Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act [Our File #: FIN-73-2016]

On November 4, 2016, the Department of Finance received your request for access to the following records/information:

“Any documents, information, or any other form and substance of communication between the Department of Finance and the federal government regarding the federal loan guarantee for Muskrat Falls –between Sept. 1, 2016 and Nov. 3, 2016.”

Additionally, you were advised that the Office of the Information and Privacy Commissioner had granted time extensions for responding to the above request on November 29, 2016, December 23, 2016, and January 6, 2017.

The Department is pleased to advise that access has been granted in part to the above request and is attached. It is important to note the following when reviewing this information:

- Some information is considered Policy Advice or Recommendations and has been severed pursuant to section 29.(1)(a) of the Access to Information and Protection of Privacy Act, 2015 (ATIPA).

- Some information is considered Harmful to Intergovernmental Relations or Negotiations and has been severed pursuant to section 34.(1)(a)(i) of the Access to Information and Protection of Privacy Act, 2015.

- Some information is considered Harmful to the financial or economic interests of a public body and has been severed pursuant to section 35.(1)(f) and 34.(1)(g) of the Access to Information and Protection of Privacy Act, 2015.

- Some information is considered Harmful to Personal Privacy and has been severed pursuant to section 40.(1) of the Access to Information and Protection of Privacy Act, 2015.
Some information is considered Commercially Sensitive and has been severed pursuant to section 5.4 of the *Energy Corporation Act (ECA)*.

Some information is considered non-responsive as it does not relate to the expansion of the Federal Loan Guarantee and does not have any relevance to this request. As such, this information has been severed accordingly.

For your convenience, provided in the table below is a listing of the page numbers that have been completely removed due to exemptions pursuant to both ATIPPA and ECA (as described above). It is important to note when referencing the page numbers, please refer to the number located at the top right hand corner of the page.

<table>
<thead>
<tr>
<th>Page Number Removed</th>
<th>Exemption Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Page 17, 39, 42, 50, 73, 102-103, 105-106, 109-113, 132-133, 144, 147, 151, 153-159, 173</td>
<td>Sections 34.(1)(a)(i)</td>
</tr>
<tr>
<td>Pages 17, 39, 42, 59, 82-89, 102-103, 105-106, 109-113, 132-133, 144, 147, 151, 153-159, 173</td>
<td>Sections 35.(1)(f) and 35.(1)(g) of ATIPPA</td>
</tr>
<tr>
<td>Pages 102-103</td>
<td>Section 5.4 of ECA</td>
</tr>
</tbody>
</table>

Additionally, duplicate copies of documents referenced in the attached e-mails have been removed for your convenience.

Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in section 42 of the *Access to Information and Protection of Privacy Act* (the *Act*). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner.

The address and contact information of the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner  
2 Canada Drive  
P. O. Box 13004, Stn. A  
St. John’s, NL. A1B 3V8

Telephone: (709) 729-6309  
Toll-Free: 1-877-729-6309  
Facsimile: (709) 729-6500
You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act.

The responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

If you have any further questions, please feel free to contact the undersigned by telephone at 709-729-2082, or by email at bethbartlett@gov.nl.ca.

Sincerely,

Beth Bartlett
ATIPP Coordinator

Attachment
Bartlett, Beth

From: Brewer, Donna
Sent: Wednesday, November 02, 2016 9:23 AM
To: Bartlett, Beth
Subject: FW: Questions from Donna

From: Brewer, Donna
Sent: Friday, January 8, 2016 10:14 AM
To: Martin, Craig <CMartin@gov.nl.ca>
Subject: FW: Questions from Donna

What is the base case that Auburn is referencing.

From: Bown, Charles W.
Sent: Friday, January 08, 2016 9:12 AM
To: Brewer, Donna
Subject: FW: Questions from Donna

From: AuburnWarren@nalcorenergy.com [mailto:AuburnWarren@nalcorenergy.com]
Sent: Friday, January 08, 2016 8:59 AM
To: Bown, Charles W.
Cc: DSturge@nalcorenergy.com
Subject: Re: Questions from Donna

Regards
Auburn

Sent from my iPhone
On Jan 8, 2016, at 8:47 AM, Bown, Charles W. <cbown@gov.nl.ca> wrote:

Charles
From: Martin, Craig
Sent: Sunday, January 10, 2016 9:57 AM
To: Brewer, Donna <dbrewer@gov.nl.ca>
Subject: Revised Deck for FLG

Donna,

Attached is the deck for the FLG enhancements

I've converted to NL Gov format and made some tweaks to the language. Gone back to Auburn for the changes to the Map on Slide 4 that were requested and a couple of other questions I'll copy you on.

Please have a look and advise if you have any comments. Minister wants finalized for AM so she can send out.

Thanks

Craig

Craig Martin, CPA, CMA
Assistant Deputy Minister of Finance
Taxation and Fiscal Policy
☎️: (l.) 729-2944 ☎️: (f.) 729-2070
📧: cmartin@gov.nl.ca
Hi Craig,

Gilbert and Karen reviewed / discussed (copied above) I've copied below the statement the Feds used for their FLG announcements.

Federal statement:
"The projects will make a major contribution to meeting Atlantic Canada's energy needs while reducing annual carbon dioxide emissions by up to 4.5 megatonnes per year, equivalent to taking one million cars off the road."
Thanks
Karen

Sent from my iPhone

On Jan 10, 2016, at 9:49 AM, Martin, Craig <CMartin@gov.nl.ca> wrote:

Auburn,

Thanks for deck.

During our meeting with Ed and Jim Friday afternoon, there were a couple of additional asks for Slide 4 – Projected Benefits to Canada

3. Break out the $6.1 B total income to Labour & Businesses by region

Jim had the take away notes for Nalcor. Think I have captured the changes, but ask Jim to please review and confirm.

Need this first thing tomorrow morning. Minister needs to send out tomorrow.

Need in Powerpoint format again as this is going out in NL Powerpoint format. If you make any other changes to Deck, please advise on those as well so I can ensure they are captured.

Thanks
Craig

From: AuburnWarren@nalcorenergy.com [mailto:AuburnWarren@nalcorenergy.com]
Sent: Friday, January 08, 2016 12:24 PM
To: Martin, Craig
Subject: Enhanced FLG 16.01.08.pptx

Craig,

Latest version in powerpoint format

Regards,
Auburn

Auburn Warren, CPA, CA
General Manager (Commercial, Treasury, Risk & Technology)
Nalcor Energy
t. 709-737-1256   c. 709-725-1141
e. AuburnWarren@nalcorenergy.com
w. nalcorenergy.com
Donna and Charles,

Please see below.

Map update is currently being completed.

Hi Craig,

Gilbert and Karen reviewed / discussed (copied above) [redacted] I've copied below the statement the Feds used for their FLG announcements.

Federal statement:
"The projects will make a major contribution to meeting Atlantic Canada’s energy needs while reducing annual carbon dioxide emissions by up to 4.5 megatonnes per year, equivalent to taking one million cars off the road."

Thanks
Karen

Current version will not have [redacted], Not sure which Minister requested.
Good morning Craig,

Just about to send map for final edits - but wanted to confirm where we landed on the 3 items below.

3. $6.1B Total - 3 extra bubbles will be added - similar to taxes I didn’t add a "Rest of Canada" bubble (for income this would be $0.7 B)
   i. NL - $3 B
   ii. ON - $1.2 B
   iii. QC - $1.2 B

Thanks!
Auburn Warren, CPA, CA
General Manager (Commercial, Treasury, Risk & Technology)
Nalcor Energy
f. 709-737-1256  c. 709-725-1141
e. AuburnWarren@nalcorenergy.com
w. nalcorenergy.com
During our meeting with Ed and Jim Friday afternoon, there were a couple of additional asks for Slide 4 – Projected Benefits to Canada:

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Auburn

Auburn Warren, CPA, CA
General Manager (Commercial, Treasury, Risk & Technology)
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t. 709-737-1256 c. 709-725-1141
e. AuburnWarren@nalcorenergy.com
w. nalcorenergy.com

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From: Martin, Craig  
Sent: Sunday, March 13, 2016 2:40 PM  
To: English, Tracy  
Subject: FLG

Tracy,

Federal Loan Guarantee materials.

Craig

Craig Martin, CPA, CMA  
Assistant Deputy Minister of Finance  
Taxation and Fiscal Policy

📞: (l.) 729-2944  📞: (l.) 729-2070  
📧: cmartin@gov.nl.ca
Lower Churchill Project (Phase I)
Federal Loan Guarantee
Project Background

- Newfoundland and Labrador (NL) requires more power due to increasing demands for electricity and aging infrastructure
- Lower Churchill Project – Phase I (LCP) positions NL as a leader in clean, renewable energy with 98% of NL’s energy generated from renewables
- LCP stabilizes electricity rates for residents and is a strategic enabler for businesses and economic growth
- LCP will change the future of our province, Atlantic Canada and the rest of the country when it connects NL to the North American grid for the first time in the province’s history
- LCP allows NL to take advantage of opportunities to sell clean, renewable power to other Canadian provinces as well as the North Eastern US
- LCP generates significant revenues and savings over the next 50 years delivering long-term value to NL, NS and Canada
- LCP provides significant economic and employment benefits to NL, NS, QC and Canada during construction
Key Messages

• An Enhanced Federal Loan Guarantee (FLG) strategically aligns with the new Government of Canada’s platform commitments:

<table>
<thead>
<tr>
<th>New Government of Canada Platform</th>
<th>Alignment with Enhanced FLG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change/COP21</td>
<td>NL is an environmental leader with 98% clean, renewable energy to meet provincial needs and available for export markets – NL will be tied for the leading position across all provinces for renewable energy and reduction of fossil fuel</td>
</tr>
<tr>
<td>Stronger Federal-Provincial Partnerships</td>
<td>Demonstrates commitment to NL, and other Canadian provinces, of more effective Federal-Provincial working relationship – as Canada’s cooperation provides meaningful support to a Province’s fiscal management action plan</td>
</tr>
<tr>
<td>Infrastructure Investments / Clean Energy Infrastructure</td>
<td>Investment in green infrastructure creating $6.1 billion total income to labour and business generating 70,000 person years of employment, $950 million in federal taxes and $850 million in provincial taxes</td>
</tr>
<tr>
<td>Renewed relationship between Canada and Indigenous peoples</td>
<td>Demonstrates support for strong Aboriginal partnerships as evidenced by NL and Innu Nation’s <em>New Dawn</em> agreement</td>
</tr>
</tbody>
</table>

January 11, 2016
Projected Benefits to Canada

$6.1 B total income to labour and business
- 3.0 B Newfoundland
- 1.2 B Ontario
- 1.2 B Québec

$950 M in federal taxes

70,000 person-years of employment in Canada
31,000 Atlantic Canada
17,000 Ontario
18,000 Québec

$350 M in taxes to NL

Further development of renewable energy in the region enabled

up to 4.5 M tonnes of CO₂ reduction

January 11, 2016
Federal Loan Guarantee

- Background

- In December 2013, Nalcor (through funding trusts) completed financial close by issuing $5 billion of AAA rated long term bonds guaranteed by Canada for the LCP – these proceeds were invested and are being drawn down monthly to fund Project expenditures.

- Some of the key provisions of the FLG with Canada include:
  - Maximum debt levels (DER) for (i) the Muskrat Falls (MF) / Labrador Transmission Assets (LTA) component of the project is 65% and (ii) the Labrador-Island Link (LIL) is 75%
  - Minimum Debt Service Coverage Ratios (DSCR) of 1.4 times
  - Any amounts not financed through debt are to be financed by equity (supported by a formal guarantee from NL)
  - Debt is amortized over the repayment period (30 years MF/LTA; 35 years LIL) through semi-annual sinking funds contributions starting on December 1, 2018

- Since financial close, NL and Nalcor have maintained compliance with the provisions of all the agreements and commitments relating to the FLG.

29.(1)(a), 34.(1)(a)(i)
Federal Loan Guarantee
- Background (continued)

- A-rated, non-guaranteed LCP credit ratings were secured as a condition precedent to FLG – this was and continues to be based on the following:
  - The investment decision was made on the basis that the future requirement for electricity by NL was such that the financing is supported solely by the cash flow from domestic NL sales, through NL Hydro (NLH), and does not require any export sales
  - Given the above, a series of agreements were developed to ensure that the cash flow stream from NLH was unconditionally available to support the LCP financing
  - Implementation by the Province of a legislative and regulatory framework to ensure full cost recovery in a timely manner to support debt service
  - The equity portion of the financing will be provided to the Project’s entities by (i) Nalcor under Equity Support Agreements, and (ii) Emera under Nalcor/Emera Formal Agreements – all of this is backstopped by NL with formal unlimited Equity Support Guarantees

- All of these above features would continue under the proposed FLG enhancements
Federal Loan Guarantee
- Opportunity

- The level of low cost guaranteed debt was capped at $5 billion based on cost estimates at that time.

- Canada required a fixed date to start principal repayment through semi-annual sinking funds contributions.

29.(1)(a), 34.(1)(a)(i), 35.(1)(f), 35.(1)(g)
Enhanced Federal Loan Guarantee

2. Improve existing additional debt provisions to allow additional debt to be guaranteed by Canada and funded in the same way as the original $5 billion.
From: Martin, Craig  
Sent: Tuesday, November 01, 2016 7:19 PM  
To: Bartlett, Beth  
Subject: FW: FLG

From: Haynes, Brenda  
Sent: Tuesday, March 15, 2016 9:17 AM  
To: Martin, Craig  
Subject: RE: FLG

Craig, tks a bunch, I have print off a copy for the Minister and Tracy only.  

Brenda

From: Martin, Craig  
Sent: Tuesday, March 15, 2016 9:09 AM  
To: Haynes, Brenda  
Subject: FW: FLG

Per our discussion

From: Martin, Craig  
Sent: Sunday, March 13, 2016 2:40 PM  
To: English, Tracy  
Subject: FLG

Tracy,  

Federal Loan Guarantee materials.  

Craig

Craig Martin, CPA, CMA  
Assistant Deputy Minister of Finance  
Taxation and Fiscal Policy

📞: (t.) 729-2944  📞: (f.) 729-2070  
📧: cmartin@gov.nl.ca
From: Bartlett, Beth
Sent: Wednesday, November 02, 2016 9:19 AM
To: Bartlett, Beth
Subject: FW: Morneau Meeting Note (Infrastructure Content Added)
Attachments: GC - Meeting Note - Minister Morneau (April 6, 2016).doc

From: Martin, Craig
Sent: Tuesday, April 05, 2016 4:22 PM
To: Power, Yvonne A <ypower@gov.nl.ca>
Cc: Brewer, Donna <dbrewer@gov.nl.ca>
Subject: Fw: Morneau Meeting Note (Infrastructure Content Added)

Morneau note.

Printing FLG deck. Will drop down

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Clarke, Greg <GregClarke@gov.nl.ca>
Sent: Tuesday, April 05, 2016 2:18 PM
To: Martin, Craig
Subject: FW: Morneau Meeting Note (Infrastructure Content Added)

Hi Craig, just letting you know that the note’s been updated with the infrastructure content Minister Bennett requested, and is going to FIN through DCP very shortly.

I’ve attached the note for you, FYI.

Greg

Greg Clarke, Director of Resource and Fiscal Policy
Intergovernmental Affairs Secretariat
Government of Newfoundland and Labrador
P.O. Box 8700, St. John’s, NL A1B 4J6
t: (709) 729-1341; f: (709) 729-5038
GregClarke@gov.nl.ca
Meeting Note
Intergovernmental Affairs Secretariat
Department of Finance
Minister Bill Morneau
April 6, 2016 at 10:00AM - 10:45AM
Delta St. John’s Hotel

Attendees:
Honourable Bill Morneau, Minister of Finance Canada (see Annex A for biography)
Honourable Judy Foote, Minister of Public Services and Procurement Canada

Honourable Dwight Ball, Premier
Honourable Cathy Bennett, Minister of Finance

Purpose of Meeting:
• The meeting provides an opportunity for Premier Ball to (1) acknowledge federal
government movement on some of the Province’s intergovernmental priorities; and (2) bring
the Province’s top three fiscal priorities to the attention of Minister Morneau, namely, a
Harmonized Sales Tax (HST) change, revisions to the terms of the Federal Loan Guarantee,
and a possible interest-free loan under the Fiscal Stabilization Program. See Annex B for a
table of other Provincial intergovernmental priorities.

Issue #1 (Federal Movement on Provincial Intergovernmental Priorities)
• The federal government has responded positively to a number the Province’s
intergovernmental priorities through specific funding commitments in the 2016-17 federal
budget, including: a $31.7 million Fiscal Stabilization Program payment, $25.1 million in duty
remission for two ferries, and infrastructure funding including $5 million for public transit.

• Other federal budget commitments of interest to the Province include the extension of EI
benefits for long-tenured workers, $6 million to assess the Manolis L, $22 million for Marine
Atlantic ferry upgrades, Wabush and St. Anthony airport improvements and $15 million for
Inuit housing.

• The federal government has also recently provided an additional $1.3 million in operational
funding to support CYFS child protection services for on-reserve Innu children in Labrador,
as well as Disaster Financial Assistance Arrangements payments of $645,000 in relation the
2008 rainstorm in Gambo and a $20 million interim payment for the 2010 Hurricane Igor.
The Last In, First Out (LIFO) policy in the shrimp fishery was recently suspended pending
review.
Issue #2 (HST Change)
- On April 1, 2016, Minister Bennett wrote federal Minister of Finance Bill Morneau and Minister of National Revenue Diane Lebouthillier to apprise them of a decision to increase the Provincial portion of the HST by two percentage points, effective August 1, 2016.

Potential Speaking Points
- We would like to thank you for accommodating a July 1 implementation date for our 2 per cent HST increase. This will assist us in our efforts to deal with our fiscal situation.

Proposed Actions
- Legislative amendments to provide the necessary authorities for the HST changes would be introduced in the House of Assembly during the spring session. Changes to the federal Excise Tax Act would also be required.

Issue #3 (Federal Loan Guarantee)
- The Province has requested amendments to the Federal Loan Guarantee (FLG) for the Lower Churchill Project (LCP) to restructure certain obligations, which will have the benefit of assisting the Province’s current fiscal situation.

- These proposals include:
  - Increasing the amount of debt guaranteed by the Government of Canada and funded in the same way as the original $5 billion to allow the Province to access more favourable interest rates.
Potential Speaking Points
• We have proposed several amendments to the Federal Loan Guarantee as a critical component of our efforts to address our fiscal situation. I look forward to conclusion of the analysis of our proposal so that we can discuss the cash flow and cost savings opportunities unlocked by these amendments.

Proposed Actions
• FLG amendments would require adjustment to existing intergovernmental agreements.

Issue #4 (Fiscal Stabilization Program Loan)
• The Fiscal Stabilization Program (FSP), a federal program provided for in the Federal-Provincial Fiscal Arrangements Act, provides funding assistance to any province facing a year-over-year decline in its non-resource revenues greater than 5 per cent. The Province's preliminary 2015-16 fiscal results indicate that the Province did not meet this criterion. However, where natural resource revenues experience a decline in excess of 50 per cent, the amount in excess of 50 per cent can be included in the calculation of 5 per cent decline. Based on this additional criterion, the Province qualified for the FSP.

• Legislated benefits are capped at $60 per capita, but provinces may also request an interest-free loan for the amount of the 5 per cent year-over-year decline in excess of the $60 per capita limit, to be repaid over a five-year period. The decision to provide such a loan is at the discretion of the federal Minister of Finance.

• The federal budget announced $31.7 million in FSP for the Province. AB also applied for and received a fiscal stabilization payment for 2015-16 of $251.4 million.

Analysis
• 

Potential Speaking Points
• Given the Province's significant fiscal challenges, will your government consider a loan under the Fiscal Stabilization Program?

Proposed Actions
• The application process for the loan would be similar to the application for a stabilization payment: a minister-to-minister letter, with a schedule showing the Province's calculation of the potential loan amount based on the latest data.

Issue #5 (Infrastructure)
• The federal budget announced $11.9 billion in new infrastructure including, a $3.4 billion Public Transit Infrastructure Fund (50 per cent funding) with Newfoundland and Labrador
receiving $4.94 million, $5 billion in Green Infrastructure ($50 million base, plus per capita share) and $3.4 billion in Social Infrastructure (funding parameters are still uncertain but the federal government is expected to invest in aboriginal, cultural/recreation, early learning/childcare, and affordable housing projects, including $15 million for housing in Nunatsiavut over two years).

• The budget also included up to $2 billion for a new Post-Secondary Institutions Strategic Investment Fund, which will support up to 50 per cent of projects at post-secondary institutions and affiliated organizations.

Analysis

• The Province recently signed the $34.9 million Small Communities Fund Agreement and has also finalized Newfoundland and Labrador’s list of proposed road projects for submission under the New Building Canada Plan Provincial and Territorial (PT) Component.

• The federal budget granted duty relief for all ferry vessels imported into Canada after October 1, 2015.
Potential Speaking Points

- The federal government has announced substantial funding for infrastructure and we commend these new investments.

- We will be forwarding a list of proposed infrastructure projects to the federal Minister of Infrastructure very soon for consideration under the Small Communities Fund, and the Provincial/Territorial component of the New Building Canada Fund.

- It is my hope we can ensure a quick turnaround on project approvals so that important infrastructure work can start this spring and support much needed economic growth.

- We also welcome continued engagement with the federal government to ensure program criteria for new infrastructure funding is flexible and aligns with our needs and capacities given the Province's current budgetary situation.

- With respect to the Post-Secondary Institutions Strategic Investment Fund, the Province will work with Memorial University and the College of the North Atlantic to assess project options that may be appropriate for submission.

Prepared/Reviewed by: G. Clarke/ P. Scott
Approval: S. Dutton

April 5, 2016
Annex A
Honourable Bill Morneau, Minister of Finance Canada

In addition to the Finance portfolio, Minister Morneau is also a member of three cabinet committees: Treasury Board, Agenda and Results and Inclusive Growth, Opportunities and Innovation. Minister Morneau was elected in Toronto Centre in the October 2015 federal election, making him one of the Liberal Party of Canada’s 153 rookie MPs. Minister Morneau has studied fiscal and policy issues related to retirement as a member of Ontario’s Pension Advisory Council and in 2012 was appointed Pension Investment Advisor to Ontario’s finance minister.

Prior to his work in federal politics, Minister Morneau was the chair of his family’s company, Morneau Shepell, a consulting and outsourcing company. Minister Morneau’s earned a Bachelor of Arts from Western University, a Master of Science (Economics) from the London School of Economics, and an MBA from INSEAD. Minister Morneau is married to Nancy, and has four children: Henry, Clare, Edward and Grace.
From: Martin, Craig
Sent: Tuesday, November 01, 2016 7:22 PM
To: Bartlett, Beth
Subject: FW: FLG2 Final Deck

From: JamesMeaney@lowerchurchillproject.ca
Sent: Friday, May 06, 2016 10:23 AM
To: Martin, Craig
Cc: AuburnWarren@nalcorenergy.com
Subject: RE: FLG2 Final Deck

Thanks Craig!

James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
Lower Churchill Project
t. 709 737-4860 c. 709 727-5283 f. 709 737-1901
e. JamesMeaney@lowerchurchillproject.ca
w. muskratfalls.nalcorenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

From: "Martin, Craig" <CMartin@gov.nl.ca>
To: "JamesMeaney@lowerchurchillproject.ca" <JamesMeaney@lowerchurchillproject.ca>
Cc: "AuburnWarren@nalcorenergy.com" <AuburnWarren@nalcorenergy.com>
Date: 05/06/2016 09:16 AM
Subject: RE: FLG2 Final Deck

Jim,

Attached is the actual Deck sent to the Federal Government.

Please let me know if you need anything else.

Craig

From: JamesMeaney@lowerchurchillproject.ca
Sent: Thursday, May 05, 2016 10:01 AM
To: Martin, Craig
Cc: AuburnWarren@nalcorenergy.com
Subject: FLG2 Final Deck

Hi Craig
Just following up on a VM I left on your cell earlier this week to get "final" FLG2 deck that went to Canada back in January.
I need to include a few slides from this in a briefing for new CEO next week.
Attached is the last version I have which I think Auburn sent to you.  

Thanks  

Jim  

James Meaney  
General Manager, Finance  
PROJECT DELIVERY TEAM  
Lower Churchill Project  
t. 709 737-4860  c. 709 727-5283  f. 709 737-1901  
e. JamesMeaney@lowerchurchillproject.ca  
w. muskratfalls.nalcorenergy.com  

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?  

“This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.” [attachment "Federal Loan Guarantee.pptx" deleted by James Meaney/NLHydro]
From: Brewer, Donna
Sent: Monday, June 06, 2016 6:22 PM
To: Butt, Chris; Martin, Craig
Subject: Re: IGAS Priorities table - FIN

Maybe they can clarify.

I took it to mean priorities for nl in discussions with feds.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Butt, Chris
Sent: Monday, June 6, 2016 6:19 PM
To: Martin, Craig; Brewer, Donna
Subject: RE: IGAS Priorities table - FIN

29.(1)(a), Non Responsive

From: Martin, Craig
Sent: Monday, June 06, 2016 6:02 PM
To: Butt, Chris; Brewer, Donna
Subject: Re: IGAS Priorities table - FIN

Chris,

Non Responsive

Also, FLG meetings currently ongoing with feds.

Craig

Sent from my BlackBerry 10 smartphone on the Bell network.
Hi Chris,

Hoping you can assist. We’re updating our priorities table for your Minister’s upcoming meeting. The bullets below involve FIN. Can you have a look to see if this is still accurate or needs updating? Cheers,

Thom

<table>
<thead>
<tr>
<th>Federal Loan Guarantee</th>
<th>The Province has requested amendments to the Federal Loan Guarantee (FLG) for the Lower Churchill Project (LCP) to restructure certain obligations, which will have the benefit of assisting the Province’s current fiscal situation.</th>
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Increasing the amount of debt guaranteed by the Government of Canada and funded in the same way as the original $5 billion to allow the Province to access more favourable interest rates.

29.(1)(a), 34.(1)(a)(i), 35.(1)(f), 35.(1)(g)
From: Brewer, Donna  
Sent: Wednesday, November 02, 2016 9:18 AM  
To: Bartlett, Beth  
Subject: From: Bartlett, Beth  
FW: IGAS Priorities table - FIN

From: Martin, Craig  
Sent: Monday, June 06, 2016 6:52 PM  
To: Butt, Chris <cbutt@gov.nl.ca>; Brewer, Donna <dbrewer@gov.nl.ca>  
Subject: Re: IGAS Priorities table - FIN

Yes, the FLG points are correct. 

Craig 

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Butt, Chris  
Sent: Monday, June 06, 2016 6:19 PM  
To: Martin, Craig; Brewer, Donna  
Subject: RE: IGAS Priorities table - FIN

29.(1)(a), Non Responsive 

Also, FLG meetings currently ongoing with feds. 

Craig
Hi Chris,

Hoping you can assist. We’re updating our priorities table for your Minister’s upcoming meeting. The bullets below involve FIN. Can you have a look to see if this is still accurate or needs updating? Cheers,

Thom

<table>
<thead>
<tr>
<th>Federal Loan Guarantee</th>
<th>The Province has requested amendments to the Federal Loan Guarantee (FLG) for the Lower Churchill Project (LCP) to restructure certain obligations, which will have the benefit of assisting the Province’s current fiscal situation.</th>
</tr>
</thead>
</table>

29.(1)(a), 34.(1)(a)(i), 35.(1)(f), 35.(1)(g)

Increasing the amount of debt guaranteed by the Government of Canada and funded in the same way as the original $5 billion to allow the Province to access...
Bartlett, Beth

From: Brewer, Donna
Sent: Thursday, June 16, 2016 3:13 PM
To: Martin, Craig
Subject: Meeting Note - FIN - Premier Ball and Minister Morneau - June 16 2016.doc

From: Bartlett, Beth
Sent: Tuesday, November 01, 2016 7:24 PM
To: Bartlett, Beth
Subject: FW: Meeting Note - FIN - Premier Ball and Minister Morneau - June 16 2016.doc
Attachments: Meeting Note - FIN - Premier Ball and Minister Morneau - June 16 2016.doc
The Province has requested amendments to the Federal Loan Guarantee (FLG) for the Lower Churchill Project (LCP) to restructure certain obligations, which will have the benefit of assisting the Province's current fiscal situation.

Increasing the amount of debt guaranteed by the Government of Canada and funded in the same way as the original $5 billion to allow the Province to access more favourable interest rates.

Analysis

Potential Speaking Points
- The Muskrat Falls project was sanctioned at a time when the province had surplus cash and was able to contribute its equity share without borrowing.

Proposed Actions
- GNL continue to provide information as necessary to allow federal officials to expedite their analysis.
Hi there,

Here's our draft
Meeting Note

Agenda Item #1 – Federal Loan Guarantee

• An Enhanced Federal Loan Guarantee (FLG) proposal was submitted by NL Finance to Canada in January, 2016.
• FLG strategically aligns with the Government of Canada’s platform commitments: (i) Climate Change; (ii) Stronger Federal-Provincial Partnerships; (iii) Infrastructure Investments/Clean Energy Infrastructure; and (iv) Renewed relationship between Canada and Indigenous peoples.
• FLG demonstrates Canada’s cooperation in providing meaningful support to a Province’s fiscal management action plan 29.(1)(a), 34.(1)(a)(i), 35.(1)(f), 35.(1)(g).

allow additional debt to be guaranteed by Canada and funded in the same way as the original $5 billion.
From: Collins, Megan
Sent: Friday, June 17, 2016 9:22 AM
To: Martin, Craig
Subject: RE: Meeting note - Premier/Morneau - CHT section

Thanks Craig, I didn’t get this before the note was finalized but Krista has provided some clarification and it stayed in the note.

Megan Collins, B.A. M.A.
Cabinet Officer
Cabinet Secretariat, Executive Council
Government of Newfoundland and Labrador
Tel: 709.729.5215

From: Martin, Craig
Sent: Thursday, June 16, 2016 9:44 PM
To: Collins, Megan
Cc: Quinlan, Krista
Subject: Re: Meeting note - Premier/Morneau - CHT section

Megan,

Yes, necessary. But you may need to clarify.

Craig

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Collins, Megan
Sent: Thursday, June 16, 2016 8:55 PM
To: Martin, Craig
Cc: Quinlan, Krista
Subject: RE: Meeting note - Premier/Morneau - CHT section

Sorry disregard, it’s there, I missed it when I copied and pasted. I have it inserted now. I would still appreciate your thoughts on my initial email:
Good morning,

Please see response below in RED

Regards,
Auburn

Auburn Warren, CPA, CA
General Manager (Commercial, Treasury, Risk & Technology)
Nalcor Energy
t. 709-737-1256 c. 709-725-1141
e. AuburnWarren@nalcorenergy.com
w. nalcorenergy.com
From: Brewer, Donna  
Sent: Monday, August 29, 2016 9:28 AM  
To: Parsons, Walter; Martin, Craig  
Subject: RE: Update on Meeting with Minister Carr

I have a meeting at 2 pm. Otherwise I am in the office.

Donna

From: Parsons, Walter  
Sent: Monday, August 29, 2016 9:25 AM  
To: Martin, Craig <CMartin@gov.nl.ca>; Brewer, Donna <dbrewer@gov.nl.ca>  
Subject: Re: Update on Meeting with Minister Carr

I will check with Charles so we may not be able to do later today.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Martin, Craig  
Sent: Monday, August 29, 2016 9:23 AM  
To: Parsons, Walter; Brewer, Donna  
Subject: RE: Update on Meeting with Minister Carr

Walter,

I have a conflicting meeting on Canada Health Transfers (CHT) at 11:30am. Can we reschedule this meeting to sometime after lunch?

Please advise.

Craig

From: Parsons, Walter  
Sent: Monday, August 29, 2016 9:14 AM  
To: Brewer, Donna; Martin, Craig  
Subject: Update on Meeting with Minister Carr

Donna/Craig,

Are you available to join me and Charles at 11:30 for an update on our recent meeting with Minister Carr? We can share some of what we learned about the status of FLG2. If it’s not convenient to come down to NR, please provide us a number where we can call you at that time.

Thanks,
Follow Up Flag: Follow up
Flag Status: Completed

From: JamesMeaney@lowerchurchillproject.ca
Sent: Wednesday, September 21, 2016 9:42 AM
To: Bown, Charles W. <cbown@gov.nl.ca>
Cc: Auburn Warren/NLHydro <AuburnWarren@nalcorenergy.com>; Martin, Craig <CMartin@gov.nl.ca>; Brewer, Donna <dbrewer@gov.nl.ca>; JamesMeaney@nalcorenergy.com; Bates, Robert S. <robertbates@gov.nl.ca>; Parsons, Walter <WalterParsons@gov.nl.ca>
Subject: Re: Discussion Questions - Enhanced Federal Loan Guarantee

Some minor edits and additional comments for consideration

James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
Lower Churchill Project
t. 709 737-4860 c. 709 727-5283 f. 709 737-1901
e. JamesMeaney@lowerchurchillproject.ca
w. muskratfalls.nalcorenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

From: "Bown, Charles W." <cbown@gov.nl.ca>
To: "Parsons, Walter" <WalterParsons@gov.nl.ca>, "Bates, Robert S." <robertbates@gov.nl.ca>, "Brewer, Donna" <dbrewer@gov.nl.ca>, "Auburn Warren/NLHydro" <AuburnWarren@nalcorenergy.com>, "JamesMeaney@nalcorenergy.com" <JamesMeaney@nalcorenergy.com>, "Martin, Craig" <CMartin@gov.nl.ca>
Date: 09/20/2016 11:59 AM
Subject: Discussion Questions - Enhanced Federal Loan Guarantee

Here's the latest draft; but I expect more edits

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[attachment "Discussion Questions - Enhanced Federal Loan Guarantee.DOC" deleted by James Meaney/NLHydro]
From: JamesMeaney@lowerchurchillproject.ca [mailto:JamesMeaney@lowerchurchillproject.ca]
Sent: Thursday, September 22, 2016 1:44 PM
To: Bown, Charles W. <cbown@gov.nl.ca>
Cc: Auburn Warren/NLHydro <AuburnWarren@nalcorenergy.com>; Martin, Craig <CMartin@gov.nl.ca>; Brewer, Donna <dbrewer@gov.nl.ca>; JamesMeaney@nalcorenergy.com; Bates, Robert S. <robertbates@gov.nl.ca>; Parsons, Walter <WalterParsons@gov.nl.ca>
Subject: drafting briefing for tomorrow

Still under review internally, but in the interest of time wanted to pass along for comments.

James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
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t. 709 737-4860  c. 709 727-5283  f. 709 737-1901
e. JamesMeaney@lowerchurchillproject.ca
w. muskratfalls.nalcorenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?
Lower Churchill Project – Phase 1
Financing/Federal Loan Guarantee Overview

DRAFT

Boundless Energy

September 2016

Confidential & Commercially Sensitive
Purpose

• To provide an overview of the financing and Federal Loan Guarantee ("FLG") arrangements associated with the Lower Churchill Project Phase 1 ("LCP") being developed by Nalcor Energy and the Province of Newfoundland & Labrador, including key terms of the proposed Enhanced FLG
BACKGROUND
Background

- LCP financing structure is designed such that it is supported solely by the cash flow from domestic sales and does not require any export sales.
- The full cost of the Project is paid for by NL Hydro (“NLH”) customers through contractual arrangements between NLH and the Projects’ entities – referred to as NL Revenue Agreements.
- Agreements developed to ensure cash flow stream from NLH supports financing of the Projects.
- The Province has directed the Board of Commissioners of Public Utilities to allow NLH to recover in rates the costs incurred under these contractual arrangements upon full commissioning of the Project.
- The equity portion of the financing will be provided to Nalcor by NL under Equity Support Agreements and Equity Support Guarantees, and by Emera under Nalcor/Emera Formal Agreements for their investment in the Labrador-Island Link (“LIL”).
- The $5.0 billion debt financing was funded through a series of long term bonds, all issued by Funding Trusts on a single financial close date, that carry the Government of Canada’s AAA credit rating based on the FLG.
- The debt financing is split into the two major project components:
  - Muskrat Falls / Labrador Transmission Assets ($2.6 billion)
  - Labrador-Island Link ($2.4 billion)
- The financing agreements put in place the financing and guarantee arrangements between Canada, the Funding Trusts and the Nalcor special purpose entities created to facilitate the financing, and consist of two distinct pieces:
  - Arrangements with the external bond holders through Funding Trusts, and
  - Internal arrangements between MF/LTA and LIL with Canada, the Project Finance Agreements (“PFA”).
During the construction period for LIL, an Intermediary Trust is in place between the LIL Funding Trust and LIL LP.

**FLG Transaction Structure**

1. **Govt of Canada**
   - AAA Debt Guarantee

2. **MF/LTA or LIL Funding Trust**
   - Debt Financing
   - Management of the Financing Arrangements

3. **Collateral Agent**
   - Equity Guarantee

4. **MFCo/LTACo or LIL LP**
   - Debt Financing
   - Equity Funding

5. **Nalcor**
   - Equity Funding

6. **Govt of NL**
   - Equity Funding

7. **Contractors & Suppliers**
   - Payment under Contracts
Key Terms of Current Financing/FLG

- The PFA’s represent the limited recourse financing arrangements that were agreed to by Nalcor and Canada as part of the FLG Agreement

- Key terms of the guaranteed financing are as follows:
  - **Maximum debt** of $5.0 billion - $2.6 billion for MF/LTA and $2.4 billion for LIL
  - **Term** of 35 years for MF/LTA and 40 years for LIL achieved through the issuance of 6 tranches of bullet bonds bearing semi-annual interest payments
  - **Sinking funds** associated with each bond tranche that must be contributed to on a semi-annual basis over the repayment term starting in December 2018 to create an amortizing debt profile
  - Prior to December 2013 Financial Close all project expenditures were funded by equity; following Financial Close 100% debt funding until **Target Debt-to-Equity** ("DER") ratios of 65:35 for MF/LTA and 75:25 for LIL achieved; once target DER’s achieved pro rata debt/equity funding until debt fully exhausted, at which time 100% equity funding until project completion
  - **Cost Overruns** above the baseline budget set at Financial Close will be pre-funded with 100% equity through annual installment payments based on the number of years remaining until commissioning;
  - Canada has a **Security interest** over all Project assets and a direct, absolute and unconditional **Equity Guarantee from NL** with direct access to the Consolidated Revenue Fund - in a situation where events of default are triggered and not cured, Canada can step in and take over the LCP assets while continuing to call on NL for equity to complete the Project (or provide funds on it’s own if NL defaults on the equity guarantee) and the full cost will still be recovered from Island ratepayers
Key Terms of Current Financing/FLG (cont’d…)

- In its role as the Guarantor, Canada has rights to supervise the advances, has consent rights over matters such as change orders and material contracts, has supervision rights through the Independent Engineer as to budget, cost overruns, quality and progress; Canada must review and approve several aspects of the project as it progresses.
- At commissioning Debt Service Reserve and Liquidity Reserve Accounts must be pre-funded to support debt service coverage of at least 1.4x during the repayment period.
- Until full Commissioning of all three components of the Project is achieved, NLH’s payment obligations under the NL Revenue Agreements do not take effect and Nalcor/NL must continue to fund all LCP expenditures with equity.
- Provision exists whereby if Commissioning has not been achieved by “Date Certain” (currently February 2019, but can be extended by up to 1 year), an Event of Default has occurred.

- While the entire $5.0 billion in guaranteed debt was secured at Financial Close, the LCP subsidiaries are only able to access the funds, along with any pro rata equity amounts, through a monthly funding request (cash call) process outlined in the PFA’s.
  - At Financial Close proceeds from debt financing were invested in structured deposit notes (“SDN”) earning ~ 1.6% to offset negative carry on the 3.8% bonds; the SDN’s payout monthly principle and interest amounts based on a forecasted spend profile to make funds available to the LCP subsidiaries.
- The PFA’s are structured in manner consistent with what would be seen in a traditional project financing with third party secured lenders.
ENHANCED FLG
Enhanced FLG – Background

- NL is seeking an Enhanced FLG as part of its actions in addressing the Province’s current fiscal challenges. An Enhanced FLG would:
  
  - Allow NL/Nalcor to leverage the Federal Government’s AAA credit rating, resulting in lower financing costs for the capital necessary to complete the Project.

- As part of the Enhanced FLG, four key amendments to the current FLG (as outlined on next slide) have been proposed that will:
From: James Meaney / NLHydro
To: "Bown, Charles W." <cbown@gov.nl.ca>
Cc: Auburn Warren/NLHydro, "Martin, Craig" <CMartin@gov.nl.ca>, "Brewer, Donna" <dbrewer@gov.nl.ca>, "Bates, Robert S." <robertbates@gov.nl.ca>, "Parsons, Walter" <WalterParsons@gov.nl.ca>
Date: 09/22/2016 02:25 PM
Subject: Re: drafting briefing for tomorrow

Will do

Sent from my iPhone

On Sep 22, 2016, at 2:19 PM, Bown, Charles W. <cbown@gov.nl.ca> wrote:

Jim
Please put a generic face on the deck and we will add Craig’s slides
Still under review internally, but in the interest of time wanted to pass along for comments.

James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
Lower Churchill Project
t. 709 737-4860 c. 709 727-5283 f. 709 737-1901
e. JamesMeaney@lowerchurchillproject.ca
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Sent from my iPhone

On Sep 23, 2016, at 11:03 AM, Martin, Craig <CMartin@gov.nl.ca> wrote:

Dave,

Please make sure this includes Province's cost of borrowing assumptions.

Craig

Sent from my BlackBerry 10 smartphone on the Bell network.

Bill is going to pull it together and will send as soon as he can. To confirm he will show the

Sent from my iPhone

On Sep 23, 2016, at 12:19 PM, Brewer, Donna <dbrewer@gov.nl.ca> wrote:
Looking for a comparative analysis of interest costs 29.(1)(a), 35.(1)(f).

They are still in meetings with feds so Craig is unsure if Auburn has it with him. Can you reply all and send it.

Thx. Donna.

Sent from my BlackBerry 10 smartphone on the Bell network.

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From: Brewer, Donna  
Sent: Friday, September 23, 2016 1:02 PM  
To: DaveJones@nalcorenergy.com; Martin, Craig  
Cc: AuburnWarren@nalcorenergy.com; DSturge@nalcorenergy.com; Bown, Charles W.  
Subject: RE: Federal finance

From: DaveJones@nalcorenergy.com  
Sent: Friday, September 23, 2016 12:43 PM  
To: Martin, Craig <CMartin@gov.nl.ca>  
Cc: Brewer, Donna <dbrewer@gov.nl.ca>; AuburnWarren@nalcorenergy.com; DSturge@nalcorenergy.com; Bown, Charles W. <cbown@gov.nl.ca>  
Subject: Re: Federal finance

Sent from my iPhone

On Sep 23, 2016, at 12:33 PM, Martin, Craig <CMartin@gov.nl.ca> wrote:

Dave,

Please make sure this includes Province's cost of borrowing assumptions.

Craig

Sent from my BlackBerry 10 smartphone on the Bell network.

From: DaveJones@nalcorenergy.com  
Sent: Friday, September 23, 2016 11:01 AM  
To: Brewer, Donna  
Cc: AuburnWarren@nalcorenergy.com; DSturge@nalcorenergy.com; Martin, Craig; Bown, Charles W.  
Subject: Re: Federal finance

Bill is going to pull it together and will send as soon as he can. To confirm he will show:

29.1(a), 35.1(f)
On Sep 23, 2016, at 12:19 PM, Brewer, Donna <dbrewer@gov.nl.ca> wrote:

Looking for a comparative analysis of interest costs 29.(1)(a), 35.(1)(f)

They are still in meetings with feds so Craig is unsure if Auburn has it with him. Can you reply all and send it.

Thx, Donna.

Sent from my BlackBerry 10 smartphone on the Bell network.

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From: DaveJones@nalcorenergy.com  [mailto:DaveJones@nalcorenergy.com]
Sent: Friday, September 23, 2016 2:31 PM
To: Martin, Craig
Cc: AuburnWarren@nalcorenergy.com; Brewer, Donna; ElizabethLewis@nalcorenergy.com
Subject: Re: Paul can you drop in after lunch to chat

Craig

Info is compiled and just being reviewed now - will have it to you shortly.

Dave

Sent from my iPhone

On Sep 23, 2016, at 1:48 PM, Martin, Craig < CMartin@gov.nl.ca > wrote:

Dave,

29.(1)(a)

Thanks

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Brewer, Donna < dbrewer@gov.nl.ca >
Sent: Friday, September 23, 2016 11:38 AM
To: Myrden, Paul
Cc: Martin, Craig
Subject: Paul can you drop in after lunch to chat

29.(1)(a), 34.(1)(a)(i), 35.(1)(f), 35.(1)(g)
Hi Craig,

See chart below for annual difference in Provincial borrowing requirement and associated interest savings.

Let me know if you have any further questions.

Thanks.

Elizabeth Lewis, CPA, CA
Manager, Financial Planning & Investment Analysis
Nalcor Energy

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

--- Forwarded by Elizabeth Lewis/NLHydro on 09/23/2016 03:06 PM ---
Bartlett, Beth

From: Martin, Craig
Sent: Thursday, November 03, 2016 9:24 AM
To: Bartlett, Beth
Subject: FW: electronic copy of presentation
Attachments: NL Fiscal Overview (Sep 22 2016) v1.pptx

Follow Up Flag: Follow up
Flag Status: Flagged

Beth,

Another one on FLG. Didn’t show up in my earlier search as doesn’t actually reference the guarantee.

Craig

---

From: Martin, Craig
Sent: Wednesday, September 28, 2016 5:10 PM
To: 'Krupski, Joseph (NRCan/RNCan)'; Warren, Auburn
Cc: O'Dea, Niall (NRCan/RNCan)
Subject: RE: electronic copy of presentation

Joe,

Following up on our meeting form last week, please see the attached.

Also, left you a voicemail. Please give me a call at 709-729-6859 when you get an opportunity.

Thanks

Craig

---

From: Krupski, Joseph (NRCan/RNCan) [mailto:joseph.krupski@canada.ca]
Sent: Wednesday, September 28, 2016 5:04 PM
To: Martin, Craig; AuburnWarren@gov.nl.ca
Cc: O'Dea, Niall (NRCan/RNCan); John Medland (jmedland@blairfranklin.com); Matthew Buffet (mbuffet@blairfranklin.com)
Subject: RE: electronic copy of presentation

Hi Craig, Auburn:
Just following up with you on this.

Regards,
Joe

---

From: Krupski, Joseph (NRCan/RNCan)
Sent: September 26, 2016 11:03 AM
To: Martin, Craig (cmartin@gov.nl.ca); auburnwarren@gov.nl.ca
Cc: O'Dea, Niall (NRCan/RNCan); John Medland (jmedland@blairfranklin.com); Matthew Buffet (mbuffet@blairfranklin.com)
Subject: electronic copy of presentation

Hi Craig, Auburn:
It was good to meet with you on Friday.
Would you be able to share the presentation that Craig made?
To that end, can you confirm if the attached is based on the new budgetary projection?

Thanks,
Joe

Joseph Krupski

Senior Policy Analyst, Electricity Resources Branch
Natural Resources Canada / Government of Canada
joseph.krupski@canada.ca / Tel: 343 292 6179

Analyste principal de la politique, Direction des ressources en électricité
Ressources naturelles Canada / Gouvernement du Canada
joseph.krupski@canada.ca / Tél.: 343 292 6179
Newfoundland
Labrador

Fiscal Overview
September 2016
## Fiscal Outlook
Budget 2016: Plan to Eliminate Deficit by 2021-22

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
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<tr>
<td>Total Gross Revenue</td>
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<td>7,409.6</td>
<td>7,659.2</td>
<td>7,737.0</td>
<td>7,871.8</td>
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<td>Gross Expenses:</td>
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<td>Program Expenses</td>
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<td>Debt Expenses</td>
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<td>1,125.2</td>
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<td>1,283.1</td>
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<td>Total Gross Expenses</td>
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<td>8,515.5</td>
<td>8,599.2</td>
<td>8,588.5</td>
<td>8,592.0</td>
<td>8,680.8</td>
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<tr>
<td>Deficit Before Risk Adj.</td>
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<td>(931.2)</td>
<td>(856.3)</td>
<td>(862.2)</td>
<td>(716.7)</td>
<td>(495.4)</td>
<td>(435.7)</td>
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<tr>
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<td>125.0</td>
<td>125.0</td>
<td>125.0</td>
<td>125.0</td>
<td>125.0</td>
<td>125.0</td>
</tr>
<tr>
<td>Adjusted Deficit</td>
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<td>(1,056.2)</td>
<td>(981.3)</td>
<td>(987.2)</td>
<td>(841.7)</td>
<td>(620.4)</td>
<td>(560.7)</td>
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<tr>
<td>Surplus/(Deficit) Target</td>
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<td>(800)</td>
<td>(650)</td>
<td>(500)</td>
<td>(250)</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

November 8, 2016
Net Debt Per Capita

NL Will Surpass QC for Highest Net Debt Per Capita in Canada in 16/17

Source: Provincial Public Accounts and Budget Documents; Compiled by Department of Finance (Fiscal Policy)

November 8, 2016
Net Debt as a % GDP
NL Will Have Highest Net Debt as a % GDP in Canada in 16/17

- NL (Budget 2016)
- Avg. Oth Provs.
- Avg. Maritimes

Fiscal Year Ending March 31st

Source: Provincial Public Accounts and Budget Documents; Compiled by Department of Finance (Fiscal Policy)

November 8, 2016
Debt Expense as a % Gross Revenue

NL Will Has The Highest Debt Expense as a % Revenue

- NL Budget 2016
- QC Budget 2016
- Avg. Oth Provs.
- Avg. Maritimes

Debt Exp as a % Revenue (%)

Fiscal Year Ending March 31st

Source: Provincial Public Accounts and Budget Documents; Compiled by Department of Finance (Fiscal Policy)

November 8, 2016
<table>
<thead>
<tr>
<th>2016/17 Fiscal Indicators</th>
<th>NL</th>
<th>Avg. of Oth. Provinces (excl. NL)</th>
<th>Next Highest/Lowest Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Per Capita ($))</td>
<td>$12,855*</td>
<td>$11,101</td>
<td>$12,314 QC</td>
</tr>
<tr>
<td>Expenditure Per Capita ($)</td>
<td>$16,089*</td>
<td>$11,528</td>
<td>$12,654 SK</td>
</tr>
<tr>
<td>Non-debt Expense Per Capita ($)</td>
<td>$14,226*</td>
<td>$10,800</td>
<td>$12,394 SK</td>
</tr>
<tr>
<td>Debt Expense Per Capita ($)</td>
<td>$1,863*</td>
<td>$728</td>
<td>$1,251 QC</td>
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<tr>
<td>Net Debt Per Capita ($)</td>
<td>$27,815*</td>
<td>$14,502</td>
<td>$22,638 QC</td>
</tr>
<tr>
<td>Deficit Per Capita ($)</td>
<td>($3,235)*</td>
<td>($408)</td>
<td>($2,289) AB</td>
</tr>
<tr>
<td>Deficit as a % GDP (%)</td>
<td>-5.7%*</td>
<td>-0.6%</td>
<td>-3.1% AB</td>
</tr>
<tr>
<td>Debt Exp as a % Gross Revenue (%)</td>
<td>14.5%*</td>
<td>6.5%</td>
<td>10.2% QC</td>
</tr>
</tbody>
</table>

* indicates highest/lowest of all provinces
## Rating Agency Actions

### Newfoundland and Labrador

<table>
<thead>
<tr>
<th>Agency/Date</th>
<th>Action</th>
<th>Rating</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moody's:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov. 14, 2006</td>
<td>Rating Upgrade</td>
<td>Aa2</td>
<td>Stable</td>
</tr>
<tr>
<td>Jan. 25, 2016</td>
<td>Outlook Downgrade</td>
<td>Aa2</td>
<td>Negative</td>
</tr>
<tr>
<td>Jul. 21, 2016</td>
<td>Rating Downgrade</td>
<td>Aa3</td>
<td>Negative</td>
</tr>
<tr>
<td><strong>S&amp;P:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov. 24, 2008</td>
<td>Outlook Upgrade</td>
<td>A</td>
<td>Positive</td>
</tr>
<tr>
<td>May 3, 2011</td>
<td>Rating Upgrade</td>
<td>A+</td>
<td>Stable</td>
</tr>
<tr>
<td>Jan. 29, 2016</td>
<td>Rating Downgrade</td>
<td>A</td>
<td>Negative</td>
</tr>
<tr>
<td>Jul. 19, 2016</td>
<td>Affirmed Rating</td>
<td>A</td>
<td>Negative</td>
</tr>
<tr>
<td><strong>DBRS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec. 21, 2007</td>
<td>Outlook Upgrade</td>
<td>A(low)</td>
<td>Positive</td>
</tr>
<tr>
<td>Oct. 22, 2008</td>
<td>Rating Upgrade</td>
<td>A</td>
<td>Stable</td>
</tr>
<tr>
<td>Jan. 21, 2016</td>
<td>Outlook Downgrade</td>
<td>A</td>
<td>Negative</td>
</tr>
<tr>
<td>Apr. 15, 2016</td>
<td>Rating Downgrade</td>
<td>A(low)</td>
<td>Stable</td>
</tr>
</tbody>
</table>
## Provincial Ratings

as at July 21 2016

<table>
<thead>
<tr>
<th>Province</th>
<th>Moody's</th>
<th>S&amp;P</th>
<th>DBRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NL</td>
<td>Aa3</td>
<td>A</td>
<td>A(low)</td>
</tr>
<tr>
<td>PE</td>
<td>Aa2</td>
<td>A</td>
<td>A(low)</td>
</tr>
<tr>
<td>NS</td>
<td>Aa2</td>
<td>A+</td>
<td>A(high)</td>
</tr>
<tr>
<td>NB</td>
<td>Aa2</td>
<td>A+</td>
<td>A(high)</td>
</tr>
<tr>
<td>QC</td>
<td>Aa2</td>
<td>A+</td>
<td>A(high)</td>
</tr>
<tr>
<td>ON</td>
<td>Aa2</td>
<td>A+</td>
<td>AA(low)</td>
</tr>
<tr>
<td>MB</td>
<td>Aa2</td>
<td>AA-</td>
<td>A(high)</td>
</tr>
<tr>
<td>SK</td>
<td>Aaa</td>
<td>AA+</td>
<td>AA</td>
</tr>
<tr>
<td>AB</td>
<td>Aa1</td>
<td>AA</td>
<td>AA(high)</td>
</tr>
<tr>
<td>BC</td>
<td>Aaa</td>
<td>AAA</td>
<td>AA(high)</td>
</tr>
</tbody>
</table>
From: JamesMeaney@lowerchurchillproject.ca  
Sent: Thursday, September 29, 2016 1:54 PM  
To: Parsons, Walter  
Cc: 'auburnwarren@nalcorenergy.com'; Bown, Charles W.; 'derricksturge@nalcorenergy.com'; Martin, Craig  
Subject: Re: Information Note - Meeting on Enhanced Federal Loan Guarantee.docx

My comments and clarifications attached

James Meaney  
General Manager, Finance  
PROJECT DELIVERY TEAM  
Lower Churchill Project  
t. 709 737-4860  c. 709 727-5283 f. 709 737-1901  
e. JamesMeaney@lowerchurchillproject.ca  
w. muskratfalls.nalcorenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?
Title: September 23 Meeting on Enhanced Federal Loan Guarantee (FLG2)

Issue: NR, FIN, and Nalcor officials met with PCO, NRCan, and federal Finance officials and their advisors to answer questions on the Province's request for enhancements to the federal loan guarantee for the Muskrat Falls and Labrador-Island Link projects.

Background and Current Status:
- The September 23 meeting in Ottawa was intended to provide additional information to the federal government to help their officials to brief federal ministers on available options to assist the project and the Province.

Analysis: 29.(1)(a), 34.(1)(a)(i), 35.(1)(f)
From: Brewer, Donna  
Sent: Thursday, September 29, 2016 5:18 PM  
To: paul.rochon@canada.ca  
Cc: Martin, Craig  
Subject: Impact of FLG on GNL overall borrowing costs.xlsx

34.(1)(a)(i), 35.(1)(f)

Paul

Please find the analysis attached. I have arranged a quick call on Monday to discuss.

Thanks for your time.

Have a good weekend,

Donna
From: Brewer, Donna
Sent: Tuesday, November 01, 2016 2:01 PM
To: Bartlett, Beth
Subject: FW: Impact of FLG on GNL overall borrowing costs.xlsx

From: Rochon, Paul (FIN) [mailto:paul.rochon@canada.ca]
Sent: Thursday, September 29, 2016 7:40 PM
To: Brewer, Donna <dbrewer@gov.nl.ca>
Cc: Martin, Craig <CMartin@gov.nl.ca>
Subject: RE: Impact of FLG on GNL overall borrowing costs.xlsx

Thanks Donna

Paul Rochon
Deputy Minister/Sous-ministre
Department of Finance/Ministère des Finances
90 Elgin Street, 16th Floor/90 rue Elgin, 16ième étage
Ottawa, Ontario K1A 0G5
Tel: 613-369-4434
New: paul.rochon@canada.ca
Government of Canada | Gouvernement du Canada

From: Brewer, Donna [mailto:dbrewer@gov.nl.ca]
Sent: September-29-16 3:48 PM
To: Rochon, Paul (FIN)
Cc: Martin, Craig
Subject: Impact of FLG on GNL overall borrowing costs.xlsx

Paul
At the officials meetings in Ottawa last week, information concerning the benefit of the federal loan guarantee changes to the Muskrat Falls project including

Please find the analysis attached. I have arranged a quick call on Monday to discuss.

Thanks for your time.

Have a good weekend,

Donna

"This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender."
From: Martin, Craig  
Sent: Tuesday, November 01, 2016 7:47 PM  
To: Bartlett, Beth  
Attachments: Discussion Questions - Enhanced Federal Loan Guarantee.DOC

-----Original Message-----
From: Martin, Craig  
Sent: Monday, October 03, 2016 6:51AM  
To: Parsons, Walter  

Walter,

Is the attached the final version of the Q&A's?

Craig

-----Original Message-----
From: Parsons, Walter  
Sent: Wednesday, September 28, 2016 2:09 PM  
To: JamesMeaney@lowerchurchillproject.ca'; 'derricksturge@nalcorenergy.com'; 'auburnwarren@nalcorenergy.com'; Martin, Craig  
Cc: Bown, Charles W.  
Subject: HP TRIM CORRESPONDENCE-OUTGOING: OCOR-23982: Discussion Questions - Enhanced Federal Loan Guarantee

Here is the latest draft of the responses. Please send me any requested changes and I will coordinate a package for approval to send to our federal counterparts.

------< HP TRIM Record Information >------

Record Number : OCOR-23982  
Title : Discussion Questions - Enhanced Federal Loan Guarantee
Hi Donna,

Any questions please advise.

Thanks
Auburn

Sent from my iPhone

On Oct 4, 2016, at 8:09PM, Brewer, Donna <dbrewer@gov.nl.ca> wrote:

I need to know when the needs to be made.

When would the funds have to flow from the province to nalcor

Hi Donna,

After our conversation this morning, I had a call from PCO on the FLG in preparation for the call tomorrow. They came back with some questions as below. I just want to make sure that the information is correct. We can discuss in the morning if you'd like.
Hi Patrick,

I am not aware that the date has been set for them to come back. My understanding is that the document would have to be tabled in the House at the first available sitting. But I will verify with Finance.

Patricia

Just want to clarify a thing or two. First do you know when your legislative assembly will be back? And if so, when do you expect that the supp estimates would be tabled. I understood in the next couple of weeks but I may be wrong? Asking just to get the facts straight.

Many thanks

Patrick

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From: JamesMeaney@lowerchurchillproject.ca [mailto:JamesMeaney@lowerchurchillproject.ca]
Sent: Wednesday, October 05, 2016 11:17 AM
To: Bown, Charles W.; Parsons, Walter; Martin, Craig; Brewer, Donna
Subject: FLG benefits briefings

Charles, pls fwd to Patricia as I don't have her email

Sent from my iPhone

Begin forwarded message:

From: "Deanne Fisher" <DeanneFisher@nalcorenergy.com>
To: "Derrick Sturge" <DSturge@nalcorenergy.com>
Cc: "Auburn Warren" <AuburnWarren@nalcorenergy.com>, "Chris Kieley" <ChrisKieley@nalcorenergy.com>, "James Meaney" <JamesMeaney@lowerchurchillproject.ca>, "Jim Keating" <JKeating@nalcorenergy.com>
Subject: Re: HQ contract value

Folks,

Attached is the information we've provided to GNL around September 20 in advance of phone call to take place that day. This information was developed in conjunction with Auburn/Dave/Jim; however, I'm unsure if this has been updated since Sept 20.

Attached are:
- a summary sheet of the high points regarding the benefits of FLG which was requested
- the equity ask by fiscal year with and without FLG 2 (Auburn/Dave: I believe these are figures for total equity ask for LCP + OG but pls. confirm)
- a presentation which was provided to GNL, which in turn was presented to the Feds, on project background, strategic alignment with Feds priorities, regional benefits etc.

(See attached file: FLG 2 Summary Sheet Requirements.docx)
(See attached file: Enhanced FLG 16.01.08.pdf)
(See attached file: June 2016 Equity Ask Delta with FLG2.xlsx)

Let us know if there's anything else required Jim

Deanne
You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

Derrick Sturge---10/05/2016 09:58:25 AM---From: Derrick Sturge/NLHydro To: Jim Keating/NLHydro@nlhydro

Copying Jim/Auburn on this as they are working this file daily.

Derrick Sturge
EVP, Finance & CFO
Nalcor Energy

Sent from my iPhone

On Oct 5, 2016, at 9:57 AM, Jim Keating <JKeating@nalcorenergy.com> wrote:

Can take anything for granted. Big phone call today.

J

Sent from my iPad

On Oct 5, 2016, at 9:47 AM, Deanne Fisher <DeanneFisher@nalcorenergy.com> wrote:

Non Responsive
From: Martin, Craig
Sent: Tuesday, November 01, 2016 7:33 PM
To: Bartlett, Beth
Subject: FW: FLG briefings - resending
Attachments: FLG 2 Summary Sheet Requirements.docx; Enhanced FLG 16.01.08.pdf; June 2016 Equity Ask Delta with FLG2.xlsx
Importance: High

From: JamesMeaney@lowerchurchillproject.ca [mailto:JamesMeaney@lowerchurchillproject.ca]
Sent: Wednesday, October 05, 2016 12:21 PM
To: Bown, Charles W.; Brewer, Donna; Martin, Craig; Parsons, Walter; Hearn, Patricia A. (Deputy Minister)
Cc: AuburnWarren@nalcorenergy.com
Subject: FLG briefings - resending
Importance: High

Resending as some folks indicated one of the attachments was corrupt/couldn't be opened

James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
Lower Churchill Project
t. 709 737-4860  c. 709 727-5283  f. 709 737-1901
e. JamesMeaney@lowerchurchillproject.ca
w. muskratfalls.nalcorenergy.com
3. Current FLG

- $5 billion debt guarantee
- AAA rated bonds issued December 2013

The current FLG covers $5 billion in long term bonds issued for the Nalcor subsidiaries developing the Muskrat Falls Project.

This includes $2.6 billion for a 35 year term for the MF/LTA components, and $2.4 billion for a 40 year term for the LIL component.

In the case of each of the MF/LTA and LIL financings, 3 tranches of bonds were issued totalling these amounts.
1. Additional guaranteed debt

- $2.9 billion of additional federal guaranteed debt per June 2016 Enhanced Federal Loan Guarantee Update presentation made by Nalcor to NR Canada.

6. Regional Benefits – see attached slide 15 from January 8, 2016 deck.
Project Background

- Newfoundland and Labrador (NL) requires more power due to increasing demands for electricity and aging infrastructure

- Lower Churchill Project – Phase I (LCP) positions NL as a leader in clean, renewable energy with 98% of NL’s energy generated from renewables

- LCP stabilizes electricity rates for residents and is a strategic enabler for businesses and economic growth

- LCP will change the future of our province, Atlantic Canada and the rest of the country when it connects NL to the North American grid for the first time in the province’s history

- Allows NL to take advantage of opportunities to sell clean, renewable power to other Canadian provinces as well as the North Eastern US

- LCP will generate $60 billion in revenues and savings over the next 50 years delivering significant long-term value

- Significant economic and employment benefits to NL and Canada during construction
Key Messages

- An Enhanced Federal Loan Guarantee (FLG) strategically aligns with the new Government of Canada's platform commitments:

<table>
<thead>
<tr>
<th>New Government of Canada Platform</th>
<th>Alignment with Enhanced FLG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate Change/COP21</td>
<td>NL is an environmental leader with 98% clean, renewable energy to meet provincial needs and available for export markets – NL will be tied for the leading position across all provinces for renewable energy and reduction of fossil fuel. LCP represents a 4.5 million tonne reduction of CO₂ and will enable further development of clean, renewable energy in the region.</td>
</tr>
<tr>
<td>Stronger Federal-Provincial Partnerships</td>
<td>Demonstrates commitment to NL, and other Canadian provinces, of more effective Federal-Provincial working relationship – as Canada’s cooperation provides meaningful support to a Province’s fiscal management action plan. NL not competing with Canada and provinces in tight, government debt markets.</td>
</tr>
<tr>
<td>Infrastructure Investments / Clean Energy Infrastructure</td>
<td>Investment in green infrastructure creating $6.1 billion total income to labour and business generating 70,000 person years of employment, $950 million in federal taxes and $850 million in provincial taxes.</td>
</tr>
<tr>
<td>Renewed relationship between Canada and Indigenous peoples</td>
<td>Demonstrates support for strong Aboriginal partnerships as evidenced by NL and Innu Nation’s New Dawn agreement.</td>
</tr>
</tbody>
</table>

29.(1)(a), 34.(1)(a), 35.(1)(f), 35.(1)(g)
Projected Benefits to Canada

$6.1 B
total income to labour and business

$950 M
in federal taxes

70,000
person-years of employment in Canada

31,000
Atlantic Canada

18,000
Québec

17,000
Ontario

$350 M
in taxes to NL

Further development of renewable energy in the region enabled

4.5 M
to 4 tonnes of CO₂ reduction

$500 M
in other provincial taxes

$175 M
Ontario

$200 M
Québec
Federal Loan Guarantee – Background

• In December 2013, Nalcor (through funding trusts) completed financial close by issuing $5 billion of AAA rated long term bonds guaranteed by Canada for the LCP – these proceeds were invested and are being drawn down monthly to fund Project expenditures

• Some of the key provisions of the FLG with Canada include:
  – Maximum debt levels (DER) for (i) the Muskrat Falls (MF) / Labrador Transmission Assets (LTA) component of the project is 65% and (ii) the Labrador-Island Link (LIL) is 75%
  – Minimum Debt Service Coverage Ratios (DSCR) of 1.4 times
  – Any amounts not financed through debt are to be financed by equity (supported by a formal guarantee from NL)
  – Debt is amortized over the repayment period (30 years MF/LTA; 35 years LIL) through semi-annual sinking funds contributions starting on December 1, 2018

• Since financial close, NL and Nalcor have maintained compliance with the provisions of all the agreements and commitments relating to the FLG

29.(1)(a), 34.(1)(a)(i)
Federal Loan Guarantee – Background (continued)

- A-rated, non-guaranteed LCP credit ratings were secured as a condition precedent to FLG – this was and continues to be based on the following:
  - The investment decision was made on the basis that the future requirement for electricity by NL was such that the financing is supported solely by the cash flow from domestic NL sales, through NL Hydro (NLH), and does not require any export sales
  - Given the above, a series of agreements were developed to ensure that the cash flow stream from NLH was unconditionally available to support the LCP financing
  - Implementation by the Province of a legislative and regulatory framework to ensure full cost recovery in a timely manner to support debt service
  - The equity portion of the financing will be provided to the Project’s entities by (i) Nalcor under Equity Support Agreements, and (ii) Emera under Nalcor/Emera Formal Agreements – all of this is backstopped by NL with formal unlimited Equity Support Guarantees

- All of the above features would continue under the proposed FLG enhancements
Federal Loan Guarantee – Opportunity

- The level of low cost guaranteed debt was capped at $5 billion based on cost estimates at that time.

- Canada required a fixed date to start principal repayment through semi-annual sinking funds contributions.
Enhanced Federal Loan Guarantee

2. Improve existing additional debt provisions to allow additional debt to be guaranteed by Canada and funded in the same way as the original $5 billion.
From: Brewer, Donna  
Sent: Tuesday, November 01, 2016 1:59 PM  
To: Bartlett, Beth  
Subject: FW: FLG briefings - resending

From: Brewer, Donna  
Sent: Wednesday, October 5, 2016 12:40 PM  
To: 'JamesMeaney@lowerchurchillproject.ca' <JamesMeaney@lowerchurchillproject.ca>; Bown, Charles W. <cbown@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>; Parsons, Walter <WalterParsons@gov.nl.ca>; Hearn, Patricia A. (Deputy Minister) <PatriciaAHearn@gov.nl.ca>  
Cc: AuburnWarren@nalcorenergy.com  
Subject: RE: FLG briefings - resending  

I received. Thx.

29.(1)(a), 35.(1)(f), 35.(1)(g)

Donna

From: JamesMeaney@lowerchurchillproject.ca [mailto:JamesMeaney@lowerchurchillproject.ca]  
Sent: Wednesday, October 5, 2016 12:21 PM  
To: Bown, Charles W. <cbown@gov.nl.ca>; Brewer, Donna <dbrewer@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>; Parsons, Walter <WalterParsons@gov.nl.ca>; Hearn, Patricia A. (Deputy Minister) <PatriciaAHearn@gov.nl.ca>  
Cc: AuburnWarren@nalcorenergy.com  
Subject: FLG briefings - resending  
Importance: High  

Resending as some folks indicated one of the attachments was corrupt/couldn't be opened

James Meaney  
General Manager, Finance  
PROJECT DELIVERY TEAM  
Lower Churchill Project  
t. 709 737-4860  c. 709 727-5283  f. 709 737-1901  
e. JamesMeaney@lowerchurchillproject.ca  
w. muskratfalls.nalcorenergy.com
From: Brewer, Donna  
Sent: Tuesday, November 01, 2016 1:59 PM  
To: Bartlett, Beth  
Subject: FW: FLG 2 Summary Sheet Requirements (003).docx  
Attachments: FLG 2 Summary Sheet Requirements (003).docx

From: Brewer, Donna  
Sent: Wednesday, October 5, 2016 12:46 PM  
To: Connors, Heather <hconnors@gov.nl.ca>; Bennett, Cathy (Minister) <CBennett@gov.nl.ca>  
Subject: FLG 2 Summary Sheet Requirements (003).docx

Some notes from James Meaney – may be useful background for your 1 pm.

Heather also sending an excel and PPT.
I suspect what is happening is the excel file from Jim is the old version that we initially prepared back when we initially sent data over September 20th... since then we have updated our long term financial forecast as part of
Province's midyear update request (last week's deliverable). By way of copy to Dave & Elizabeth, we will track down latest view.

Thanks!
Auburn

Auburn Warren, CPA, CA
General Manager (Commercial, Treasury, Risk & Technology)
Nalcor Energy
t. 709-737-1256 c. 709-725-1141
e. AuburnWarren@nalcorenergy.com
w. nalcorenergy.com

Auburn
Can you check with Dave/Elizabeth on this
Thanks Jim

Sent from my iPhone

What am I missing?

Donna

Resending as some folks indicated one of the attachments was corrupt/couldn't be opened
James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
Lower Churchill Project
t. 709 737-4860  c. 709 727-5283  f. 709 737-1901
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From: Brewer, Donna  
To: AuburnWarren@nalcorenergy.com  
Subject: Re: FLG briefings - resending

K.
Just hoping I did not have to retrieve and resend the information Minister sent to Minister Morneau last Friday. Thx.

Donna.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: AuburnWarren@nalcorenergy.com  
Sent: Wednesday, October 5, 2016 12:53 PM  
To: James Meaney/Lowerchurchillproject.ca; DaveJones@nalcorenergy.com; ElizabethLewiss@nalcorenergy.com  
Cc: Bown, Charles W.; Martin, Craig; Brewer, Donna; Parsons, Walter  
Subject: Re: FLG briefings - resending

I suspect what is happening is the excel file from Jim is the old version that we initially prepared back when we initially sent data over September 20th... since then we have updated our long term financial forecast as part of Province's midyear update request (last week's deliverable). By way of copy to Dave & Elizabeth, we will track down latest view.

Thanks!
Auburn

Auburn Warren, CPA, CA  
General Manager (Commercial, Treasury, Risk & Technology)  
Nalcor Energy  
t. 709-737-1256   c. 709-725-1141  
e. AuburnWarren@nalcorenergy.com  
w. nalcorenergy.com

From: James Meaney/NL.Hydro  
To: "Brewer, Donna" <dbrewer@gov.nl.ca>  
Cc: "Bown, Charles W." <cbown@gov.nl.ca>, "Martin, Craig" <CMartin@gov.nl.ca>, "Parsons, Walter" <WalterParsons@gov.nl.ca>, Auburn Warren/NL.Hydro@nlhydro  
Date: 10/05/2016 12:46 PM  
Subject: Re: FLG briefings - resending
Auburn
Can you check with Dave/Elizabeth on this
Thanks Jim

Sent from my iPhone

What am I missing?

Donna

From: JamesMeaney@lowerchurchillproject.ca [mailto:JamesMeaney@lowerchurchillproject.ca]
Sent: Wednesday, October 5, 2016 12:21 PM
To: Bown, Charles W. <cbown@gov.nl.ca>; Brewer, Donna <dbrewer@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>; Parsons, Walter <WalterParsons@gov.nl.ca>; Hearn, Patricia A. (Deputy Minister) <PatriciaAHearn@gov.nl.ca>
Cc: AuburnWarren@nalcorenergy.com
Subject: FLG briefings - resending
Importance: High

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James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
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Bartlett, Beth

From: Martin, Craig  
Sent: Tuesday, November 01, 2016 7:33 PM  
To: Bartlett, Beth  
Subject: FW: HP TRIM BRIEFING NOTES : BN-8842 : Information Note - Update on Enhanced Federal Loan Guarantee  

From: James Meaney@lowerchurchillproject.ca [mailto:JamesMeaney@lowerchurchillproject.ca]  
Sent: Monday, October 17, 2016 2:01 PM  
To: Parsons, Walter  
Cc: Warren, Auburn; Martin, Craig  
Subject: Re: HP TRIM BRIEFING NOTES : BN-8842 : Information Note - Update on Enhanced Federal Loan Guarantee

Hi Walter, my comments are attached. Regards, Jim

James Meaney  
General Manager, Finance  
PROJECT DELIVERY TEAM  
Lower Churchill Project  
t. 709 737-4860  
f. 709 737-1901  
e. JamesMeaney@lowerchurchillproject.ca  
w. muskratfalls.nalcorenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

Good afternoon gentlemen,

We are preparing a FLG status update note for Cabinet. Please see the attached draft and let me know if you have any concerns or suggested edits. The sooner the better obviously.

W

------< HP TRIM Record Information >------

Record Number : BN-8842  
Title : Information Note - Update on Enhanced Federal Loan Guarantee

"This email and any attached files are intended for the sole use of the primary and copied
Information Note
Department of Natural Resources

Title: Update on Enhanced Federal Loan Guarantee (EFLG)

Issue: Status of the Province's request for enhancements to the federal loan guarantee for the Musk rat Falls, Labrador Transmission Assets and Labrador-Island Link projects (collectively the Project).

Background and Current Status:

- Following a conversation between the Premier and Prime Minister, officials from NR, FIN, and Nalcor have been engaged with officials from the federal departments of Finance and Natural Resources, as well as the Privy Council Office, to provide detailed information on the Musk rat Falls and Labrador-Island Link projects as it relates to the Province's request for an EFLG.
- The Province's request consists of $2.9 billion of additional guaranteed debt.
- A meeting was held with senior officials in Ottawa on September 23, and a follow-up conference call was held on October 6. A second meeting took place in St. John's on October 12. The meetings were intended to provide additional information to help federal officials to brief their ministers on available options to assist the project and the Province.
- Key messages on this issue have been prepared and are attached as Annex A.

Analysis:
• Provincial officials have answered all questions posed by the federal officials and have expressed the Province’s willingness to provide any additional information as required.

Prepared/Approved by: W. Parsons/C. Bown
Ministerial Approval: October 17, 2016
Bartlett, Beth

From: Martin, Craig  
Sent: Tuesday, November 01, 2016 7:34 PM  
To: Bartlett, Beth  
Subject: FW: Value of FLG  
Attachments: Impact of FLG2 Oct2016.xlsx

From: ElizabethLewis@nalcorenergy.com  
Sent: Friday, October 21, 2016 4:10 PM  
To: Martin, Craig  
Cc: AuburnWarren@nalcorenergy.com; Tucker, Charles W; DaveJones@nalcorenergy.com; ElizabethLewis@nalcorenergy.com  
Subject: Re: Value of FLG

Hi Craig,

See attached file. Let me know if you have any questions.

Thanks,

Elizabeth

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

Hey,

Following up to see where we are on these ones?

When do you anticipate having a response?

Craig
Hey,

Question from Donna re: value of FLG2 for our (internal) Notes for Mid-year update

With regards to Donna's comments below:

Again, need asap as we are trying to complete notes for mid-year.

Thanks

Craig

Craig Martin, CPA, CMA
Assistant Deputy Minister of Finance
Taxation and Fiscal Policy
☎ (L) 729-2944 ☎ (F) 729-2070
✉ cmartin@gov.nl.ca

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Enhanced Federal Loan Guarantee ("eFLG")
Documentation and Schedule Considerations
August 4, 2016
Purpose & Overview
Purpose

• Outline the documentation and timing requirements for implementation of the eFLG
eFLG Term Sheets - Process

Initial meetings/discussion on timelines and requirements

- Presentation of initial drafts for review by parties
- Review of drafts; internal alignment
- Cabinet approvals
- Execution of Federal Term Sheets
The mid-year update, announced this past Thursday, reflected a full update on all assumptions and variables relating to our revenue and expenditure forecast. All revenue forecasts were updated for the Fall update. The primary reasons for revenues improvement in the Fall update from Budget (and from the earlier update provided in our meeting) were mainly due to:

- Increase in Offshore oil royalties of approximately $100 million due to further increase in projected price and an increase in production figures
- Increase in Personal Income Tax of approximately $50 million due to improved 2015 Income tax filing results
- Increase in Corporate Income Tax of approximately $50 million based on 2015 filing results

On the expenditure side all decisions to date would be reflected as well as expenditures being updated based on the year-to-date actuals to the time of updated forecast at Fall update. The primary change related to revised actuarial assumptions relating to Pensions and Other Post-Employment Benefits.

Also, the Province reduced its Risk Adjustment in the Fall updated.

Improved cash requirements reduced the Province’s Borrowing projection. Factors impacting the cash requirements included revenue improvements, the prudence adjustment included in the forecast for borrowing was adequate to cover the announced Muskrat Falls cost increase and there were some deferred cash-flows from infrastructure projects.

The two attached Tables outline the changes from Budget to Fall update.

If you need anything else, please let me know.

Craig

Hi Craig, Auburn:

In yesterday’s fall update, this fiscal year’s adjusted deficit is projected to be $1,583.6 million, representing a decrease of from the Budget 2016 figure of $1,830.0 million.
Thanks,
Joe

Joseph Krupski

Senior Policy Analyst, Electricity Resources Branch
Natural Resources Canada / Government of Canada
joseph.krupski@canada.ca / Tel: 343 292 6179

Analyste principal de la politique, Direction des ressources en électricité
Ressources naturelles Canada / Gouvernement du Canada
joseph.krupski@canada.ca / Tél. : 343 292 6179

29.(1)(a), 34.(1)(a)(i)
## Update 2016-17 ($ Million)

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Budget</th>
<th>2016-17 Update</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,367.9</td>
<td>6,567.7</td>
<td>199.8</td>
</tr>
</tbody>
</table>

### Net Income of Government Business Enterprises

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Budget</th>
<th>2016-17 Update</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>408.4</td>
<td>425.5</td>
<td>17.1</td>
</tr>
</tbody>
</table>

### Total Revenue

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Budget</th>
<th>2016-17 Update</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,776.3</td>
<td>6,993.2</td>
<td>216.9</td>
</tr>
</tbody>
</table>

### Gross Expenses:

- **Program Expenses**
  - 2016-17 Budget: 7,499.0
  - 2016-17 Update: 7,387.9
  - Variance: (111.1)

- **Debt Servicing Expenses**
  - 2016-17 Budget: 982.3
  - 2016-17 Update: 1,113.9
  - Variance: 131.6

### Total Expenses

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Budget</th>
<th>2016-17 Update</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,481.3</td>
<td>8,501.8</td>
<td>20.5</td>
</tr>
</tbody>
</table>

### Risk Adjustment

- **Risk Adjustment**
  - 2016-17 Budget: (125.0)
  - 2016-17 Update: (75.0)
  - Variance: 50.0

### Adjusted Deficit

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Budget</th>
<th>2016-17 Update</th>
<th>Variance</th>
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<tbody>
<tr>
<td></td>
<td>(1,830.0)</td>
<td>(1,583.6)</td>
<td>246.4</td>
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</table>
## Borrowing Requirements 2016/17

<table>
<thead>
<tr>
<th>$ million</th>
<th>2016-17 Budget</th>
<th>2016-17 Update</th>
<th>Variance</th>
<th>Actuals as a % of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provincial and Federal Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,478.1</td>
<td>5,679.0</td>
<td>200.9</td>
<td>54.0%</td>
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<tr>
<td><strong>Current Account:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Gross Expenditure</td>
<td>7,224.2</td>
<td>7,149.7</td>
<td>(74.5)</td>
<td>50.2%</td>
</tr>
<tr>
<td>Related Revenue</td>
<td>(405.9)</td>
<td>(405.4)</td>
<td>0.5</td>
<td>47.2%</td>
</tr>
<tr>
<td><strong>Net Expenditure</strong></td>
<td>6,818.3</td>
<td>6,744.3</td>
<td>(74.0)</td>
<td>50.4%</td>
</tr>
<tr>
<td><strong>Capital Account:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Expenditure</td>
<td>1,678.9</td>
<td>2,131.4</td>
<td>452.5</td>
<td>29.4%</td>
</tr>
<tr>
<td>Related Revenue</td>
<td>(82.5)</td>
<td>(319.4)</td>
<td>(236.9)</td>
<td>65.6%</td>
</tr>
<tr>
<td><strong>Net Expenditure</strong></td>
<td>1,596.4</td>
<td>1,812.0</td>
<td>215.6</td>
<td>27.5%</td>
</tr>
<tr>
<td><strong>Net Current and Capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,414.7</td>
<td>8,556.3</td>
<td>141.6</td>
<td>46.1%</td>
</tr>
<tr>
<td><strong>Contingency Reserve</strong></td>
<td>30.0</td>
<td>26.2</td>
<td>(3.8)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash Requirement</strong></td>
<td>(2,966.6)</td>
<td>(2,903.5)</td>
<td>(63.1)</td>
<td>30.9%</td>
</tr>
<tr>
<td>Prudence</td>
<td>350.0</td>
<td>-</td>
<td>(350.0)</td>
<td>-</td>
</tr>
<tr>
<td>Contributions to Sinking Funds</td>
<td>43.9</td>
<td>44.0</td>
<td>0.1</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Total Cash Requirements (unrounded)</strong></td>
<td>(3,360.5)</td>
<td>(2,947.5)</td>
<td>413.0</td>
<td>28.6%</td>
</tr>
<tr>
<td><strong>Total Borrowing Requirements (rounded)</strong></td>
<td>(3,400.0)</td>
<td>(2,900.0)</td>
<td>500.0</td>
<td>71.3%</td>
</tr>
</tbody>
</table>
See text I have highlighted in red below. May be of relevance in context of FLG2....

James Meaney
General Manager, Finance
PROJECT DELIVERY TEAM
Lower Churchill Project
t. 709 737-4860 c. 709 727-5283 f. 709 737-1901
e. JamesMeaney@lowerchurchillproject.ca
w. muskratfalls.nalcorenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

----- Forwarded by James Meaney / NLHydro on 11/01/2016 09:11 PM -----
The March budget doubled the infrastructure plan to $120 bln over 10 years. Today, the government announced an increase of $81 bln to $186 bln unfolding over 11 years through F2027-28 — for public transit, green and social infrastructure, and transportation infrastructure that supports trade, and rural/northern communities.

The government also announced that it will establish a Canada Infrastructure Bank that will be responsible for investing a minimum $35 bln from the federal government into large infrastructure projects that contribute to economic growth through loans, loan guarantees and equity investments. The funding will be broken down as follows:

- $15 bln will be sourced from the announced funding for public transit, green infrastructure, social infrastructure, trade and transportation, and rural and northern communities.
- $20 bln will result in the Bank holding financial assets, in the form of equity or debt, that will not result in a fiscal impact for the government.

“Fall Economic Statement - A Plan for Middle Class Progress” Highlights

- Relative to Budget 2016, projected budgetary revenues are lower over the forecast horizon as the carry-forward of better-than-expected results in F2015-16 is more than offset by the lower projections for nominal GDP and lower projected interest rates, both reducing revenue projections.
- With respect to expenses, major transfers to persons are projected to be lower in F2016-17 than projected in Budget 2016 as a result of the carry-forward of better-than-expected F2015-16 results. Major transfers to persons are projected to be higher over the remainder of the forecast horizon as the weaker economic outlook leads to projected increases in EI and Old Age Security benefits and the Canada Child Benefit (CCB). In addition, the decision to index the CCB to inflation beginning in 2020 raises the benefit relative to the budget projection starting in F2020-21.
- Major transfers to other levels of government are broadly unchanged in the near term, but are lower than Budget 2016 projections in the later years of the forecast due to the weaker outlook for nominal GDP growth, to which the Canada Health Transfer and Equalization are pegged.
- Compared to Budget 2016, direct program expenses are projected to remain largely unchanged in F2016-17, but are projected to be higher over the remainder of the forecast horizon. This is largely as a result of higher projected expenses associated with employee future benefits, which are sensitive to changes in projected interest rates as well as measures announced since Budget 2016, including those announced in this Fall Economic Statement.
- Public debt charges are expected to be lower than projected in Budget 2016 due largely to lower projected interest rates.
### Revised Projections - $ Billions

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgetary revenues</td>
<td>295.5</td>
<td>291.1</td>
<td>303.3</td>
<td>313.2</td>
<td>326.2</td>
<td>339.5</td>
<td>355</td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>270.8</td>
<td>291.3</td>
<td>306.5</td>
<td>313.2</td>
<td>317.2</td>
<td>326</td>
<td>336.5</td>
<td></td>
</tr>
<tr>
<td>Public debt charges</td>
<td>25.6</td>
<td>24.9</td>
<td>24.6</td>
<td>25.9</td>
<td>26.2</td>
<td>30.3</td>
<td>33.1</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>296.4</td>
<td>316.1</td>
<td>331</td>
<td>339.1</td>
<td>345.4</td>
<td>356.3</td>
<td>369.6</td>
<td></td>
</tr>
<tr>
<td>Final budgetary balance</td>
<td>-1</td>
<td>-25.1</td>
<td>-27.8</td>
<td>-25.9</td>
<td>-19.3</td>
<td>-16.8</td>
<td>-14.6</td>
<td></td>
</tr>
<tr>
<td>Federal debt 1</td>
<td>616</td>
<td>642</td>
<td>669.8</td>
<td>695.7</td>
<td>715</td>
<td>731.8</td>
<td>748.4</td>
<td></td>
</tr>
<tr>
<td>Per cent of GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>13.7</td>
<td>14.4</td>
<td>14.6</td>
<td>14.3</td>
<td>14</td>
<td>13.8</td>
<td>13.7</td>
<td></td>
</tr>
<tr>
<td>Public debt charges</td>
<td>1.3</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.3</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>Budgetary balance</td>
<td>0</td>
<td>-1.2</td>
<td>-1.3</td>
<td>-1.2</td>
<td>-0.8</td>
<td>-0.7</td>
<td>-0.6</td>
<td></td>
</tr>
<tr>
<td>Federal debt 1</td>
<td>31.1</td>
<td>31.8</td>
<td>31.8</td>
<td>31.9</td>
<td>31.5</td>
<td>31</td>
<td>30.4</td>
<td></td>
</tr>
</tbody>
</table>

Note: Totals may not add due to rounding.
1. The projected level of federal debt for 2016-17 includes an estimate of other comprehensive income.

### Maria Berlettano, CFA
416 594-6041
maria.berlettano@cibc.com
www.cibcmacro.com

### Tom Bognar, CFA
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www.cibcmacro.com

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From: Brewer, Donna  
Sent: Thursday, November 03, 2016 3:15 PM  
To: Hawley, Kim  
Subject: RE: Document1  

Apparently feds just answered in question period they are providing enhanced federal loan guarantee for MF project.

From: Hawley, Kim  
Sent: Thursday, November 03, 2016 4:31 PM  
To: Brewer, Donna  
Subject: RE: Document1  

Okie dokie. Thanks :)  

Kim Hawley George  
Chief Legislative Counsel and  
Assistant Deputy Minister, Legal Services  
Department of Justice and Public Safety  
Government of Newfoundland and Labrador  
t: 709-729-4766

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From: Brewer, Donna  
Sent: Thursday, November 07, 2016 5:43 PM  
To: Bartlett, Beth  
Subject: FW: Document1  

Follow Up Flag: Follow up  
Flag Status: Flagged

From: Brewer, Donna  
Sent: Thursday, November 03, 2016 4:32 PM  
To: Hawley, Kim <kimhawle@gov.nl.ca>  
Subject: RE: Document1  

Okie dokie. Thanks :)  

Kim Hawley George  
Chief Legislative Counsel and  
Assistant Deputy Minister, Legal Services  
Department of Justice and Public Safety  
Government of Newfoundland and Labrador  
t: 709-729-4766

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From: Brewer, Donna  
Sent: Monday, November 07, 2016 5:42 PM  
To: Bartlett, Beth  
Subject: FW: NL Equity Requirements forecast Nov 2016.xlsx  
Attachments: Benefits of the Enhanced Federal Loan Guarantee.docx; NL Equity Requirements forecast Nov 2016.xlsx  
Follow Up Flag: Follow up  
Flag Status: Flagged

From: Brewer, Donna  
Sent: Thursday, November 3, 2016 5:56 PM  
To: Bennett, Cathy (Minister) <CBennett@gov.nl.ca>  
Subject: NL Equity Requirements forecast Nov 2016.xlsx  

Materials provided  
Will be refined once further details are known.  

Donna
Benefits of the Enhanced Federal Loan Guarantee ($2.9 Billion)

1. Allows NL and the Muskrat Falls Project to leverage the Federal Government’s AAA credit rating, resulting in lower financing costs for the capital necessary to complete the project. In the absence of such an enhanced guarantee, the Province would have to fund the capital through its provincial borrowing program at higher rates. The reduction in government’s borrowing requirements over the next four years is $2.9 billion, 29.(1)(a).

2. The primary benefit of the enhanced Federal Loan Guarantee is to reduce the future borrowing requirements of the province.

3. 29.(1)(a), 35.(1)(f), 35.(1)(g)
**Bartlett, Beth**

<table>
<thead>
<tr>
<th>From: Brewer, Donna</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sent: Monday, November 07, 2016 5:42 PM</td>
</tr>
<tr>
<td>To: Bartlett, Beth</td>
</tr>
<tr>
<td>Subject: FW: More detailed financial questions.</td>
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</table>

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged  

---

**From: Brewer, Donna**  
**Sent: Thursday, November 3, 2016 6:27 PM**  
**To: Bennett, Cathy (Minister) <CBennett@gov.nl.ca>; Martin, Craig <CMartin@gov.nl.ca>**  
**Subject: Fw: More detailed financial questions.**

---

**From: Hearn, Patricia A. (Deputy Minister) <PatriciaAHearn@gov.nl.ca>**  
**Sent: Thursday, November 3, 2016 6:16 PM**  
**To: Brewer, Donna; Bown, Charles W.**  
**Subject: Fw: More detailed financial questions.**

---

**From: Dupont, Serge <Serge.Dupont@pco-bcp.gc.ca>**  
**Sent: Thursday, November 3, 2016 4:46 PM**  
**To: Hearn, Patricia A. (Deputy Minister)**  
**Subject: RE: More detailed financial questions.**

They should be talking to NRCan.  

---

**From: Hearn, Patricia A. (Deputy Minister) [mailto:PatriciaAHearn@gov.nl.ca]**  
**Sent: November 3, 2016 3:40 PM**  
**To: Dupont, Serge**  
**Subject: More detailed financial questions.**

Serge- as our Finance officials are working through some of the numbers and impact for rate holders, etc., more detailed confirmations would be useful.  

Let me know if there's someone else we should be directing these questions to.  

---

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From: Brewer, Donna  
Sent: Thursday, November 03, 2016 7:24 PM  
To: Myrden, Paul; Hanrahan, Denise; Martin, Craig  
Subject: Re: NLIS 4 - Provincial Government Secures Enhanced Federal Loan Guarantee

Not a lot of details at this time. There is a link to the federal release. Did you see that?

It is 2.9 billion.

Craig had a schedule from Elizabeth slightly different from what I provided Morneau re how the 2.9 b impacts equity asks. I'll see if I have that.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Myrden, Paul  
Sent: Thursday, November 3, 2016 7:05 PM  
To: Brewer, Donna  
Subject: Re: NLIS 4 - Provincial Government Secures Enhanced Federal Loan Guarantee

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Brewer, Donna  
Sent: Thursday, November 03, 2016 06:58 PM  
To: Myrden, Paul; Hanrahan, Denise  
Subject: Fw: NLIS 4 - Provincial Government Secures Enhanced Federal Loan Guarantee

Just ate into your borrowing program.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Mundon, Tansy  
Sent: Thursday, November 3, 2016 6:20 PM  
To: Bennett, Cathy (Minister); Brewer, Donna; Martin, Craig  
Subject: Fw: NLIS 4 - Provincial Government Secures Enhanced Federal Loan Guarantee
Responsible Management of the Muskrat Falls Project

Provincial Government Secures Enhanced Federal Loan Guarantee

Today, the Honourable Dwight Ball, Premier of Newfoundland and Labrador, announced that the province has secured a commitment from the Government of Canada to provide additional loan guarantee support for the Lower Churchill projects, up to an additional $2.9 billion.

“Since our government took office, we have been in discussions with the Government of Canada regarding additional loan guarantee support for the Muskrat Falls Project. Today, I am announcing that this work has resulted in us securing additional support as we get the Muskrat Falls Project on track. Our government continues to work with our federal and provincial colleagues to ensure the project is proceeding in the best interests of the Newfoundlanders and Labradorians.”
- The Honourable Dwight Ball, Premier of Newfoundland and Labrador

The specific conditions will be negotiated with the Government of Canada in the near future. The link to the Government of Canada release is here http://news.gc.ca/web/article-en.do;jsessionid=6fb2f1cb7d4d5e200c3ba55f6093297a3de47590f3d0429f4fbe85d32e71a1b5.e38RbhaLb3qNe3eMbh50?mthd=index&crtr.page=1&nid=1147219.

“We have been working diligently with our federal colleagues to secure the commitment of additional loan guarantee support for the Lower Churchill projects and relief for the escrow account obligations. This is important financial support for the province. Step by step, we are making improvements to the management of the Muskrat Falls Project.”
- The Honourable Siobhan Coady, Minister of Natural Resources

QUICK FACTS
• The Provincial Government has secured additional loan guarantee support for the Lower Churchill projects up to an additional $2.9 billion in debt for the portion of the projects from the Government of Canada.
• The specific conditions of this support will be negotiated with the Government of Canada in the near future.
• The Provincial Government will continue to hold Nalcor accountable to ensure the Muskrat Falls Project is managed responsibly and to ensure information about the project is communicated effectively to the people of the province.

Media contacts:
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Media Relations Manager
Diana Quinton
Director of Communications
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