



Six Nations of the Grand River Development Corporation's Path Forward: Niagara Reinforcement Line- Bundled Solution

Six Nations of the Grand River Development Corporation ("SNGRDC") undertook a 60-day community engagement process from October 16, 2017 to December 15, 2017 on the Niagara Reinforcement Line ("NRL"). The community engagement process relied on qualitative data collection and analysis, to capture the independent thoughts, opinions, and drivers of opinion from the community. The findings were then compiled into a community engagement report and presented for assessment by SNGRDC Board of Directors, who in turn made a recommendation to the SNGRDC Advisory Committee and the Six Nations Elected Council.

Based on the engagement report findings, it does not appear that substantive or insurmountable concerns were raised by community participants. Although community turn-out was generally low, a total of 41 formal written submissions were received - the bulk contained no definitive opinion (66%) for or against the Project; the balance of submissions were 22% positive and 12% negative.

The final community engagement report is published on www.snfuture.com as a matter of historical record.

The community engagement report outlines key considerations gathered throughout the engagement process. SNGRDC appreciates the community's participation and is committed to ensuring the voices of the community are heard in the path forward.

Below is a summary of the key considerations outlined in the engagement sessions, as well as SNGRDC's approach in addressing the community comments. Final outcomes are subject to successful negotiations with partners.

Engagement Report Key Considerations:

- 1. Concerns about incurring long-term debt to acquire an equity ownership in the transmission line.*

Approach:

SNGRDC will seek a commitment from Six Nations Elected Council ("SNEC") to allocate the \$12.5 million up-front payment from the gaming modernization agreement with the Province, for SNGRDC to complete the acquisition of an ownership interest in NRL without incurring long-term debt.

As a component of the final gaming modernization arrangement, Ontario agreed to an up-front payment of \$12.5 million with a purpose: *"to advance economic development*

initiatives for Six Nations' community members". The acquisition of an ownership interest in NRL clearly satisfies this objective.

In the event SNEC does not direct the \$12.5 million to fund the investment, SNGRDC will be required to seek 3rd party financing, triggering \$8.5 million of long-term interest expense. A 25% ownership in NRL will produce not less than \$46 million in net free cash flow with no long-term debt or \$27 million with 100% debt leverage.

Should SNEC direct the funding to the NRL investment, the interest savings will ultimately flow to the Economic Development Trust and be invested by the Trust to meet community needs and priorities.

2. *Questions related to the possibility of receiving land lease revenue for the transmission corridor.*

Approach:

This consideration is not within the scope or mandate of SNGRDC as it relates to larger land rights concerns.

SNGRDC requested from Hydro One, details around the property holdings that make-up the NRL transmission corridor; 25% of the corridor is controlled by Infrastructure Ontario, 25% is held by private land owners, and the balance of land is attributable to easements on Municipal, Ministry of Transportation and Railway crossings.

We have confirmed Hydro One does not own lands hosting the NRL – all lands previously held by Hydro One (or its predecessors) were transferred to Infrastructure Ontario, pursuant to Bill 58, Corridor Lands (2002). Bill 58 effectively caused the transfer of lands previously owned by Hydro One (or its predecessors) to Infrastructure Ontario while at the same time granting Hydro One statutory easement rights. The easement is provided at no cost since the lands were originally purchased by Hydro One (or its predecessors). Reference: www.infrastructureontario.ca/PSLUP-FAQs.aspx

Ultimately the NRL corridor represents a small fraction of total transmission line encroachment on Haldimand Tract lands; as such, the negotiation and ultimate resolution of land use with Six Nations requires a much broader discussion involving the SNEC Consultation and Accommodation Process Team and thus resolution is beyond the scope of SNGRDC.

Commitment:

SNGRDC will introduce this matter as an action item for further discussion with SNEC Consultation and Accommodation Process Team with Hydro One when finalizing the definitive agreements.

This consideration will also be forwarded to the Six Nations Community Planning team for potential inclusion as an action item in the community plan.

3. *General concerns regarding environmental impacts and why are we relying on a 2004 environmental assessment?*

Approach:

Since the transmission corridor is outside of Six Nations Reserve No.40, Ontario's Ministry of the Environment and Climate Change is responsible for the legislation and approvals, the Environmental Assessment Act approval does not expire.. Further, all access roads and tower foundations are already in place and there is nothing contemplated that would trigger a new environmental assessment.

Commitment:

SNGRDC will engage an independent third party to conduct a Peer Review of the environmental assessment. Should any significant findings from this review arise, the findings and appropriate mitigations will be posted on the SN Future website.

In addition, the Engineering, Procurement and Construction ("EPC") contract between A6N and Hydro One requires an environmental management plan for construction. Ultimately, A6N will hold the responsibility for complying with the environmental management plan and will report weekly to SNGRDC on the status of any factors or concerns that fall within the scope of the plan.

Finally, the EPC contract will require an archeological firm be on site throughout construction, should any findings occur during construction, the firm will be required to take the necessary precautionary steps and notify the appropriate parties for remedy.

The outcome of these commitments will potentially provide strong guidance and parameters for Six Nations to develop its own environmental standards to be applied to future projects.

4. *Suggestion to seek commitment from Hydro One to fund post-secondary education.*

Approach:

SNGRDC will seek a commitment from Hydro One for annual funding or bursaries to assist post-secondary students seeking higher education.

5. *General concerns about the reliability of hydro within in the Six Nations Community (dated lines, brown outs, etc.)*

Approach:

SNGRDC will seek Hydro One to conduct a grid stability/reliability study of Six Nations Territory hydro service as a condition of the definitive agreement. As a component of this condition, SNGRDC would seek a mutually agreeable completion date with the findings to be shared with SNGRDC, SNEC, and the Six Nations community.

6. *Concerns regarding access to corridors for traditional gathering and hunting purposes.*

Approach:

This consideration is not within the scope or mandate of SNGRDC as it relates to larger land rights concerns.

As outlined in the approach for consideration #2 above, the NRL corridor represents a small fraction of total transmission line encroachment on Haldimand Tract lands; as such, the negotiation and ultimate resolution of land use with Six Nations requires a much broader discussion involving the SNEC Consultation and Accommodation Process Team and thus, resolution is beyond the scope of SNGRDC.

Commitment:

SNGRDC will introduce this matter as an action item for further discussion with SNEC Consultation and Accommodation Process Team with Hydro One when finalizing the definitive agreements.

This consideration will also be forwarded to the Six Nations Community Planning team for potential inclusion as an action item in the community plan.

In addition, SNGRDC will strongly encourage Hydro One to utilize local Six Nations organizations with any needed rehabilitation of the corridor to ensure the longevity of the land.

7. *Concerns regarding what occurs if a community conflict arises opposing the project.*

Approach:

This situation is contemplated in the RFP bid being submitted by A6N to Hydro One. At a minimum, A6N will be provisioning 24/7 security coverage for the duration of the project; further A6N will be taking precautionary steps to secure and stage high value materials.

Six Nations Elected Council, SNGRDC, A6N and Hydro One must be fully aligned on pursuing the most appropriate course of action should a conflict occur.