

NIAGARA REINFORCEMENT PROJECT MEMORANDUM OF UNDERSTANDING ("MOU")

BETWEEN:

Hydro One Inc. ("HO")

AND

Six Nations of the Grand River Development Corporation ("SNGRDC")

(collectively, the "**Parties**", and each, a "**Party**")

1. Recitals

- a) Hydro One's wholly-owned subsidiary, Hydro One Networks Inc. ("**Networks**") is in the process of completing a new 76 km double circuit, 230 kV transmission line along an existing Hydro One right-of-way between Allanburg Transformer Station and Middleport Transformer Station (the "**Niagara Reinforcement Project**").
- b) Six Nations of the Grand River First Nation ("**Six Nations**") conducts its commercial operations through its wholly-owned subsidiary, SNGRDC. In addition to the Parties and the other entities that are referred to below in this MOU, Six Nations of the Grand River First Nation will also become a party to the definitive agreements.
- c) HO and SNGRDC entered into a non-disclosure agreement dated October 31, 2016 (the "**Confidentiality Agreement**").
- d) Six Nations has expressed interest in completing construction of the Niagara Reinforcement Project through SNGRDC's joint venture with Aecon Construction Group Inc. ("A6N") and in acquiring a partnership interest in the Line.
- e) The Parties are entering into this Memorandum of Understanding to document the key terms under which each is willing to negotiate completion of the Niagara Reinforcement Project through A6N and acquisition of a partnership interest in the Line on completion by Six Nations and HO.

2. Definitions

"**Line**" means that portion of the Niagara Reinforcement Project running from the first tower of the line beyond the boundary of the Allanburg TS to the final tower prior to the boundary at Middleport TS. The Line excludes all sub-station facilities, telecommunication assets and assets relating to the interconnection of the Line to Networks' remaining transmission system.

"**Networks**" means Hydro One Networks Inc.

3. Proposed Arrangement

The Parties agree to enter into formal discussions to implement a project which incorporates all of the following key elements:

- (a) Networks will contract A6N to complete construction of the Niagara Reinforcement Project pursuant to a mutually acceptable engineer, procure and construct agreement (the "EPC Contract") with Networks or its designate;
- (b) Subject to successful completion of the EPC Contract, a commercial entity wholly owned by Six Nations will have the option to purchase, at fair market value on a date following the completion of the EPC Contract, up to a twenty-five per cent (25%) interest as a limited partner in a licensed transmitter which will own and operate the Line; and
- (c) The Parties may collaborate with each other, and/or with the other Party's designate, on the development of renewable energy projects pursuant to any set asides from the Ministry of Energy.

4. No Intent to Bind

4.1 The Parties do not intend to create a binding legal relationship through this MOU, except with respect to terms of confidentiality. The Parties do not intend to be bound except through formal agreements which expressly supersede this MOU and address all of the key elements above-noted.

4.2 The Parties intend that any commitments with respect to the Line, the Niagara Reinforcement Project or the arrangements proposed above will be documented in definitive agreements. Schedule 1 outlines key terms of the investment opportunity referenced in paragraph 3(b).

4.3 In addition to the Parties and the other entities that are referred to in this MOU, Six Nations of the Grand River First Nation will also become a party to the definitive agreements.

5. Term of MOU

5.1 The MOU will remain in force until the earlier of:

5.1.1 the date on which one Party withdraws on written notice to the other Party;

5.1.2 the effective date of definitive agreements entered into by the Parties, which address each of the key elements outlined in Section 3 and expressly supersede this MOU; and

5.1.3 Eighteen months from the date of this MOU.

5.2 If the MOU is terminated, its provisions shall become void and have no further force and effect, and there shall be no liability or further obligation whatsoever on the part of any of the Parties except that:

5.2.1 confidentiality obligations shall survive termination for a period of two years from the date of termination of the MOU;

6. **Capacity Funding**

Networks shall provide SNGRDC with capacity funding, up to the maximum amount that is set out in the funding letter, by reimbursing a portion of SNGRDC's and Six Nation's reasonable and prudent costs, as and when such costs are actually incurred, concerning the community consultation in respect of the Niagara Reinforcement Project, as well as costs associated with negotiation, financing and acquisition of an interest in the Transmitter as limited partner in accordance with terms to be set out in a funding letter to be settled following execution of this MOU. The Parties intend that the licensed transmitter that owns the Line shall repay such costs of funding, to Networks out of revenues in priority to distribution of net revenues to the partners. The Parties intend to seek recovery for such costs.

7. **Confidentiality**

The Parties agree that the provisions of the Confidentiality Agreement shall extend to and apply to this MOU and undertakings contemplated in this MOU, including that there will be no disclosure of the contents of the MOU, or the contemplated terms and conditions of any subsequent legal agreements, by any Party without the express consent of the other Parties. The Parties further agree that this MOU does not constitute 'definitive documentation' within the meaning of the Confidentiality Agreement. For greater certainty, no Party may make a public announcement with respect to these matters except as may be required in accordance with applicable laws.

8. **Treaty Rights**

This Agreement is without prejudice to, and does not intend to abrogate or derogate from, the aboriginal or treaty rights of the Six Nations or any of its members and any and all claims of the Six Nations as against Her Majesty the Queen in right of Canada or the Government of Canada and Her Majesty the Queen in right of Ontario or the Government of Ontario, including without limitation the litigation commenced in the Ontario Superior Court of Justice between Six Nations as plaintiff and the Attorney General of Canada and Her Majesty the Queen in Right of Ontario as defendants, bearing Court File No. 406/95 issued out of Brantford, Ontario.

9. **Counterparts**

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may

execute this Agreement by signing any such counterpart. Delivery of an executed signature page of this Agreement by a Party by electronic means of transmission will be as effective as delivery of an original executed copy of the Agreement by such Party.

Dated as of this _____ day of September, 2017

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION



BY: Name MATT JAMISON

Title PRESIDENT / CEO

HYDRO ONE INC.



BY: Name: Ferio Pugliese

Title: Executive Vice-President

Customer Care & Corporate Affairs

SCHEDULE "1"

1. Hydro One will create a limited partnership (the "Transmitter") operated by a Hydro One subsidiary as general partner.
2. The Transmitter will be licensed to own and operate the Line.
3. Hydro One will cause the Line to be transferred to the Transmitter.
4. Following energizing of the line, Six Nations will be granted a right to acquire up to a twenty-five per cent interest in the Transmitter at fair market value on the commercial operation date through a non-taxable single purpose investment entity which it wholly owns.
5. The Transmitter will contract operation and management of the Line to Networks.
6. The general partner, on behalf of the Transmitter, shall manage and operate the Line and be entitled to its reasonable costs and expenses incurred in the performance of its duties.
7. The partners will share in the Transmitter's net income (net of amounts recoverable through transmission rates by Hydro One on account of taxes), in proportion to their partnership interests.
8. Six Nation's interest in the Transmitter is transferable only to a non-taxable entity owned by an Indian Band as defined by the Indian Act, or Hydro One.
9. SNGRDC and Six Nations will make commercially reasonable efforts to cause the Six Nations of the Grand River and its constituencies to act in the best interests of the partnership and the partnership's assets.
10. Implementation of the final agreements are subject to Ontario Energy Board approval of the non-taxable status of the Six Nations' investment entity.
11. In addition to the Parties and the other entities that are referred to above in this MOU, Six Nations of the Grand River First Nation will also become a party to the definitive agreements.