

**MINUTES OF THE THIRD MEETING OF THE BOARD OF DIRECTORS OF
LABRADOR-ISLAND LINK GENERAL PARTNER CORPORATION HELD IN
THE BOARDROOM, 6TH LEVEL, HYDRO PLACE, ST. JOHN'S,
NEWFOUNDLAND AND LABRADOR ON WEDNESDAY, NOVEMBER 14,
2012 AT 3:00PM**

Present in Person: E. Martin, Member

Present by Phone: G. Shortall, Member
R. Ellsworth, Member
L. Burnham, Member

Absent: T. Styles, Chair

**Present by Invitation
in Person:** T. Clift, Chair, Labrador-Island Link
Holding Corporation
S. Kelly-Blackmore, Director, Labrador-
Island Link Holding Corporation
T. O'Brien, Director, Labrador-Island Link
Holding Corporation
D. Sturge, Director, Labrador-Island Link
Holding Corporation

Secretary (acting): P. Hickman

21. CONSTITUTION OF THE MEETING

A notice of the meeting was sent to all Directors on November 8, 2012. A quorum of Directors being present, the meeting was declared duly called and validly constituted for the transaction of business. In the absence of the Chair, Mr. Martin acted as Chair for the meeting.

22. SAFETY MOMENT

Mr. Hickman provided a safety moment on driving safely in work zones.

23. UPDATE MUSKRAT FALLS PROJECT

The purpose of the meeting was to update both the Board and the Board of Directors of the Labrador-Island Link Holding Corporation on the status of the activities relating to the Muskrat Falls Project, including the Labrador-Island Link and the Maritime Link.

Mr. Martin noted that, as reported at the previous meeting of these Boards of Directors, at Decision Gate 2 the preference and costs of the Muskrat Falls option over the Isolated Island option was \$2.2 billion. Since decision gate 2, a number of analyses were carried out of alternative options and as a result the Isolated Island case was updated. As part of the update of the Isolated Island case, more wind facilities were included in that option, which helped to decrease its cost.

At the same time work progressed on the Muskrat Falls Project in that more studies were carried out, work was carried out on the financing, Maritime Link arrangements with Emera were finalized and work has been ongoing with respect to the federal loan guarantee (FLG).

The result of several updated changes in the analysis at DG3 is that the preference for the Muskrat Falls case over Isolated Island case is now \$2.4 billion, when the FLG is included in the Muskrat Falls Project.

Mr. Martin then noted that a number of independent assessments were carried out on the project and these align with what Nalcor had produced with respect to the Project.

Mr. Sturge then provided an update on activities relating to the FLG. He stated that since the Federal Government announced in May of 2011 that there would be a federal loan guarantee of the Muskrat Falls Project, including the Labrador-

Island Link and the Maritime Link, work has been ongoing to that end. Since late May/early June Nalcor has been engaged in direct discussions with the Federal Government with respect to the FLG. These discussions have continued consistently over the months since that time. Presently Nalcor is awaiting the response to its latest position with respect to term sheets which outline the terms of the FLG. The two big issues that remain to be settled are the amount of the guarantee and the term of the guarantee. Mr. Martin also noted that the province is seeking assurance that Nova Scotia's involvement in the Maritime Link is not necessary for the FLG to proceed, but that such assurance has not yet been received.

Mr. Martin then reviewed the communication activities which have been carried out by the Government with respect to the Muskrat Falls Project, with the support of Nalcor. He also discussed the public reaction to the communications.

Mr. Martin asked each of the Directors present individually if they had any questions relating to the Project or required any further information.

Mr. Martin was asked if there is any need for concern with respect to Nova Scotia's involvement. He stated that although until the final decision has been made, it can never be certain, he has no reason to believe that either Nova Scotia or Emera will not continue to support the Maritime Link and sanction it. Emera is committed to that project, as is the Premier of Nova Scotia.

If there is a change in the government of Nova Scotia in the middle of the project, Mr. Martin stated that it is not anticipated that it would cause a problem as the process should be far enough along that it would be of negative value to stop it. Mr. Martin confirmed that one of the differences between the Muskrat Falls option and the Isolated Island option is that with respect to the latter, it would not only be more expensive, but there would be no surplus energy.

Mr. Martin then outlined ongoing development activities relating to the Project. Mr. Martin reported that about 50% of the engineering work has been carried out, which is ahead of schedule. As well, approximately 25-30% of the large contracts have been issued and bids received. As a result, Nalcor has an appropriate understanding of the costs involved in the Project. As well, arrangements have been concluded with the unions, and they are presently with the unions for ratification. As a result there is appropriate certainty with respect to labour costs.

Mr. Martin stated that a key risk is labour productivity. It is important to get the right quality of people involved and to keep them productive and happy. There are a lot of projects ongoing in Newfoundland and Labrador so there will be a high demand on the labour resources.

Ms. Kelly-Blackmore asked if there was any indication as to the timing of the response from the Federal Government with respect to FLG. Mr. Martin stated that he is hopeful that Nalcor will hear something within the next few days.

In response to the inquiry, Mr. Sturge and Mr. Martin outlined the responsibility of the respective Boards at time of sanction and after sanction. It was agreed that the Board would be provided with more information in this regard, outlining what would be expected of the Board in the short-term and then in the long-term. This will be provided to them prior to the next meeting. It was also agreed that the Board will be provided with hard copies of the various independent reports that had been made public with respect to the Project.

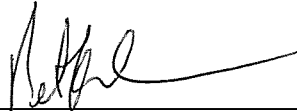
24. NEXT MEETING

It was agreed that another conference call of the two Boards would be held within the next two weeks.

25.

TERMINATION

There being no further business, the meeting was terminated.



Secretary

Verified at a meeting held on

January 18, 2013



Chairperson