ② Canada OK with all 3 proponents. Finance Canada and BoPC believe we should get flexibility on FC from TD/GS.
- ③ BSF Investment Approach.
 - ↳ Would have to go back to Cabinet if basket not acceptable
 - ↳ Basket
 - ① ↳ 50% Canada, CMB
 - ② ↳ 25% AAA Provincials, High Coprates } No Structured Products
 - ③ ↳ 25% AA Provinces
 - ↳ Canada want indemnity (from Nalcor) ??? if downgrade of ② and ③ occurs and funds in BSF not sufficient to make payment to FV.
 - ↳ Already part of what we've provided for?

Discussion with Canada/CBB on FLG CP's

Date 10/17/13

- Major areas of concern for Canada are:
 - ① NS IGA
 - ② UARB
 - ③ Emera Guarantee
- "Green or yellow" status around all other CP's
 - ↳ think everything else is manageable for Dec 2 FC.
- ALIST CP's
 - Canada/CBB excluded from table for Emera indicative ratings. Some add conditions from rating agencies. Will be done on time
 - NL legislation needs to promulgated.
 - NS legislation passed. Had requested amendment, but won't let this hold things up.
 - NL IGA. Will reach agreement. Only warty issues.
 - NS IGA. New govt creates uncertainty. No govt to deal with. Cabinet unknown?
 - ML Sanction. Don't consider it sanctioned. Emera resolution was a "farce"
 - Emera Guarantee on track. Only one issue o/s. Not concerned with it get resolved.

TD/GS Commitment Letter Review

Date

Oct 31/13

TD → Mike, Steve, Trevor, Tony, Simon, McCarthy's
 GS → Steve, Isaiah Hadley
 Faskens → Xeno & Co
 NRCam → Joe
 Justice → Anne, Rhonda
 Finance → Alex
 BoC → Maks
 Cassels → Alison
 BF → Fred.

- Collateral Agency Agreement - OK
- Fees to Project Co - OK
- TD Bank CA/FA - OK
- Section 25 UA - OK to additional language
- New Schedule 4 needs to be issued for UA.
 - ↳ List to be discussed by McCarthy's and Faskens on
- Marketed like CMB. Canada Post offering memorandum
Wrap for US and International.

[416-869-5469]

Date

Oct 31/13

→ Deposit Product

- ↳ If Fixed Rate from outset, pricing would be set at pricing date of bonds.
- ↳ We could choose floating rate from the outset and then "sweep" to fixed rate note from Bank.
- Pricing off of 2011 vs. 2015 GOC bonds.
- No hedging

Alison feedback on IE

Nov 1/13

- Cannot get out of their box.
- IE report by mid-November.
- Dam break studies - had people in Canada freaked out. Rey miscommunication.
- Need clean IE report by November 15.
- David Pyper back in the mix. Causing issues!!!
- Report will be fine. Pyper worked up.
- Override Pyper.

Date Nov 1/13

- Alison needs the following:

① Need to get green items dealt with in next week.

② Focus areas need to be:

(A) Rey has "hard on" for Astaldi - incompetent, no experience, etc.

↳ Robust decision making and review

↳ No contingencies left with Astaldi + others

↳ Why they were selected -

Contingency IS inadequate - MWH view

(B) Critical path milestones not adequate

↳ Not being kept up to date

↳ serious slippage

↳ Need individual critical paths for key contracts

↳ Don't have milestones chart.

↳ Project Controls / Stewardship / Scheduling

↳ Negative comment on JPs. Need help and bring in assistance.

Review of TD/GS Commitment Letter & Term Sheet

Date Nov 4/13

* → Schedule A and [] - Term Sheets

↳ Commitment expires 5:00 pm EST on Nov 5/13 if CL not executed.

→ Payment dates of June/Dec vs. May/Nov. - needs to be adjusted?

→ GOC hedging prior to FC based on soft sounding feedback on cash vs. trade buyers.

↳ If settlement date changes REPO market could be used to "roll over" hedges w/o impacting GOC markets
 ↳ TD estimates I want to execute this hedge strategy.

→ Signal to market occurs in step 4 → 12-13 business days that ready to launch after Green Light.

→ Rationale for Joint heads not be on pricing call in step 6?

* → Flexibility on draw schedule for Deposit Note, Cash flow profile set at FC based on outlook at that time

↳ If cash flow requirements sooner and later

→ Schedule C and [] - Parameters

↳ Does note text for Financial Close prior to Dec 17 need to be adjusted. (eg. Dec 2)

MWH Meeting

Date Nov 6/13

- A) Claim on Mass Excavation ~ 20%
- B) Provide North Spur presentation to MWH / Data room
 - ↳ Test results ~~for pressure~~ for
 - Slope Stability Analysis (Upstream / Downstream)
 - Liquefaction 2D/3D Studies
- C) LCP Schedule Overview & Current Status Oct 25/2011
- (*) D) [Detailed Project Control Schedule]**
 - ↳ Confirm whether it was posted to Aconex?
 - ↳ Project Controls Management Plan
 - ↳ IPS Critical Path Sub schedules.
 - ↳ Tom Chudy to connect with James Boucks tomorrow.
 - ↳ Stewardship report.
 - ↳ Checkpoint after call.
- E) Joe to confirm everything OK with WMA. ^{for Canada} Initial indication was yes. MWH OK.
- F) Reconciliation of CH007 DG3 to Bids

Date Nov 6/13

Yield Roll & Call with TD

- Get consensus on Yield rolls b/w 2041 and off-the-runs during dry runs. Don't want dis agreement on pricing call.
- Reference CANPX pages populated with rolls
- Current Yield Rolls
 - 41 → 29 - 22.4 bps
 - 41 → 33 - 9.2 bps
 - 41 → 37 - 3.4 bps
- Then quote 2041 price 116 3.129% Yield
- Add Yield rolls
- Then add underwritten spread to get final total pricing
- Have call approx. ^{1/2-1} hour before final pricing call
- Establish yield rolls at outset of Pricing Call and then go from there.

Weekly LCP Call with TD/GS

Date Nov 6/13

- ① Syndication Group → Nalcor to provide feedback
- ② Offering Circular with Canada Logo → Canada reviewing
- ③ Structured Deposit Note Term Sheets → send across today
- ④ Execution Calendar → send across today
- ⑤ Full Offering Circular → Distributed by early next week
→ Canada Post format.
- ⑥ Schedule O and Q → Nalcor to provide confirmation
- ⑦ MTI and Canada Guarantee → Under review by TD/GS and McCarthy's
- ⑧ Block Account / Fiscal Agent Agreement →
- ✓ ⑨ Nalcor to advise Premium vs. Par pricing.
- ⑩ Adjust spread if benchmark changes from 2041 to 2045.
↳ TD to update Schedule Q
- ⑪ Faskens to collect originals of all documents relating to Commitment Letter.

MWH Meeting Nov 6/13 - Action Items

Date Nov 6/13

- ① North Spur Deck to MWH/CBB/BF
 - ② Slope Stability Analysis
 - ③ Liquefaction 2D/3D studies / Seepage
 - ④ Detailed Project Control Schedule
 - ⑤ IPS ^{Sub} Critical Path ~~Schedules~~ Schedules
 - ⑥ Stewardship Report
 - ⑦ ~~James Loucks / Tom Chudy / Ed Bush Schedule Call~~
- ~~1:00 pm MWH time Nov 7 (Thursday)~~
- ⑧ Joe Krapski to confirm nothing further on WMA, but preliminary indication was "OK" [Version #2 Hazde Study]
 - ⑨ Reconciliation of DG3 → Updated Capital Costs -
 - ⑩ ~~Astaldi Performance Security Documentation~~
 - ⑪ Reconciliation of Detailed Capital Costs DG3 vs Estimate (Table 5-16 from MWH Report)
 - ⑫ Update of Material Contracts.
↳ See note to Alison.
 - ⑬ Target/Opportunity Framework in Astaldi Contract
↳ Call with Ed^{POW}, Roy and Jim Loucks.
(Friday) Nov 8
 - ⑭ DG3 O&M Spreadsheet.

TO DO'S

Date

- ① Call Rating Agencies
- Fees, Questions, updated MTI, DoT
- ~~② Computerstore - Security & Industrial Trustee~~
- ③ KPMG - Administrator
- ④ RFP to RBC Trust and State Street
- ⑤ Par vs Premium Bond - TD
- ⑥ MWH Questions
- ⑦ Assignment of LCP Contracts, Authorizations, etc
- ⑧ Paul Morris - Project Oversight
- ⑨ Bruce Rogers WBR Insight CESIS intelligence officer
- security, intelligence gathering
- Peter Hickenham
- 330-1967
- ⑩ Joe Krupski -
- ⑪ To Deposit Note

Conference Call on LCP Schedule

Date Nov 7/13

Ed Bush; Tom Chudy; Gerry Bernain; David Pyper; Jim Loucks; Joe Krupski.

→ Loucks → Need to identify critical path activities to 2016 river diversion

→ Loucks Request

- ① Critical Path for Total LCP
- ② ~~Sub~~ Critical Path for Components.
- ③ Sub Critical Paths for Components.

→ What is accuracy of IPS now vs. more detailed schedule in 2 years when more contracts awarded?

→ Is IPS based on foundation?

→ Soundness of the schedule - can it accurately predict the output?

→ More accurate schedules will be available in the future.

→ 9000 activity schedule

→

Date

Date Nov 8/13

- A lot of work to do to get IPS where it needs to be
- IPS is good and doesn't need significant inputs
- Indication of accuracy of schedule

Issues

- Insufficient detail
- Critical Path not connected
- No start constraints

Bob McKay (beacon) - out on street TD/GS even
- first week of Dec

~~1-800-565-1981~~
1-800-565-1981

Weekly Call with TD/GS

Attendees → TD, Natcor, NRCan, FIN, Jus, BoC, NL Finance, Faskens, McCarthy's

Offering
→ Circular out by Tuesday

→ MTI looks to be well in hand. Confirming the Supplemental Indenture

→ Fiscal Agent under review within TD - Comments early next week. Comments on Block Account agreement later today.

→ Faskens to circulate Updated Canada Guarantee today.

→ TD to circulate Plan A timeline today.

→ Call on Yield Rolls ^{Hedging} early next week. Syndication

→ 3.15% GOC Long Rate.

PF Agreement Review w/ Fustans

Date Nov 14/13

- \$30k/yr trust fee in each of MF/LTA and LIL
- On months when interest payment due (Jun, Dec) the funding request needs to be issued 6 business days prior to month end.

Call with NL Finance

Nov 14/13

- Anne Marie Miller; Gillian Andrews
- Kurt Legge, Carol Ann Lutz
- James Meaney
- Contracts that have been signed
- Related amounts
- Disclosed in financial statements - Aggregate amount
 - ↳ Auditor General may request to see more detail
- Need this information ASAP.
- Contracts before Apr. 4/E

	Update	DG3	
MF	3,285	2,901	
LIL	2,527	2,609	~\$10m
LTA	720	692	

Date

LCP ~~Board~~ Board Meetings

Nov 15/13

- Update AFE Matrix → Gilbert's title VP not VP LCP
 - ↳ Title from LCP to MF, LTA or LIL
- Commissioning Alignment Discussion Gilbert, Rob Hull, Rob Henderson, Paul Humphries
- 1 Pager on DD/Cold Eyes Review Process.

TD/GS Weekly Call

Nov 15/13

Market update

- ↳ Stable market compared to prior weeks
- ↳ CMB deal 10-yr 50-bps \$2 billion
- ↳ Provincial spreads compressing as well
- ↳ 30 yr auction of GOC \$1.5 billion went well
- ↳ 22% CMB deal went international
- ↳ CMB launch Dec 12, price Dec 13 \$5 billion 5 yr.
- ↳ 75% Trade, 25% Cash for CMB deal.

Alex Watson - offering Circular

- ↳ Canada has reviewed and has comments
- ↳ Presented as GOC financing

Date: 11/20/13

- Positive feedback at site visit doesn't line up with Commentary. Nik you were there.
- Lacks a ^{general} position - that MWH in general believes the approach is reasonable
- Factual inaccuracies
- Tone - could go public.

Water Management

- Gilbert
- Alison
- BLG - Bertoli
- MC - Connors, Green
- OB - John Baker
- NR - Charles, Paul

Key Messages for IE Call

Date Nov 21/13

- Concerns with the current draft of IE report
- Have provided a summary of "high level" issues and will be following up later today or tomorrow with detailed black line
- Collective interest between Nalcor, Canada and MWH to have ~~an objective and~~ commentary in the IE report that is objective and appropriate. We need to work together to ensure this
- Current draft has a number of areas that give us concern
 - ① Positive feedback from MWH during technical sessions in St John's and site visits does not come through here.
 - ② Factual inaccuracies
 - ③ Commentary and tone often negative, irrelevant or leads reader to believe information being held back by Nalcor. This is certainly not the case.
 - ④ ~~Lacks~~ Lacks a general view on whether Nalcor's approach reasonable
- Report could go public, and I don't think a report of this nature would reflect well upon any of us
- Want to use the feedback provided by Nalcor and Canada to work with MWH to get this where it needs to be in short order
 - ↳ Need Nik to take ownership of this as Senior executive.

Date

→ Province as Shareholder is aware of where things are with the Project and stand behind their equity completion guarantee. This aspect of the project, which is unique compared to others, seems to have been lost in some sections of the report.

→ Need an IE report with reasonable opinion on ① Cost and ② Schedule.

→ 2/3 under contract, LNTP, remaining 1/3 subject to 5% increase

IE call - MWH, Canada, CBB, BF and Nalcor

Date Nov 21/13

- "Clean" report by the end of next week
- Not a typical secured lender's IE report.
- Reasonableness of Cost and Schedule
- No tone of information delivery, ~~no~~ no opinion, etc.
- Focused and direct report.

→ Need to review Nalcor Comments and briefly reviewed Canada/CBB comments.

→ Cost, Schedule and North Spur - Key Issues.

→ North Spur → John Wood and Geotechnical Expert
↳ Conference Call + meeting, if required.

→ Conference Call on Capital Cost
↳ NiK, Jim Loucks, Dick Howell.

→ Conference Call on Schedule
↳ Jim Loucks, NiK

→ Timeframes set out in ^{Project} schedule ~~are~~ are reasonable

↳ MWH need to take what they have

↳ Schedule can be built within the timeframe contemplated and here's what's needed to achieve this.

↳ Based upon current plan and understanding, reasonable expectation

Nothing further Nalcor can provide

Date

- ↳ Moving ^{river} diversion out 1 year and commissioning only 6 months - is that achievable?
 - ↳ MWH/Nik said it is achievable.
- ↳ Need to understand critical path.

Td/GS Weekly Call

Nov 22/13

- U.S. Unemployment data due out Dec 6
- Documents
 - ↳ Updated Offing Circular went out last night - need comments.
 - ↳ Checkpoint with Rating Agencies on timing of Rating Committee
- Is it in everyone's best interest to have Nalcor priced before CMB priced.
- Would have high degree of certainty on CMB issuance date week of Dec 2
- Week of Dec 16 no go for Nalcor issuance.

Page

Date

Nov 22/13

Hedging

- If happy with current interest rate levels, hedge 50%.
- 50% of total issuance hedged to cover switch trades
- Want to be ahead of Dec 2 roll over DEX.
- Would have to implement hedge over week of Nov 25.
- Done over 1-2 week period - feasibility
- If using Bond Forwards
- Would want to see outcome of UARB/NS issue - before executing hedges
- 0.3 bps per week - cost of hedging

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MWH Schedule Call

Date Nov 25/13

- Paul Harrington, Lance, Jason Ed
- MWH - Nik, Roy, Howard and Loucks
- CBB - Alison, Charles
- BF - David Pyper
- Canada - Joe

- MWH still need to review but accept the principle that LTA and LIL are off the critical path.
- Sequences and durations seem reasonable for MF.
- Nik acknowledged they have everything

Insurance

→ No bridge financing → equity will serve this purpose
10.6.5.1

→ Don't need to have PDMA's executed this week

Emera
→ Execute

Date Nov 26/13

To DO's

- Nature-Opera Contributed Surplus
- Agency, Financing, Trust fees schedule
- ~~Andritz Hydro presentation / letter~~
- ~~PF agreement review with LCP~~
- IE checkpoint with Alison / Pyper / Nik
- Opening Balance Sheet
- ~~Commissioning Discussion with Gilbert / Humphries~~
- Hedging Discussion with NL

- Discussions with TD
 - ↳ Legal Fees
 - ↳ Sinking Fund / NPV
 - ↳ Luxembourg Listing - Not other global jurisdictions
 - ↳ Hedging

Weekly Call w TD

Nov 27/13

- CMB launch Dec 11, price Dec 12 \$5 billion, 5-year
- Updated offering circular going out this week.
- Update on freq of FLG issuance.
- 11am EST for Dry Run on Friday, Nov 29
- Shorcan Access List

IE Report Checkpoint Call

Date Nov 27/13

- Nik, David Pyper, Charles Newman, Paul Harrington, Lance
- North Spur, Capital Cost, Schedule
 - ↳ Will be in good position by EOD Weds Pacific time
- Mid-December timeline - Req?
- Updates to charts in ~~Schedule~~ Section 9 relating
- Remaining sections of report by by EOD Friday
- IE Draft Report ^{+ve opinion}
 - ↳ North Spur, Capital Cost and Schedule sections by EOD Pacific time
 - ↳ Remaining sections of the report, including conclusions, by Friday.
 - ↳ Executive Summary. beforehand
 - ↳ Any other sections ready

To Do's

Date Nov 28/13

- ~~1 Equity for ESA/ESG~~
- ~~2 Opening BS~~
- ~~3 IIC Report~~
- ~~4 IE Report~~
- 5 DBRS Pre-Sale Report
- ~~6 Review Funding Request~~
- 7 Financing Fees Schedule
- ~~8 750 Confidence Level~~

Sean Kavanagh

Nov 28/13

- ↳ Project Costs
- ↳ Cost to Complete
- ↳ Project Schedule

- Holding up the Pledge
- Project Finance Agreements they've seen.
- ML JDC / ML JDC.

Brian Rendell

Nov 29/13

- Project Budget
- LIL Project Financing documents under review
- Need to see docs as sign off for pledge units.
- Financial Model for LIL
- Nalcor Guarantee
 - ↳ LIL Assets Agreement during service life of LIL

Date

→ A \$75m WCA was established for MP/LTA effective Dec 13 and in the event funds are required to satisfy these claims in the event contestation proves to be unsuccessful there will be adequate funds available to meet resulting the payment obligation

→ LIL??

Schedule E Funding Request Permitted Investments

List 3 SDN Notes

① 3 SDN referred to in letter agreement Dec 17 from TD to MFCo

② Deposits in MPLTA proceeds account

- The above constitutes deposits and notes issued by TD Bank being one of the 5 largest (by assets) Canadian Sch I bank as contemplated in the definition of "Permitted Investments"

Schedule G

Date

- There are ^{NO} funds for available for investment at this time. These funds are currently held by the LIL Construction Project Trust and we understand

Section 3.6 All reasonable 3RD party costs incurred by the Guarantor in relation to an FLG shall be at the expense of the Borrower for the benefit of which such FLG has been issued

- ① Reflected on it further
- ② Frustration bubbled over
- ③ Made some good points, but all that was negated by the manner in which the message was delivered
- ④ Well respected within Project, but lost it with Corporate.

Our group general role with LCP/Corp and both are equally important

I need to figure out if it can be repaired as have spoke to Kent, Mark and Derrick and all shocked and in some cases indicated in other organizations this would not be acceptable

⑤ Understood from Kent there was a discussion/earlier meeting that day on Financial Report DD sign off. He indicated the tone of some of the comments were really not good

⑥ Path forward - I'm willing to work, but needs to be a change. Ya reach out to Kent