

1 Q. Please confirm that the Muskrat Falls Power Purchase Agreement (the “MFPPA”)
2 has been finalized and has been approved by the Boards of Directors of Hydro and
3 Nalcor and by the Government, and provide copies of the documents formally
4 constituting approval of the MFPPA by these entities.

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7 A. The MFPPA was approved by the Board of Directors of Muskrat Falls Corporation. A
8 copy of the resolution approving the MFPPA is attached as GRK-NLH-001
9 Attachment 1. The MFPPA was approved by the Board of Directors of Hydro. A
10 copy of the resolution approving the MFPPA is attached as GRK-NLH-001
11 Attachment 2. The MFPPA was not approved by the Nalcor Energy Board of
12 Directors as Nalcor Energy is not a party to the Agreement. The Provincial
13 Government approved the MFPPA. However, Hydro is not permitted to provide a
14 copy of the Minute of Council in which this approval is outlined.

RESOLUTION

**1st MEETING OF THE BOARD OF DIRECTORS OF
MUSKRAT FALLS CORPORATION
HELD ON NOVEMBER 15, 2013**

**APPROVAL OF NEWFOUNDLAND AND LABRADOR REVENUE AGREEMENTS
RESOLUTION**

WHEREAS the Corporation was incorporated to carry on the business of the design, engineering, constructing, commissioning, owning, financing, operating and maintaining the hydroelectric plant and all related components to be constructed on the Churchill River in the vicinity of Muskrat Falls (the “**MF Plant**”), selling electricity products from the MF Plant, entering into transmission arrangements and payment obligations, and all activities ancillary and incidental thereto;

AND WHEREAS the NL Revenue Agreements (as defined below) and the Muskrat Project Agreements (as defined below) are in furtherance of the business of the Corporation;

AND WHEREAS briefings and updates have been provided to the board of directors on the NL Revenue Agreements and the Muskrat Project Agreements;

AND WHEREAS the Corporation has determined it is in its best interests to enter into the NL Revenue Agreements and the Muskrat Project Agreements.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Corporation be and is hereby authorized to negotiate, execute and deliver each of the following agreements (collectively the “**NL Revenue Agreements**”) substantially as contemplated by the briefings and updates provided to the board and each of which are hereby approved upon execution as authorized by this resolution:
 - a. the Generator Interconnection Agreement (“**GIA**”) with Newfoundland and Labrador Hydro (“**NLH**”) (in its capacity as Newfoundland and Labrador System Operator (“**NLSO**”) which has the responsibility and authority to oversee the safe and reliable operation of the NL Transmission System) and Labrador Transmission Corporation (“**Labrador Transco**”) which sets forth (i) the obligation of Labrador Transco to design, develop, finance, construct, own, operate, maintain

and sustain the Labrador Transmission Assets (“**LTA**”) in exchange for payment by the Corporation to Labrador Transco, and (ii) the interconnection of the MF Plant with the LTA and the Bulk Electric System;

- b. Muskrat Step-In Agreement (“**Muskrat Step-In Agreement**”) with NLH (in its own right and in its capacity as NLSO), the Security Trustee and Labrador Transco, in which NLH and Labrador Transco consent to the Security Interests granted by the Corporation to the Security Trustee, and provide the Security Trustee with certain rights (including the right to step into the rights of the Corporation under the GIA) upon the Security Interests becoming enforceable;
- c. Labrador Transco Step-In Agreement (“**Labrador Transco Step-In Agreement**”) with NLH (in its own right and in its capacity as NLSO), the Security Trustee and Labrador Transco, in which NLH and the Corporation consent to the Security Interests granted by Labrador Transco to the Security Trustee, and provide the Security Trustee with certain rights (including the right to step into the rights of Labrador Transco under the GIA) upon the security interests becoming enforceable;
- d. General Security Agreement and Subordination Acknowledgement (GIA) with Labrador Transco and NLH in which Labrador Transco transfers and assigns to NLH and the Corporation and grants to NLH and the Corporation a security interest in Labrador Transco’s interest in the LTA and the GIA as security for Losses of the Corporation and NLH which may arise from a Labrador Transco Material Default. The Corporation and NLH subordinate their lien to the security granted by Labrador Transco to the Financing Parties;
- e. Power Purchase Agreement (“**PPA**”) with NLH in which the Corporation agrees to design, develop, finance, construct, commission, own, operate, maintain and make the MF Plant available for the generation of electricity, and the Corporation and NLH agree to the purchase and sale of Capacity, Energy, Ancillary Services and GHG Credits;
- f. PPA Step-In Agreement (“**PPA Step-In Agreement**”) with NLH and the Security Trustee in which NLH consents to the Security Interests granted by the Corporation to the Security Trustee, and provides the Security Trustee with certain rights (including the right to step into the rights of the Corporation under the PPA) upon the security interests becoming enforceable; and

- g. General Security Agreement and Subordination Acknowledgement (PPA) with NLH in which the Corporation transfers and assigns to NLH and grants to NLH a security interest in the Corporation's interest in the MF Plant and the PPA as security for Losses of NLH which may arise from a Muskrat Material Default. NLH subordinates its lien to the security granted by the Corporation to the Financing Parties.

Capitalized terms used in this Section 1 have the meaning given in the applicable agreement being referenced.

2. The Corporation be and is hereby authorized to negotiate, execute and deliver each of the following agreements (the "**Muskrat Project Agreements**") substantially as contemplated by the briefings and updates provided to the board and each of which are hereby approved upon execution as authorized by this resolution:
 - a. Asset Transfer Agreement with Nalcor Energy ("**Nalcor**") in which Nalcor transfers and assigns to Muskrat property and rights it has acquired, and contracts, permits and licenses to which it is a party, with respect to the MF Plant;
 - b. Muskrat Project Development and Management Agreement ("**PDMA**") with Lower Churchill Management Corporation ("**Devco**") in which Devco is retained to provide project development and management services in connection with the construction and development of the MF Plant as set forth therein;
 - c. Assignment of Water Management Agreement with Nalcor in which Nalcor transfers and assigns to Muskrat the Water Management Agreement;
 - d. Assignment of Water Lease with Nalcor in which Nalcor transfers and assigns to Muskrat the Water Lease;
 - e. Project Interface and Coordination Agreement with Devco, Labrador Transco, the Labrador-Island Link Partnership and Labrador-Island Link Operating Corporation to provide for the development of the Labrador-Island Link, MF Plant and the Labrador Transmission Assets on a coordinated and integrated basis; and
 - f. Transfer of Rights under the Impacts and Benefits Agreement with Innu Nation, dated November 18, 2011 ("**IBA**") from Nalcor to each of the Corporation, Labrador Transco, and the Partnership, as applicable.

Capitalized terms used in this Section 2 have the meaning given in the applicable agreement being referenced.

3. Any two of the officers or directors of the Corporation be and are hereby authorized and directed to negotiate, execute and deliver each of the NL Revenue Agreements and the Muskrat Project Agreements with such amendments or variations thereto as they may approve. The execution by such officers or directors shall be conclusive proof that the Corporation has authorized such officers or directors to execute the agreements in the form in which they have been executed.

4. Any two of the officers or directors of the Corporation be and they are hereby authorized and directed to do all such further and other acts and things and to execute and deliver or cause to be executed and delivered such further and other instruments, agreements, certificates, deeds, assignments, acknowledgements, declarations, documents, undertakings and writings as in their discretion may be necessary or desirable to complete the transactions contemplated by the NL Revenue Agreements and the Muskrat Project Agreements or any of the agreements or schedules referred to therein or any one of them, and all of the other instruments and agreements referred to in the foregoing resolution, and to give effect to the foregoing, all to be in such form and on such terms as such persons shall approve, such approval and the approval of the board of directors to be conclusively evidenced by their execution thereof.

**391st MEETING OF THE BOARD OF DIRECTORS
OF NEWFOUNDLAND AND LABRADOR HYDRO
NOVEMBER 15, 2013**

**APPROVAL OF THE NEWFOUNDLAND AND LABRADOR REVENUE
AGREEMENTS RESOLUTION**

WHEREAS the Corporation was established pursuant to the *Hydro Corporation Act, 2007* and has as its objectives to develop and purchase power on an economic and efficient basis and in particular to engage in Newfoundland and Labrador and elsewhere in the development, generation, production, transmission, distribution, delivery, supply, sale, purchase and use of power from water, and to supply power at rates consistent with sound financial administration, for domestic, commercial, industrial or other uses in the Newfoundland and Labrador;

AND WHEREAS the NL Revenue Agreements (as defined below) provide for the design, construction, development, financing, ownership, operation, maintaining and sustaining of (i) a new hydro-electric generation plant to be constructed on the Churchill River in the vicinity of Muskrat Falls (the “**MF Plant**”), (ii) transmission facilities to be constructed between the MF Plant and the generating plant located at Churchill Falls, Newfoundland and Labrador (the “**Labrador Transmission Assets**” (“**LTA**”)), and (iii) transmission facilities to be constructed from central Labrador to Soldiers Pond, Newfoundland and Labrador (the “**Labrador-Island Link**” (“**LIL**”));

AND WHEREAS briefings and updates have been provided to the board of directors on the NL Revenue Agreements;

AND WHEREAS the Corporation has determined it is in its best interests to enter into the NL Revenue Agreements;

NOW THEREFORE BE IT RESOLVED THAT:

1. The Corporation be and is hereby authorized to negotiate, execute and deliver each of the following agreements (collectively the “**NL Revenue Agreements**”) substantially as contemplated by the briefings and updates provided to the board and each of which are hereby approved upon execution as authorized by this resolution:
 - a. the LIL Lease (“**LIL Lease**”) with Labrador-Island Link Operating Corporation (“**Opco**”), pursuant to which the LIL Assets and Rights are

- leased, assigned or licensed, as applicable, by the Labrador-Island Link Limited Partnership ("**Partnership**") to Opco;
- b. Transmission Funding Agreement ("**TFA**") with Opco and the Partnership, which relates, among other things, to the recovery from NLH of costs of the LIL incurred by Opco and the Partnership;
 - c. Opco Security Agreement and Subordination Acknowledgement (LIL Lease) with NLH in which Opco transfers and assigns to NLH the LIL Lease, and grants NLH a security interest in the LIL Lease as security for the ability of NLH to exercise its rights under the LIL Remedies Agreement. NLH subordinates this lien to the security granted by Opco to the Financing Parties;
 - d. the LIL Remedies Agreement ("**LIL Remedies Agreement**") with Opco and the Partnership, which sets forth certain specific remedies associated with defaults by the parties to the LIL Lease and the TFA;
 - e. the Partnership Step-In Agreement ("**Partnership Step-In Agreement**") with the Security Trustee, Opco and the Partnership, in which NLH and Opco consent to the Security Interests granted by the Partnership to the Security Trustee, and provide the Security Trustee with certain rights (including the right to step into the rights of the Partnership under the LIL Assets Agreement, the LIL Lease, the TFA and the LIL Remedies Agreement) upon the Security Interests becoming enforceable;
 - f. the Opco Step-In Agreement ("**Opco Step-In Agreement**") with the Security Trustee, Opco and the Partnership, in which NLH and the Partnership consent to the Security Interests granted by Opco to the Security Trustee, and provide the Security Trustee with certain rights (including the right to step into the rights of the Opco under the LIL Assets Agreement, the LIL Lease, the TFA and the LIL Remedies Agreement) upon the Security Interests becoming enforceable;
 - g. the Generator Interconnection Agreement ("**GIA**") (in its capacity as Newfoundland and Labrador System Operator ("**NLSO**") which has the responsibility and authority to oversee the safe and reliable operation of the NL Transmission System) with Muskrat Falls Corporation ("**Muskrat**") and Labrador Transmission Corporation ("**Labrador Transco**") which sets forth (i) the obligation of Labrador Transco to design, develop, finance, construct, own, operate, maintain and sustain the LTA in exchange for payment by Muskrat to Labrador Transco, and (ii) the interconnection of the MF Plant with the LTA and the Bulk Electric System;
 - h. Muskrat Step-In Agreement ("**Muskrat Step-In Agreement**") (in its own right and in its capacity as NLSO) with the Security Trustee, Muskrat and Labrador Transco, in which NLH and Labrador Transco consent to the Security Interests granted by Muskrat to the Security Trustee, and provide the Security Trustee with certain rights (including

- the right to step into the rights of Muskrat under the GIA) upon the security interests becoming enforceable;
- i. Labrador Transco Step-In Agreement ("**Labrador Transco Step-In Agreement**") (in its own right and in its capacity as NLSO) with the Security Trustee, Muskrat and Labrador Transco, in which NLH and Muskrat consent to the Security Interests granted by Labrador Transco to the Security Trustee, and provide the Security Trustee with certain rights (including the right to step into the rights of Labrador Transco under the GIA) upon the Security Interests becoming enforceable;
 - j. General Security Agreement and Subordination Acknowledgement (GIA) with Labrador Transco and Muskrat in which Labrador Transco transfers and assigns to Muskrat and the Corporation and grants to Muskrat and the Corporation a security interest in Labrador Transco's interest in the LTA and the GIA as security for Losses of Muskrat and the Corporation which may arise from a Labrador Transco Material Default. The Corporation and Muskrat subordinate their lien to the security granted by Labrador Transco to the Financing Parties; and
 - k. Power Purchase Agreement ("**PPA**") with Muskrat, in which Muskrat agrees to design, develop, finance, construct, commission, own, operate, maintain and make the MF Plant available for the generation of electricity, and Muskrat and NLH agree to the purchase and sale of Capacity, Energy, Ancillary Services and GHG Credits;
 - l. PPA Step-In Agreement ("**PPA Step-In Agreement**") with the Security Trustee and Muskrat in which NLH consents to the Security Interests granted by Muskrat to the Security Trustee, and provides the Security Trustee with certain rights (including the right to step into the rights of Muskrat under the PPA) upon the security interests becoming enforceable; and
 - m. General Security Agreement and Subordination Acknowledgement (PPA) with Muskrat in which Muskrat transfers and assigns to the Corporation and grants to the Corporation a security interest in the Muskrat's interest in the MF Plant and the PPA as security for Losses of the Corporation which may arise from a Muskrat Material Default. The Corporation subordinates its lien to the security granted by Muskrat to the Financing Parties.

Capitalized terms used in this Section 1 have the meaning given in the applicable agreement being referenced.

- 2. Any two of the officers or directors of the Corporation be and are hereby authorized and directed to negotiate, execute and deliver each of the NL Revenue Agreements with such amendments or variations thereto as they may approve. The execution by such officers or directors shall be conclusive proof that the Corporation has authorized such officers or directors to execute the agreements in the form in which they have been executed.

3. Any two of the officers or directors of the Corporation be and they are hereby authorized and directed to do all such further and other acts and things and to execute and deliver or cause to be executed and delivered such further and other instruments, agreements, certificates, deeds, assignments, acknowledgements, declarations, documents, undertakings and writings as in their discretion may be necessary or desirable to complete the transactions contemplated by the NL Revenue Agreements or any of the agreements or schedules referred to therein or any one of them, and all of the other instruments and agreements referred to in the foregoing resolution, and to give effect to the foregoing, all to be in such form and on such terms as such persons shall approve, such approval and the approval of the board of directors to be conclusively evidenced by their execution thereof.