Minutes of Special Teleconference Meeting
of the Board of Directors
of the Independent Electricity System Operator

November 22, 2017 – 12:00 noon

Attendees:

Tim O'Neill, Chair
Cynthia Chaplin
Murray Elston
Peter Gregg
Susanna Han
Christopher Henderson
Margaret Kelch
Glenn Rainbird
Ersilia Serafini
Deborah Whale
Carole Workman

Regrets:

None

Members of Staff in Attendance:

Kim Marshall
Terry Young
John Rattray
Susan Nicholson
Jeannette Briggs
Alexander DeAngelis
Lia Kosic
Mike Lyle
Anthony Martinello
Michael Boll

Minutes

Mr. Tim O'Neill chaired the meeting and Mr. John Rattray acted as Secretary.

Constitution of the Meeting

The Chair noted that due notice of the meeting had been given, a quorum of members of the Board of Directors were present by teleconference, and that, accordingly, the meeting was duly and properly constituted.

Approval of the Proposed Agenda

The Chair reviewed the Agenda with the Board. The Agenda was found to be satisfactory and, on motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT the Agenda of items for consideration at this meeting of the Board of Directors is hereby approved.

Conflicts

The Chair enquired whether any Committee member had a conflict of interest to report. None were reported.

Ontario Fair Hydro Plan - Risk Update

An Agenda Item Summary and a Memorandum, both titled "Ontario Fair Hydro Plan – Risk Update" and both dated November 22, 2017 had been provided to the Board for review prior to the meeting.

Mr. Anthony DeAngelis reviewed highlights of the update to the identified risks, describing the changes that had occurred since the July 2017 risk assessment. The Board questioned management regarding the nature and extent of reputational risk; the ability of the IESO to achieve its strategic objectives; risks associated with the servicing agreement; the likelihood of a government policy change impacting the IESO's role in the implementation of the Fair Hydro Plan; the provision of security for carrying charges ; and the role played by local distribution companies. Management was further questioned regarding the accounting treatment; the relationship between a higher credit rating and lower costs; and the nature of the provincial indemnity. The Board provided management with feedback on how to better describe the nature of the risks faced which will be reflected in future risk updates.

The Board Chair, Mr. Tim O'Neill, advised that the Board and Audit Committee would consider recent correspondence from the Auditor General in relation to the Financial Statement Audit of the corporation at the upcoming December meetings.

Approval of Key Agreements to Implement Ontario Fair Hydro Plan

An Agenda Item Summary dated November 22, 2017; a Memorandum titled "Ontario Fair Hydro Plan", also dated November 22, 2017 and related attachments, were provided to the Board for review prior to the meeting.

Mr. Michael Boll summarized the status of the negotiations regarding the Master Transfer and Servicing Agreement, the Security Agreement, and the Acknowledgement and Indemnity Agreement and the proposed timeline for finalization. He described further non-material changes to the agreements that had been received following the posting of the draft agreements for Board review, and updated the Board on the anticipated timing of going to market. The Board engaged management in an extensive discussion regarding the proposed delegation of authority to the Board Chair, Audit Committee Chair and Chief Executive Officer to approve the final form of the agreements; the nature of the potential issues that rating agencies may raise. The Board Chair and the Chair of the Audit Committee confirmed that if any proposed revisions to the agreements made management and/or the Chairs uncomfortable a further meeting of the Board would be held to consider such proposed revisions.

The Board discussed the implications of granting security to support carrying charges, including potential challenges to the applicable accounting principles and the security granted; and the reputational impact of the cumulative steps taken by the IESO to implement the Fair Hydro Plan. The Board Chair undertook to provide on-going updates to the Board at the next meeting in December, and the Board indicated its support of the proposed delegation of authority.

On motion duly made and seconded, the following resolution was unanimously carried,

BE IT RESOLVED THAT,

1. The Independent Electricity System Operator (the "Corporation") is authorized and approved to enter into, and to perform its obligations under, the following agreements, which shall be collectively referred to as the "Agreements":
    a) a Master Transfer and Servicing Agreement between the Corporation and Fair Hydro Trust;
    b) a Security Agreement between the Corporation and Fair Hydro Trust; and
    c) an Acknowledgement and Indemnity Agreement between the Corporation and BNY Trust Company of Canada, in its capacity as Indenture Trustee of Fair Hydro Trust.

2. The Chief Executive Officer of the Corporation and one of the Board Chair and the Audit Committee Chair are authorized and directed for and on behalf of the Corporation to finalize, execute and deliver the Agreements, with such additions, deletions or other changes as the Board Chair, Audit Committee Chair and Chief Executive Officer may approve, such approval to be conclusively evidenced by the execution and delivery of the Agreements by the Chief Executive Officer and one of the Board Chair and Audit Committee Chair. Any such amendments shall be reported to the Board promptly and no later than the Board's next regularly scheduled meeting.

3. The Chief Executive Officer of the Corporation and one of the Board Chair and the Audit Committee Chair are authorized for and on behalf of the Corporation to execute and deliver amendments to the Agreements that are finalized and executed pursuant to paragraph 2, as the Board Chair, Audit Committee Chair and Chief Executive Officer may approve, such approval to be conclusively evidenced by the execution and delivery of the amended Agreements by the Chief Executive Officer and one of the Board Chair and Audit Committee Chair. Any such amendments shall be reported to the Board promptly and no later than the Board's next regularly scheduled meeting.

4. Any one officer of the Corporation is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver all agreements, and all material instruments, certificates and other documents and to do all such further material acts as may be necessary or desirable in connection with, pertaining to, or arising out of, the execution of the Agreements, or required to perform the Corporation's obligations thereunder and to obtain the benefits thereof, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

5. Any one of the Director, Treasury, or Director, Settlements, or Corporate Controller is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver all non-material instruments, certificates and other documents and to do all such further non-material acts as may be necessary or desirable in connection with, pertaining to, or arising out of, the execution of the Agreements, or required to perform the Corporation's obligations thereunder and to obtain the benefits thereof, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination

Other Business

There was no other business brought before the Board.

Mr. Peter Gregg, Ms. Kim Marshall; Mr. Terry Young; Mr. Mike Lyle; Mr. John Rattray; Mr. Michael Boll; Ms. Susan Nicholson; Ms. Jeannette Briggs; Mr. Alexander DeAngelis; Ms. Lia Kosic; and Mr. Anthony Martinello left the meeting.

In-Camera Session

Mr. Rattray was subsequently advised that there was nothing to be minuted from the in-camera session.

There being no further business, the meeting was concluded.

Approved by the Board of Directors on the 27th day of February, 2018.

Tim O'Neill	John Rattray
Chair	Secretary