



MEMO

To: Six Nations of the Grand River Elected Council

From: President/CEO, SNGRDC

Date: January 31, 2022

Re: **ITC/ Lake Erie Connector project**

Background

On March 6, 2015, during the launch of Six Nations of the Grand River Development Corp (“SNGRDC”) the Six Nations of the Grand River Elected Council (“SNGR”) passed resolution **SICGC#09-03-06-2015**, which among other things, included resolution 8(h) which assigned “*the arrangements with LEC Lake Erie Connector LLC*” to SNGRDC.

The Lake Erie Connector (“LEC”) is a bi-directional 1,000 MW high voltage direct current underwater transmission line that will provide a direct connection between the Ontario power grid (via the IESO) and PJM which is a regional transmission organization in Pennsylvania, USA. There are several benefits associated with the LEC project, the most significant being an improvement to system reliability, reduction in greenhouse gas emissions, and significant ratepayer savings.

Over the past several years the project went largely silent as the project proponent worked with the government and Independent Electricity System Operator (“IESO”) to advance the project. The project benefits align well with current Ontario government’s focus on reducing hydro costs for Ontario ratepayers. The Canada Infrastructure Bank also recently announced its intent of financing up to \$655 million in the LEC project – this has triggered a re-emergence of the project as a potential addition to the Ontario power system.

In June 2014, LEC was acquired by ITC Holdings Corp (ITC), ITC is a subsidiary of Fortis Inc. which is a public company originally founded in 1885 and is currently traded under ticker symbol FTS on the NYSE and TSE stock exchanges. Fortis owns diverse energy assets in Canada, United States, and Caribbean, with a total asset value of \$57B, and annual revenues >\$9B. Fortis Inc. operates in 17 regulated jurisdictions and hold several assets in Ontario, including a partnership position in Wataynikaneyap Power a project owned alongside 24 First Nations in Northern Ontario.

SNGRDC management believes the LEC project fits within the economic development portfolio of SNGRDC and sought a renewed mandate from SNGR to pursue a potential equity position in the LEC project. On October 25, 2021, the President/CEO attended a Political Liaison meeting with Lonny Bomberry, SNGR Director of Lands & Resources, where the Director recommended that SNGR appoint SNGRDC as the lead on the LEC project moving forward. SNGR passed resolution **PL#107-25/10/2021** approving SNGRDC as the lead on the project.

SNGRDC is very familiar with these types of transactions and possesses the requisite experience and corporate structure to accomplish the following:

- Create a new special purpose entity to hold an ownership interest in LEC;
- The capacity to conduct investment due diligence;
- The capability to contract with ITC to secure equity financing;
- The ability to coordinate community outreach to educate the community on the project; and
- The structure to provide corporate income tax mitigation through SNGRDC's tax strategy.

Current Situation

As a best practice, SNGRDC and ITC entered into a Mutual Confidentiality Agreement (MCA) to discuss the terms for the potential direct or indirect economic participation of Six Nations. While the MCA binds SNGRDC from disclosure of confidential information for a period of five years, without the consent of ITC, we are collaborating to provide materials that will provide sufficient information for the purpose of completing the independent financial analysis and to enable the community investment review.

In addition, ITC has committed to fund SNGRDC's out of pocket costs for due diligence, the community investment review and completing the transaction if a decision is made to proceed. The current funding amount is set at up to \$250,000 however if additional funds are required they will be negotiated. A Capacity Funding Agreement ("CFA") was executed to capture this commitment. These funds will be used to complete SNGRDC's due diligence on the project while assessing the business viability (legal, environmental review, financial analysis, community outreach, etc.).

Term Sheet:

A term sheet capturing various options relating to Six Nations participation in LEC has been prepared and vetted by our legal counsel. The term sheet considers the following options:

1. Option 1 Equity Ownership

The LEC project includes an opportunity for Six Nations to secure a 7.5% equity (ownership) position in Canadian portion of the transmission asset at a cost of ~\$26 million.

In exchange for this investment, Six Nations will hold a 7.5% ownership in the LEC project for the entire life of the asset which conceivably can be 40 to 55+ years with proper maintenance and upkeep. Although the rate of return is regulated to <10%, the ownership of transmission assets is one of most coveted investments available on the market because the rate of return is essentially underwritten by a contract with the IESO providing an annual availability payment in return for the use of the transmission line for its own purposes.

Based on preliminary financial analysis prepared by our financial advisor, First Canadian Property Investments Ltd., the equity option has the potential of generating ~\$44M in ownership distributions over the next 40 years with the possibility of additional revenue where the contract is extended for 15 years for example. ITC continues to negotiate the contract and will seek out commitments to extend the term beyond 40 years which would significantly increase net ownership distributions to ~\$90M if the contract is extended.

2. Option 2 Participation Payments

An alternative option to equity ownership is the option of receiving an annual "participation payments", without securing an ownership position in the LEC asset. Participation payments are significantly less

and are expected to yield up between \$30M - \$40M over 40 years and greater if the IESO contract is extended. however, the participation payment option does not provide any ownership interest in the asset, now or in the future and therefore no share in any terminal value.

3. Option 3 No Participation

SNGR has the option not to participate – in this case there will be no participation payments royalty or equity ownership distributions.

Community Benefit Payments

Regardless of the option chosen, ITC is prepared to enter into a Community Benefit Agreement directly with SNGR, which in exchange for securing project support, will provide the following financial benefits paid directly to SNGR:

- a. *Initial Payment*: An initial payment of \$100,000 CAD to be paid within 10 business days of signing of the Community Benefit Agreement;
- b. *Annual Payment prior to COD*: A payment of \$225,000 CAD to be paid on the Financial Close Date of the Project and annually for three subsequent years (totaling \$900,000 CAD); and
- c. *Annual Payment commencing at COD*: A payment of approximately \$118,000 CAD per year. This payment is an annual Project cost which would continue until the Project is abandoned or decommissioned.

Due Diligence Review

Concurrently with the term sheet development, SNGRDC has retained advisors for financial review, peer review of the environmental studies, and community engagement, which are fully funded under the CFA.

1. Legal Review: Fogler Rubinoff LLP have completed a legal review of the MCA, CFA and Term Sheet as presented. In addition, SNGR's land claims law firm, Blakes LLP, have reviewed the support conditions captured in Schedule A of the Term Sheet and have not raised any concerns.
2. Financial Review: First Canadian Properties Ltd. has conducted a preliminary financial assessment, their summary report is attached. The preliminary review was utilized to populate all financial figures contained in this briefing note. Prior to any final decision to participate in the project, First Canadian will reassess the financial model and provide a final report.
3. Environmental Peer Review: Neegan Burnside Ltd, an Engineering and Environmental consulting firm, have been engaged to complete a review of technical documents associated with the project (approval process, cumulative effects, fish and fish habitat, water quality, environmental management, air and noise impacts, terrestrial habitat enhancement, cultural impacts and archaeological), their proposal and scope of work is attached.
4. Community Engagement: Dillon Consulting has been engaged and has prepared a proposal to facilitate our community investment review, their proposal and scope of work is attached. The investment review process will span 60 days and consist of virtual sessions, with the capability of online and written submissions. Additional information packages, mailers and post cards will be sent to every mailbox in Six Nations.

Next Steps

SNGRDC is proposing the term sheet be presented to the community by way of a community investment review. The proposed model of investment review will be similar to the process used for the Oneida Energy Storage project. Virtual sessions will be held for a period of 60 days, during this time, community members will have the ability to submit comments. The sessions will be led by Dillon Consulting and representatives of ITC, SNGRDC and SNGR CAP team will be in attendance.

Proposed timeline has the investment review period beginning March 2022 and running until end of April 2022.

Below is the series of next steps:

1. Community investment review period (March-April)
2. Community investment report & recommendation development (early May)
3. Approval by SNGRDC Board of Directors on Option 1 or 2 (mid May)
4. Ratification of SNGR on Option 1, 2 or 3 (by no later than May 30)
5. Completion of definitive agreements for selected option (mid June)

Recommendations

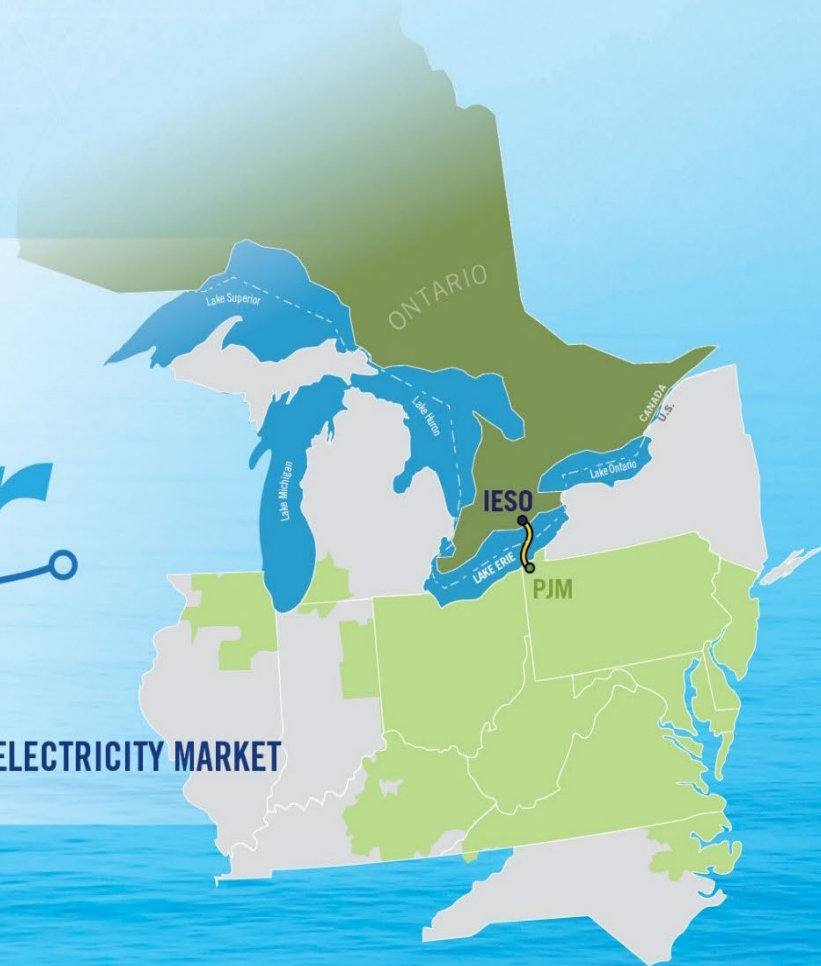
1. That the SNGR approve the Lake Erie Connector Transmission Project term sheet, and further authorize Chief Mark Hill to execute.
2. That the SNGR authorize SNGRDC to undertake a community investment review process as outlined herein, and further captured in the Dillon Consulting proposal, for the Lake Erie Connector Transmission Project, commencing March 1 and concluding April 30, 2022.
3. That second reading be waived

Attachments:

- Project overview PowerPoint
- Term Sheet
- Financial Review Summary
- Neegan Burnside Proposal
- Dillon Consulting Proposal

LAKE ERIE *connector*

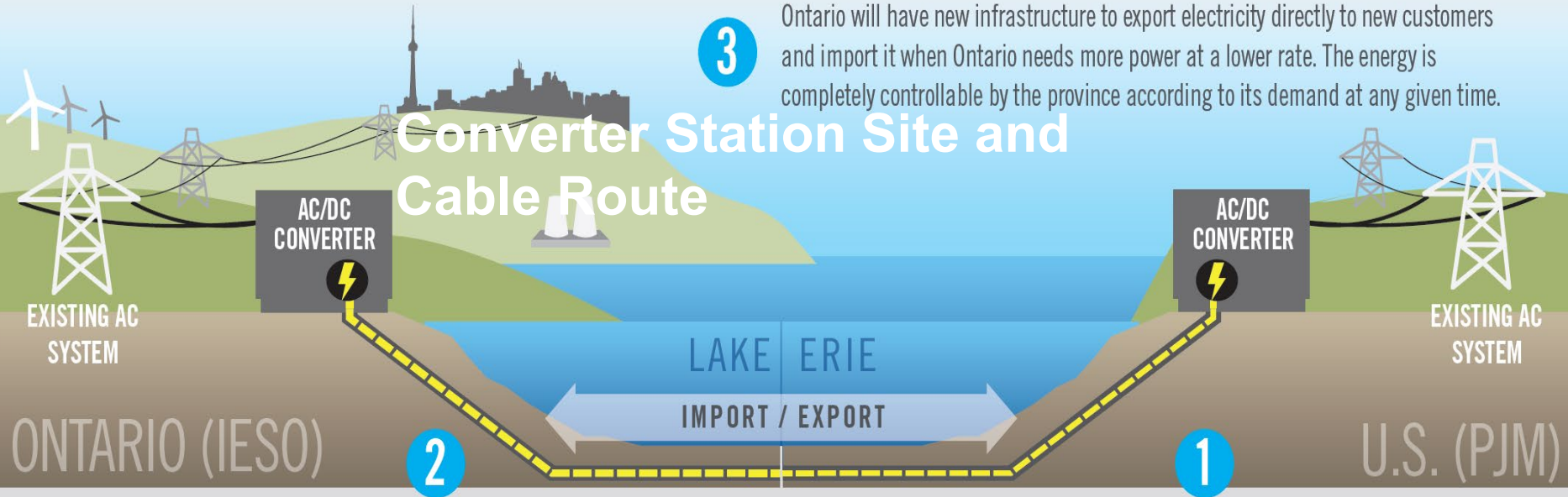
1,000 MW HVDC TRANSMISSION LINE CONNECTING ONTARIO TO THE PJM ELECTRICITY MARKET



What is the Lake Erie Connector?

Ontario does not currently have adequate infrastructure in place to export excess power at a competitive rate, leading to the energy being dumped, spilled or sold at a significant discount to other jurisdictions – costing Ontario jobs and much-needed investment.

HOW WILL IT WORK?



Ontario will have new infrastructure to export electricity directly to new customers and import it when Ontario needs more power at a lower rate. The energy is completely controllable by the province according to its demand at any given time.

The LEC would connect into existing transmission infrastructure at the site of the retired Naticoke GS, bringing new purpose to substantial existing transmission assets already owned by Ontarians that are currently under-utilized.

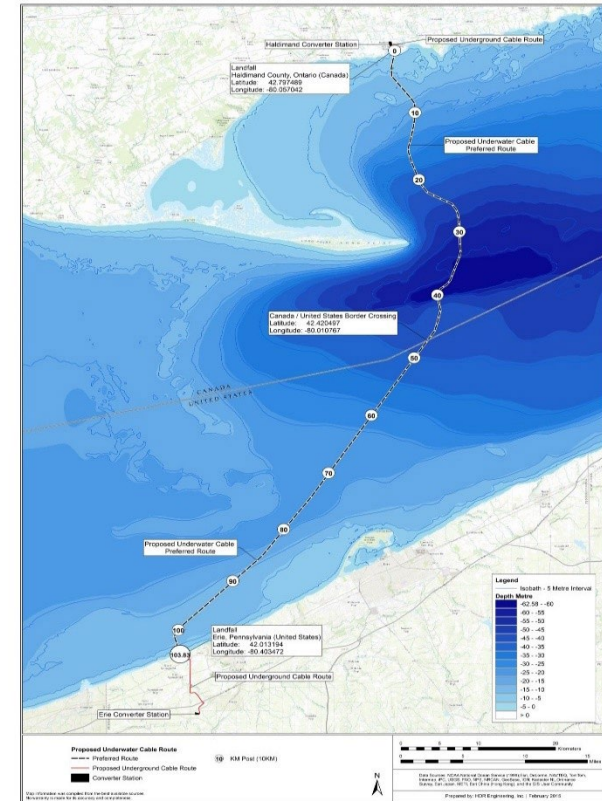
The LEC will connect Ontario to PJM, providing a direct link to a large market for excess power and creating a revenue stream that doesn't currently exist.

Project Overview

Materials previously presented to SN April 16, 2015

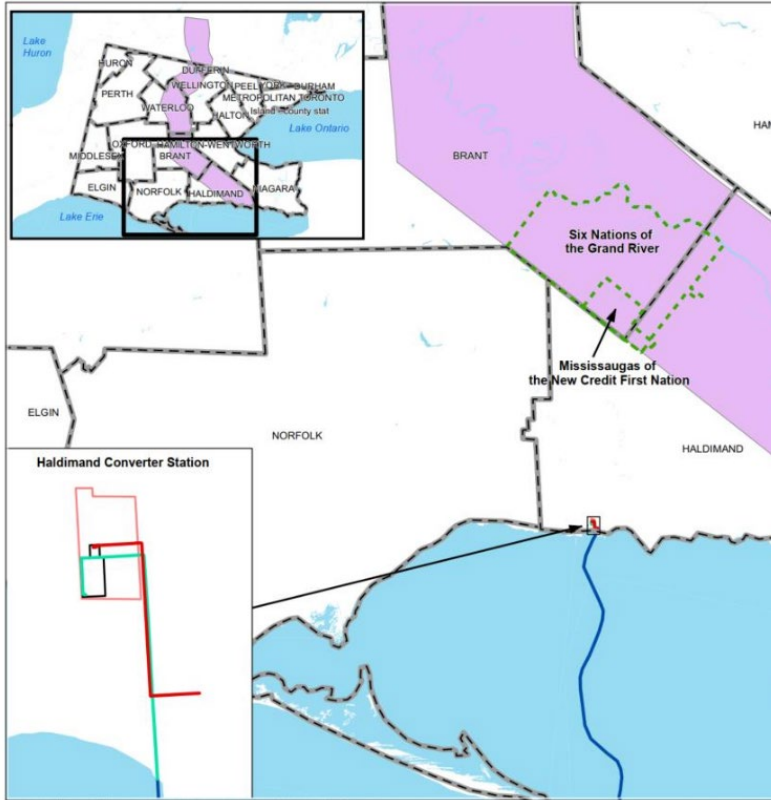
- Alternating current (AC) cable will connect the Ontario grid at the Nanticoke Substation to the proposed Haldimand Converter Station
- Haldimand Converter station on the west side of Haldimand Road #55 to convert AC to direct current (DC) power (or vice versa)
- HVDC transmission line (two HVDC cables) from the Haldimand Converter Station to the Lake Erie shoreline, underground along the Haldimand Road #55 right-of-way
- HVDC transmission line approximately 104 km in length (47 km in Canada and 57 km in US) buried in Lake Erie
- HVDC transmission line from the Pennsylvania shoreline to a Converter Station in Erie County, Pennsylvania to convert DC to AC power (or vice versa)
- AC transmission cable to connect to the grid in Pennsylvania

HVDC transmission is a safe and reliable technology that has been used for decades with almost 200 installations worldwide.



Project Location

Materials previously presented to SN April 16, 2015



What are the benefits to Ontario?

The Brattle Group and HDR completed in-depth economic studies on the benefits of the Lake Erie Connector to Ontario's electricity system as well as local, provincial and national benefits.

ELECTRICITY SYSTEM BENEFITS

- Energy Imports & Exports
- + Capacity Benefits
- + Flexibility & Operating Reserves
- + Clean Energy Savings
- + Risk Mitigation
- + Competitive Benefits
- Project Cost

\$100+
MILLION/YEAR
(NET) TO
ONTARIANS

ENVIRONMENTAL BENEFITS

**Reductions in carbon emissions
by 2-3 million tons/year**

Ability to import, on demand, from non-emitting generators in the U.S. can help Ontario reduce emissions from gas turbine power generation (projected to increase as multiple Ontario nuclear plants will be offline for several years each for refurbishment).

JOBS & ECONOMIC BENEFITS

Jobs* **383 per year** during 3 year construction period
+78 per year once in operation

Ontario economic impact* **\$300 million** in business revenues during construction
+\$18 million per year during operation

** Jobs and economic impacts are based on direct provision of goods and services, supply chain relationships and re-spending of wages and salaries.*

[LE LP Letterhead]

January 28, 2022

Six Nations of the Grand River First Nation (SNFN)
1695 Chiefswood Road,
P.O. Box 5000
Ohsweken, ON
N0A 1M0

Six Nations of the Grand River Development Corporation (SNGRDC)
2498 Chiefswood Road,
P.O. Box 569
Ohsweken, ON
N0A 1M0

Dear Chief Mark Hill and Matt Jamieson

Re: Proposed Lake Erie Connector Transmission Project (the “**Project**”)

On behalf of Lake Erie LP (“**LE LP**”), we thank you for the opportunity to formally present a summary of our proposed participation options for the Project (the “**Term Sheet**”).

We understand that the SNGRDC has been delegated the responsibility to consider the participation benefits and options on behalf of the elected council of the SNFN and make a recommendation on: i) executing the Term Sheet; and ii) completing the Project Documents (defined below) contemplated herein.

While we anticipate that the terms set forth in this Term Sheet form the basis for the Project Documents to be entered into by SNFN, SNGRDC and LE LP (collectively, the “**Parties**”), the Parties acknowledge that this Term Sheet is non-binding and other matters may require the terms contained in this Term Sheet to be amended or updated in the future.

The principal terms and conditions of this Term Sheet are as follows:

1. Project

LE LP, together with its affiliates, is currently developing a proposed 1,000 MW, bi-directional, high-voltage direct current (HVDC) underwater transmission line in Lake Erie between Ontario and the PJM electricity market in the United States (the “**Project**”). To complete the development of the Project, LE LP requires a Transmission Services Agreement (“**TSA**”) from the Independent Electricity System Operator (“**IESO**”). Construction is currently proposed to commence in 2022 with commercial operation scheduled for 2026 (“**COD**”). The term of the TSA is proposed to be for 40 years.

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2. Acknowledgement of Aboriginal Rights LE LP acknowledges that it plays an important role in carrying out procedural consultation aspects of the duty to consult on behalf of the Government of Canada and Province of Ontario with respect to the Project. LE LP will continue to engage with SNFN throughout the development, construction, operation, and decommissioning of the Project. LE LP and SNGRDC will develop a local consultation plan for future engagement on the Project.

3. Economic Participation There are two options to receive participation benefits tied to the commercial operation of the Project, upon terms to be more particularly set out in the Project Documents which shall also include the terms contained in Schedule A and B hereto:

- (i) *Equity Ownership*: become an equity owner in the Canadian portion of the Project by becoming a partner in LE LP. Equity is valued at approximately [\$25,800,000M] CAD, without mark up by LE LP and would result in a holding of approximately [7.5%] of the total issued and outstanding limited partnership units in the LE LP. Non-recourse equity financing can be provided by the Project **upon request** and would be structured and arranged by LE LP on the same terms as the senior debt for the Project. Debt repayment is solely made from Project on a non-recourse basis, without mark up by LE LP; **OR**
- (ii) *Participation Payment*: an annual fixed participation payment for the term of the Transmission Services Agreement equal to approximately [\$750,000 to 1,000,000] CAD per year, payable in quarterly payments once the Project reaches commercial operation, which may be subject to an annual inflation adjustment mechanism that mirrors inflation calculations for annual revenue from the TSA;

There are timing important considerations to the Economic Participation proposed above: it is proposed that SNFN make the following decision within no less than [60] days from the receipt of a notice of Financial Close Notification Date from LE LP, currently scheduled to be sent on April 1, 2022 with a decision to be provided by no later than June 1, 2022;

OPTION 1: Choose equity participation in the LE LP and advise if require LE LP to arrange financing; OR

OPTION 2: Choose participation payment; OR

PRIVILEGED and CONFIDENTIAL

OPTION 3: Choose NOT to participate in the Project.

4. Community Benefit Payments

In addition to the Economic Participation proposed above, **and notwithstanding the decision to not participate in the Project (i.e OPTION 3 above)**, LE LP offers to provide long term community benefits to SNFN, upon entering into a community benefit agreement with LE LP that contemplates the following, among other standard terms and conditions including those set out in Schedule A and Schedule B hereto:

- (i) *Initial Payment*: An initial payment of \$100,000 CAD to be paid within 10 business days of signing of the Community Benefit Agreement;
- (ii) *Annual Payment prior to COD*: A payment of \$225,000 CAD to be paid on the Financial Close Date of the Project and annually for three subsequent years (totaling \$900,000 CAD); and
- (iii) *Annual Payment commencing at COD*: A payment of approximately [\$118,000] CAD per year. This payment is an annual Project cost which would continue until the Project is abandoned or decommissioned.

5. Employment & Training:

One of the objectives of SNGRDC is to facilitate and coordinate: (i) contracting opportunities for businesses directly or indirectly owned or controlled by SNFN or its members; and (ii) employment, training and educational opportunities for SNFN members. The Parties acknowledge they will consider potential opportunities for such businesses to provide labour, materials, equipment and services to the Project, including through contracting and employment opportunities on a Competitive Basis. For further certainty, “**Competitive Basis**” shall refer to commercial arrangements that are cost competitive, schedule effective and represent value for money without the provision of set-aside contracts. For further certainty, Competitive Basis does not include "set-aside" type preferred procurement contracting or preferred employment opportunities in connection with the construction or operation of the Project.

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6. Definitive Documents:

In the event SNFN agrees to participate in the Project, it is proposed that the Parties enter into the following definitive documents to complete the terms proposed by this Term Sheet, as applicable (collectively, the “**Project Documents**”) by no later than the current proposed date of **June 1, 2022**:

- (i) *Project Participation Agreement;*
- (ii) *Equity Subscription and Limited Partnership Agreement including documentation required for completing the non-recourse financing for the Project;*
- (iii) *Community Benefit Agreement;*

Should you be in agreement with these proposed terms, which include Schedules “A” and “B” attached hereto, we would appreciate hearing back from you by no later than 5:00 pm on January 31, 2022, unless the time for signature is mutually extended by the Parties. Please indicate your acceptance of this Term Sheet by signing and returning one copy by pdf. An electronic copy of this Term Sheet will be treated for all purposes as an original and a copy of this Term Sheet executed in counterparts will be treated as one and same document for all purposes.

We look forward to working with you on completing this Project.

Sincerely,

LAKE ERIE LP

By its general partner LEC GP Inc.

DocuSigned by:
By: *Jon Jipping*
16378260880435...
Jon E. Jipping, Executive Vice
President and Chief Operating Officer

AGREED AND ACCEPTED AS OF

Date: _____

SIX NATIONS OF THE GRAND RIVER FIRST NATION

By: Elected Council of the Six Nations of the Grand
River First Nation

By: _____
Mark B. Hill, Elected Chief

SIX NATIONS OF THE GRAND RIVER DEVELOPMENT CORPORATION

By: _____
Matt Jamieson, President/CEO

SCHEDULE “A”

Support Provisions

The Project Documents (Project Participation Agreement, Community Benefit Agreement, the Limited Partnership Agreement) shall include the following support provisions from SNFN with such amendments as necessary where the covenants are provided by its nominees and subsidiaries as may be required:

- a. SNFN supports the development, financing, construction, operation, maintenance and decommissioning of the Project within its traditional territory;
- b. SNFN will refrain from (and will take reasonable steps to try to prevent or stop its Members from) any actions that delay or block the development, financing, construction and/or ongoing operation and maintenance of the Project, including objecting to any existing or future permit, approval, consent, directive, order in council (including any and all renewals or extensions thereof) to be issued by any Governmental Authorities with respect to the Project (collectively, the “**Permits and Approvals**”);
- c. SNFN will not knowingly obstruct or impede any reasonable actions by ITC or LE LP to seek legal relief against any of SNFN’s Members in breach of subsection (b) above;
- d. SNFN will provide written statements of support for the Project, from time to time, to assist in obtaining Permits and Approvals and otherwise advancing the development, construction, operation, maintenance and proposed decommissioning of the Project including financings from time to time;
- e. SNFN acknowledges, and will promptly confirm in a manner acceptable to ITC and LE LP, that:
 - i. as at the date of this Agreement, SNFN has been adequately consulted in the assessment of the Project’s potential impacts on its Aboriginal and treaty rights; and
 - ii. The commitments made by LE LP herein (and as contained in the Community Benefit Agreement) are full and final accommodation for all past, present and future impacts of the Project on SNFN’s Aboriginal and treaty rights, including Aboriginal title claims, provided that there is no Material Change which results in additional impacts on SNFN’s Aboriginal and treaty rights;

Nothing in this Term Sheet or in the Project Documents shall preclude SNFN from: (i) participating in regulatory proceedings or reviews related the Project or the Permits and Approvals; (ii) applying for and accessing funding from third party commissions, agencies, or boards to support SNFN’s participation in such proceedings; and (iii) making submissions to such regulatory proceedings, commissions, agencies or boards, so long as SNFN’s participation in the above are consistent with its commitments in (a) through (e) above;

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Nothing in this Term Sheet or in the Project Documents will affect or limit any current or future Crown consultation obligations owing to SNFN by the Provincial or Federal Crown with respect to the Project. Likewise, nothing in this Term Sheet or in the Project Documents shall be interpreted to preclude SNFN's participation in any current or future Crown consultation, so long as SNFN's participation is consistent with its commitments in (a) through (e) above;

Nothing in this Term Sheet or in the Project Documents precludes SNFN from engaging in any discussions or reaching any mutually agreeable arrangements, agreements or settlements with the Provincial and/or Federal Crown in relation to SNFN's Aboriginal and treaty rights, provided that, in the event that SNFN secures a court order or an agreement with the Crown that recognizes SNFN as having Aboriginal title over any area that includes the Project, SNFN will issue such approvals and tenures as LE LP, including its successors and assigns, may reasonably be required to replace or supplement existing government approvals and tenures, at no additional cost to the Project for such approvals or tenures other than reasonable administrative or similar expenses incurred by SNFN in connection with issuing same;

Nothing in this Term Sheet or the Project Documents precludes SNFN from taking or supporting any actions arising from impacts of the Project that arise after the execution of this Agreement, including related to decommissioning, remediation, and/or abandonment of the Project, so long as SNFN's participation in the above are consistent with its commitments in (a) through (e) above.

SCHEDULE “B”

Other Terms

1. **Non-Derogation:** Except as otherwise may be contemplated in this Term Sheet and/or Project Documents, nothing in this Term Sheet or Project Documents are intended to derogate from or abrogate the aboriginal or treaty rights of the Six Nations of the Grand River First Nation or any of its members including any and all claims of the Six Nations of the Grand River 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 of the Grand River Band 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 and as amended May 7, 2020 Toronto Court File No. CV-18-594281-0000.

2. **Other First Nation Term Sheet and Project Documents:** LE LP confirms that with regard to this Project no Indigenous community, organization, association, corporation, partnership, person or other entity formed for the benefit thereof will have rights or other benefits substantially similar to the economic participation benefits described in Section 3 (*Economic Participation*) of this Term Sheet other than SNFN and Mississaugas of the Credit First Nation (SNFN and Mississaugas of the Credit First Nation being referred to herein as a “**First Nation Party**”) and their respective affiliated entities. LE LP further confirms it is seeking to treat each First Nation Party equally with respect to such economic participation benefits and with the intent that no one First Nation Party would be more favoured than the other in respect of the total economic value of benefits being offered by way of equity or effective equity interest, community benefit or recognition type payments in or from the Project. The Parties each acknowledge and recognize that every Indigenous community has its own unique engagement and consultation protocols, and its own interests, objectives and outcomes including unique rights and recognition requirements based on historical treaty and other rights. For this reason, the Parties further acknowledge that any payments to an Indigenous community, organization, association, corporation, partnership, person or other entity formed for the benefit thereof are based on its unique objectives, rights and recognition.

First Canadian Property Investments Ltd.

16 Vancho Crescent, Toronto ON M9A 4Z2
Email jpr@firstcanadianpil.com

January 27, 2022

Six Nations of the Grand River Development Corporation
2498 Chiefswood Road
Ohsweken ON N0A 1M0

Attention: Mr. Matthew Jamieson
President & CEO

Dear Sirs,

Preliminary Review Summary of Lake Erie Connector Project

BACKGROUND

We are pleased to provide our comments on a proposed investment in the Lake Erie Connector project (LEC) that is planned to start construction in June 2022. Upon completion in 2026, the 120 km transmission project is expected to carry up to 1,000 MW of electricity bi-directionally between Nanticoke Ontario and the Erie West Transfer Station in Pennsylvania. Of the total length, approximately 100 km will be underwater, crossing Lake Erie. A rendering of the prospective project can be found at Appendix "A." This reporting letter is to be considered preliminary, since construction contracts, management and administration contracts, and agreements with the Ontario Independent Energy System Operator (IESO) and federal Canada Energy Regulator (CER), and other terms have not yet been concluded. Consequently, until more definitive terms are established, financial modelling is based on best current estimates.

Please note that the information contained in this report has been gathered from sources considered to be reliable, but may require verification prior to use, as no representations or warranties of any kind are either expressed or implied. Please further note that with respect to this report, we have restricted our review to matters relating to the financial modelling projections, as prepared jointly by Fortis Inc. subsidiary ITC Lake Erie Connector LLC (ITC) and Canadian Imperial Bank of Commerce (CIBC), an experienced financial institution and lender to business enterprises, acting as Financial Advisor to ITC. As the planned construction lender, the primary due diligence review of the feasibility of LEC has been conducted by ITC and will also be reviewed by the lender(s)' technical advisor(s). As a result, First Canadian has performed no additional reviews of the banking arrangements, engineering or environmental reports, or other information to verify that which has been provided to us. More particularly, our role is to determine and where justified confirm that based on information made available to us and to the best of our knowledge, the information contained in the financial model supports the proposal offered to Six Nations of the Grand River Development Corporation (SNGRDC) and represents an attractive investment for the alternative energy asset portfolio.

LAKE ERIE CONNECTOR PROJECT

The \$1.75B LEC is in a fairly advanced stage of development and as noted above, requisite approvals, contracts and commitments have not yet been attained. There will be no Canadian partners in ITC Lake Erie Connector Limited Liability Corporation (ITC LLC) which is the entity ITC intends to use to house all of the U.S. project assets.

The LEC project will be structured as a 50-50 joint venture between ITC LLC and Lake Erie Connector LP (LEC LP), a Canadian limited partnership to be

formed. The Canadian partners in LEC LP are expected to include a 100% owned special purpose corporation (SPC) subsidiary of SNGRDC, another with a SPC of Mississaugas of the Credit First Nation (MCFN) and ITC LLC.

In times of surplus electricity in Ontario and demand south of Lake Erie, the LEC project will allow the transmission of electricity into Pennsylvania. Conversely, during periods when there is a surplus of electricity south of Lake Erie and demand in Ontario, the joint business will send electricity north of the border. As a result, wasted electricity that exceeds local demand is expected to become usable by parties that may have need exceeding local supply, allowing both partners access to the Ontario and Pennsylvania grids to meet fluctuations in supply and demand. The project will send electricity by converting alternating current (AC) to direct current (DC) for underwater transmission and re-converted from DC to AC through converter stations at Nanticoke and Erie Pennsylvania. The ability to send electricity bi-directionally has potentially lucrative implications for both Ontario LEC LP shareholders and the PJM Interconnection market (*PJM is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.*) Revenue generated by the LEC project will be provided through a 40-year contract with the IESO, with possibilities for extending the maturity date. (*Please be aware that through LEC LP, the limited partners will be provided a fixed availability payment from the IESO and will not participate in the economics of trading/marketing of electrons across the transmission line.*)

A noteworthy feature of the proposed transmission project is that, unlike other alternative energy projects where volumes of electricity measured in kilowatts

coursing through the grid are the basis for revenue generation, this will not be the case for the LEC project. As the paying customer of the proposed service, the IESO will pay fees for the availability of the bi-directional service for 40 years, with the possibility of term extensions currently under discussion. For the initial 40-year term, the annual compensation formula is expected to be fixed at \$129.5M annually, with 19% (approximately \$25M) indexed to inflation.

Startup costs of the project are to be funded with 40% equity and 60% debt, as stipulated by the IESO. Startup costs of the project are to be funded with approximately 40% equity and 60% debt, as stipulated by the IESO to reflect a regulatory-like capital structure that is aligned with ITC's ultimate parent's (Fortis Inc.) long-term financing strategy. ITC and CIBC are spearheading the raising of equity and debt from commercial banks and/or institutional and government lenders. While terms set out in the financial model currently include an upfront senior bond issue, assessment of alternative strategies such as bank-to-bond financing is also ongoing. LEC is to be operated as a joint venture between LEC LP and ITC, an American company with significant presence in the U.S. energy business. Such an agreement will be designed to ensure that the allocations of revenues and expenses will be apportioned equitably.

During the four-year construction period, it is contemplated that expenses to the joint venture between LEC LP and ITC (*both currently subsidiaries of ITC Holdings Corp.*, the largest independent electricity transmission company in the U.S. and an American company with significant presence in the U.S. energy business.) will be funded by a combination of senior bond debt, 44-year fixed rate construction financing and equity contributions. Notwithstanding, the current construction financing strategy remains flexible.

Under this format, low-rate term financing to be provided by federal Crown corporation Canada Infrastructure Bank (CIB) will reduce construction funding costs substantially. Financial closing of the senior bond debt, CIB funding and equity financing is expected to occur in late June 2022. As a 50-50 joint venture, these obligations will also be apportioned to the two parties, on a pro rata basis.

On this basis, the equity contributions for the total LEC project will be approximately \$350M from U.S. investor ITC and \$350M from Canadian partner LEC LP. With respect to the latter, the contributions allocation will be:

| | | |
|-----------------------------|--------|---------------|
| <u>Total Project</u> | | |
| LEC LP | 50.0% | \$350,000,000 |
| ITC | 50.0% | \$350,000,000 |
| Total LEC Equity | 100.0% | \$700,000,000 |
| <u>U.S. 50% Partner</u> | | |
| MCFN | 0.0% | \$0 |
| SNGRDC | 0.0% | \$0 |
| ITC | 100.0% | \$350,000,000 |
| Total Shareholders | 100.0% | \$350,000,000 |
| <u>Canadian 50% Partner</u> | | |
| MCFN | 7.5% | \$26,250,000 |
| SNGRDC | 7.5% | \$26,250,000 |
| ITC | 85.0% | \$297,500,000 |
| Total Shareholders | 100.0% | \$350,000,000 |

ITC has also made available as an alternative to equity investment a 40-year royalty fee to either or both of SNGRDC and MCFN. If deemed preferable, as discussed later, a royalty agreement will offer attractive but lower returns to the participant(s).

At some point in the future, whether in 40 years or longer, it may become necessary to decommission the project. We are advised that at an expected cost of less than \$5M, the CER is seeking a performance bond or other type of security to cover such expenses, if, as and when required, at a date later than maturity of the IESO service purchase contract. The financial model includes posting of this security.

INVESTMENT OPPORTUNITY

(i) Structure of Equity Commitments

An important feature of the LEC investment opportunity is ITC's offer to provide equity financing to the two First Nation partners, something it is prepared to do with 40-year attractively priced fixed rate debt. If exercised, the equity borrower(s) would still be entitled to receive its/their pro rata share of distributable cash flows, after deduction for debt service costs for the 40-year term of the ITC loan(s).

With respect to subscription options for LEC LP available to SNGRDC, ITC has proposed three alternatives, other than withdrawal from the transaction. Because one option is for the Canadian investors to arrange their own financing when low-cost funding is being offered, this option is not discussed further in this report. The equity option is described as:

Option #1: SNGRDC has been invited to subscribe for 7.5% of the required equity funding of LEC LP. ITC has offered to supply 100% of SNGRDC's equity funding requirements to the project, at the same cost of funds as will be available to ITC to raise senior debt. If this option is exercised, 40-year debt service costs of the loan will be deducted from distributable operating cash flows, prior to distributions to the investor.

Under this scenario, distributions will be paid to limited partners after all other cash expenses are paid. Consequently, it is reasonable to view the LEC LP investors as last payees from distributable cash flows. Assuming a project that is successful from the outset, over the first 40 years, distributions to SNGRDC are expected to total approximately \$44M (average \$1.1M annually). If the contract is extended by 15 years, these will increase by an additional \$45M averaging \$3M annually, mostly because the ITC loan will have been fully repaid. Over 55 years, SNGRDC is expected to receive \$90M of dividend income for an overall annual average of \$1.6M.

It is also worth noting that at the end of the 40-year IESO purchase contract commencing at COD (55 years if the IESO contract will be extended for an additional 15 years), the equity investors would participate in the project as a going concern, or in sale proceeds if the project is sold.

We are advised that the rationale for the ITC equity financing offer was based on the need (i) to ensure a timely advance by all equity partners on financial close, (ii) to reduce SNGRDC time and expense on securing its own financing, and (iii) to increase the overall attractiveness of the equity option to SNGRDC. The fact that the project location has implications for territorial land claims of First Nations may also be a factor.

(ii) Structure of Royalty Commitments

Under the terms of the royalty option, through LEC LP, the LEC project will be an operating expense of the business. For the Canadian limited partners in LEC LP, depending upon which investment option is selected, namely equity or royalties, payments of distributable cash flows will be different, in part because each has a different investment risk profile. Both have a common risk, which is that at commercial operation date (COD), there may be technical

issues that could delay the start of commercial operation or performance in accordance with expectations that may allow the IESO to withhold or restrict payments. The royalty option is described as:

Option #2: In lieu of electing to acquire equity in Canadian partner LEC LP and consequently not incurring debt funded by ITC, the First Nation partner(s) may elect instead to receive annual royalty income. Under this scenario, however, these limited partners would not be equity owners, and so would have no financial interest after 40 years (55 years if the IESO contract is extended for an additional 15 years).

Under this scenario, royalty payments will be made as operating costs that will be paid before distributions to limited partners. Consequently, it is reasonable to view the LEC LP equity investor(s)' interest(s) as subordinate to that of the royalty holder(s). Assuming the LEC project is successful from the outset, over 40 years from COD, annual royalty payments to each First Nation are expected to be approximately \$41M. Over 55 years from COD, annual royalty payments to each First Nation are expected to be approximately \$58M. It is expected, although not yet fully documented, that the quantum of annual royalty payments will be structured to include a 19% inflation component, in the same way the annual IESO payments will be determined. While annual royalty income is projected to average between \$700K - \$1M over 40 years and \$800K - \$1.1M over 55 years due to the inflation component, early royalty payments will be less but increase with time.

It is worth noting that at the end of the 40-year IESO purchase contract commencing at COD (55 years if the IESO and royalty contracts will be extended for an additional 15 years), the royalty holders will not benefit from

the project as a continuing going concern, or from sale proceeds if the project is sold.

(ii) Project Expenses

Operating and administrative expenses will be managed through contractual engagement between LEC LP and another Fortis Inc. subsidiary, LEC GP Inc. (LE GP). On behalf of the Canadian partnership, LE GP will be responsible for all reimbursable operating costs, accounting services, ensuring compliance with the terms of the limited partnership agreement (LPA), and payment of distributable cash flow to the limited partners. As referenced earlier, neither these contracts and services nor the joint venture agreement have yet been drafted.

(iii) Project Cash Flows

One of the important aspects of limited partnerships is the ability of investors to be taxed at their individual marginal tax rates, rather than taxing the partnership earnings per se. To achieve this, the limited partnership needs to distribute its cash flow to investors before deducting taxes and depreciation from operating income on partnership earnings but excluding reserves for capital and other costs to be incurred in the future. For SNGRDC, this means that dividends stemming from an equity investment in LEC LP will attract zero income tax.

(iv) Return on Investment

For investors that might wish to purchase a 7.5% interest by incurring \$26M of debt, the return will be impacted negatively by the cost of borrowing. As a result, a debt funded investment in the LEC project generates a return of approximately 2.69% over 40 years and 4.24% over 55 years, if the IESO contract is extended by 15 years.

Using borrowed non-recourse funds, however, also means that the investor has little or no financial loss risk, which means that for all practical purposes, there is little or no actual capital invested. On this basis, since SNGRDC is not committing its own money, the return on investment, whether for 40 or 55 years, is in fact infinite.

Conclusion

As presented, the opportunity to invest in either the equity ownership of the LEC project or royalty payment stream appears very attractive for SNGRDC and by extension, Six Nations. The investment has a zero initial cash cost, which means that based on the out-of-pocket investment commitment required, the return on equity is incalculably high. Furthermore, under the equity option, as an owner of the assets, in the event of contract renewals, conversion a rate base pricing formula, or outright sale of the project, equity partners will have an opportunity to reap additional financial returns. From a pure cash flow perspective, our preliminary analysis indicates the equity option will yield \$3M more cash over 40 years to SNGRDC and \$31M over 55 years.

This report is limited by the preliminary stage of project development. Although agreements with the IESO, Hydro One, appointment of independent engineering firms, CIB and others have not yet been concluded, we are advised that these discussions are advanced and are expected to be concluded shortly (see Appendix "B"). Once the project approaches the construction start date , and if requested by SNGRDC, we will be pleased to update our assessment of the LEC project.

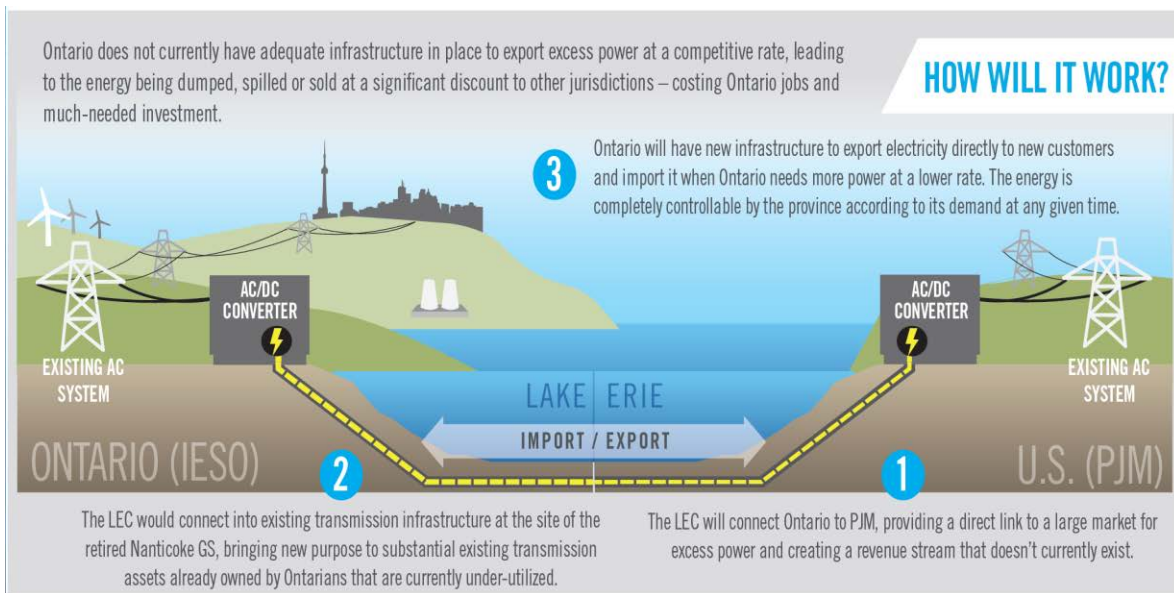
In the meantime, and apart from financial considerations, the investment also provides opportunity for SNGRDC to invest in a Fortis Inc. innovative energy transmission project in Canada and internationally at minimal financial risk,

substantial overall returns, potential for employment opportunities, , and other benefits of ownership, we are satisfied that this is an attractive investment opportunity for Six Nations and SNGRDC to pursue as an equity investor.

First Canadian Property Investments Ltd.

APPENDIX "A"

LAKE ERIE CONNECTOR SCHEMATIC



Schematic excerpted from November 10, 2021 PowerPoint presentation to Six Nations of the Grand River

APPENDIX “B”

REVIEW DOCUMENTS

Documents Reviewed

1. January 5, 2021 ITC – SNGRDC Draft Transaction Term Sheet
2. August 30, 2021 Draft LEC LP – IESO Term Sheet
3. November 21, 2021 ITC/CIBC current Financial Model

Documents Not Available or Reviewed

- 1 Land Use Agreements
- 2 Independent Engineering Reports (*Soon to be appointed Washington-based Exodus Engineering & Atlanta-based Leidos Engineering*)
- 3 ITC – SNGRDC Capacity Funding Agreement
- 4 ITC – SNGRDC Support Agreement
- 5 ITC – SNGRDC Draft Loan Agreement
- 6 ITC – SNGRDC – MCFN Limited Partnership Agreement
- 7 LEC LP General Partnership Agreement
- 8 LEC LP – ITC Joint Venture Agreement

NEEGAN BURNSIDE

January 21, 2022

Via: Email (jheathers@sndevcorp.ca)

John Heathers
Executive Director of Internal Revenue Optimization
Six Nations of the Grand River Development Corporation

Dear John:

**Re: Lake Erie Connector Project Due Diligence Review
Project No.: 900054639.0000**

1.0 Introduction

Neegan Burnside Ltd. (Neegan Burnside) is pleased to provide this proposal to the Six Nations of the Grand River Development Corporation (SNGRDC) to conduct an environmental due diligence review of the ITC Lake Erie Connector LLC (ITC Lake Erie) Lake Erie Connector International Power Line Project (the "Project").

We understand the SNGRDC is a community-owned development corporation with the mandate to achieve economic self-sufficiency and to invest in the existing and future needs of the Six Nations of the Grand River (SNGR), without comprising the community's values.

The SNGRDC is in pursuit of Autonomy 150 by 2025: to generate \$150 million annually in direct economic impact by 2025. One area of significant economic growth for SNGRDC has been in clean energy, including both direct (equity) and indirect (agreements) involvement in solar, wind and storage projects.

It is our understanding the SNGR was involved in the Project consultation process between August 2013 and April 2017. In the balance of May 2017 through 2021, ITC Lake Erie maintained correspondence with SNGR. The ITC Lake Erie submitted the Election Certificate Application (the "Application") to the National Energy Board (NEB) in May 2015. The Application was subject to review by the NEB and received its Certificate of Approval in June 2017. The SNGRDC is now considering investing in the Project. As part of its due diligence review, the SNGRDC needs to understand potential environmental impacts and whether potential conflicts with community values exist.

2.0 Project Description

The Project will connect the Independent Electricity System Operator (IESO) market in Ontario with the market in the US mid-Atlantic and Midwest. The Project consists of a proposed 1,000 MW high-voltage direct current (HVDC) transmission line (terrestrial and in-water cables), two HVDC converter stations with ancillary above-ground facilities (one in Canada and one in the US), and new terrestrial AC lines to connect the converter stations to the IESO, and Pennsylvania New Jersey Maryland (PJM) electricity grids.

The Canadian HVDC converter station (Haldimand Converter Station) will be located in Ontario near a point of interconnection in Haldimand County, close to the Nanticoke transformer station switchyard. The HVDC transmission line would enter the waters of Lake Erie and cross from Canada to the US. The length of the Canadian portion of the HVDC transmission line is 48.1 km, consisting of 1.3 km on land and 46.8 km under the lakebed.

The majority of both the terrestrial AC and HVDC transmission lines will be installed within a plowed agricultural field, the current right-of-way of Haldimand Road 55 and on disturbed areas alongside an access road on OPG lands near the Nanticoke Transformer Station switchyard.

The regulatory process and NEB review concluded that, with the implementation of NEB conditions and ITC Lake Erie's environmental protection procedures and mitigation, the Project is not likely to cause significant adverse environmental effects.

3.0 Purpose of the Due Diligence Review

Based on our recent discussions, we understand that the purpose of this assignment is to conduct a due diligence/completeness review of the environmental aspects of the work completed to date to inform SNGRDC potential investment in the Lake Erie Connector Project.

The SNGRDC team needs to understand the potential environmental impacts of the project. The due diligence review will identify potential gaps and/or risks of the project or potential areas of concern, as well as opportunities and areas of synergy with SNGRDC objectives. The due diligence review will aim to confirm whether all necessary approvals and permits are in place and confirm whether the NEB conditions and proponent commitments sufficiently mitigate potential project impacts.

The consultation period for the Project is now closed and the Project has been approved by the NEB; therefore, any significant issues or recommendations we identify will be considered by the SNGRDC team, but there is no formal process within Federal or Provincial jurisdiction to address such comments at this time. A detailed technical peer review of the Application and all associated documentation is beyond the scope and available budget of this assignment.

We are aware that SNGR Lands & Resources and Consultation and Accommodation Process (CAP) staff were consulted and participated in some of the field work relating to the Stage 2 – 4 Archaeological Assessments completed by ITC Lake Erie as part of the Project. Based on our January 17, 2022 meeting with SNGR Lands & Resources and CAP staff, we understand that due to recent changes to staffing, the current SNGR Lands & Resources staff responsible for archaeological review were not previously involved with the archaeological field work or the review of the study findings. SNGR Lands & Resources staff raised concerns about the archaeological work. On the basis that there are outstanding concerns by SNGR Lands &

Resources staff on the status or findings of the archaeological assessments, we have revised our previously submitted proposal letter (dated January 11, 2022) to include Archaeological Research Associates Ltd. (ARA) on our due diligence review team, who will be responsible to review the process and outcomes of the archaeology work.

4.0 Due Diligence Review Team

We have assembled a strong team of qualified professionals to complete the due diligence review of behalf of SNGRDC. Several of our team members have completed peer reviews on behalf of Indigenous communities and have worked on large linear infrastructure projects and renewable energy applications. Table 1 provides a list of the review team and their planned role in this assignment.

Table 1: Due Diligence Review Team

| Project Team Member | Project Role | Areas of Expertise |
|---------------------------------------|---|--|
| Jennifer Vandermeer, P.Eng. | Project Manager; Regulatory / Approval Process Reviewer; Cumulative and Net Effects Reviewer; Senior Reviewer | Environmental Engineering; Environmental Assessments; Consultation; Multi-Disciplinary Reviews |
| Cory Jones, P.Eng. | Client Liaison; Senior Reviewer | Structural Engineering; Due Diligence Reviews for Linear Infrastructure; Peer Reviews |
| Chris Pfohl, C.E.T., EP, CAN-CISEC | Fish and Fish Habitat Reviewer (Including Blasting Impacts and EMF Impacts to Fish Habitats) | Aquatic Ecology; Aquatic Monitoring |
| Avid Banihashemi, Ph.D., M.Sc. | Water Quality Reviewer | Water Quality; Civil Engineering |
| Mishaal Riswan, B.Sc. | Environmental Management Plan; Natural Heritage Reviewer; Cultural Reviewer | Environmental Assessments; Indigenous Consultation; Environmental Planning |
| Harvey Watson, P.Eng. | Air and Noise Impact Assessment Reviewer | Air Quality and Noise Expert; Industrial Air and Noise Modelling and Permitting |
| Victoria Cafik, BA (Hons), CAHP, R437 | Archaeological Assessment Reviewer | Indigenous Engagement (Archaeology); Licensed Archaeologist |

5.0 Proposed Approach

The due diligence review is proposed to be undertaken based on the following key phases:

1. Preliminary Document Screening.
2. Confirm Review Focus Areas with Six Nations.
3. Conduct Due Diligence Review (includes internal briefing meeting with Subject Matter Experts).
4. Meeting with SNGRDC and ITC Lake Erie team.
5. Prepare Draft Report and Submit to SNGRDC for Review.
6. Finalize Report and Present to SNGRDC Team.

5.1 Preliminary Document Screening

Neegan Burnside will review all available content for the Project available through the Canada Energy Regulatory (CER) Website and the IESO Data Room to identify and prioritize those documents we will focus on for the due diligence review. The list of priority documents for review will be confirmed based on a meeting with SNGRDC and SNGR Lands & Resources and CAP staff.

5.2 Confirm Review Focus Areas with Six Nations

Neegan Burnside requested and participated in a meeting with SNGRDC and the SNGR Lands & Resources and CAP staff on January 17, 2022. As our work is through SNGRDC, we anticipate that coordination with the other Six Nations teams will be completed by SNGRDC. The purpose of this meeting was to better understand how the consultation process went from the community's perspective, what the major issues/concerns/opportunities are from their perspective, how they feel their input was addressed, etc.

During this meeting we also sought to understand if SNGR have any stewardship or economic objectives for their territory such as environmental standards or climate targets that we should be aware of for the due diligence review.

The result of this meeting will be confirmation of the list of focus areas for the due diligence review process, which we will communicate back to our review team.

Based on the outcome of the January 17, 2022 meeting with SNGR, we have planned a second meeting to discuss any outstanding concerns that SNGR Lands & Resources staff have with the archaeological assessments completed by ITC Lake Erie.

5.3 Conduct Due Diligence Review

Based on a brief overview of the comments raised by SNGR during the consultation period, we have identified the following priority areas that will focus the due diligence review. As noted in Section 5.2, we will confirm the list of focus areas for the due diligence review at the meeting(s) with SNGRDC, SNGR Lands & Resources and CAP staff. Additional focus areas may be added to those listed below.

Regulatory / Approval Process

The NEB issued 42 conditions as part of the approval of the Application. As part of the review of the regulatory / approval process followed by ITC Lake Erie, a thorough review of these conditions and ITC Lake Erie's fulfillment or future commitments to fulfill these conditions will be undertaken. Specific review of these conditions from the perspective of investment risk to SNGRDC will be undertaken.

Cumulative Effects and Net Effects Assessment

SNGR asked about the findings of the Cumulative Effects Assessment during meetings on August 15, 2014 and April 26, 2016 with ITC Lake Erie. We are unsure if SNGR was satisfied the response provided to them at the time. We understand that ITC Lake Erie completed a Cumulative Effects Assessment for the Project and that this was based on a proposed solar project at the former Nanticoke Generating Station. We propose to complete a review of this assessment as well as the net effects assessment completed in support of the Application.

Fish and Fish Habitat

Concerns were expressed by SNGR that the HVDC cables, its electromagnetic fields (EMF), and its in-water installation under Lake Erie shoreline and near the shore could have adverse effects on fish and fish habitat. These potential impacts could lead to changes in fish abundance and loss of fish habitat. This could also have the effect of temporarily reducing the water quality of Lake Erie because of sedimentation and runoff from construction activities. The potential impacts to fish and fish habitat from the blasting works required for the near shore installation of the HVDC cable are also a concern to SNGR. The Fish and Fish Habitat review will focus on the potential impacts to fish populations, specifically relating to EMF and blasting works will be undertaken.

We would rely on our meeting with the SNGR team (see Section 5.2) to identify any cultural keystone or economic fish species of special interest to SNGR to focus this aspect of the review.

Water Quality

An additional review of water quality impacts from the Project will be included as part of the due diligence review. Focus will be placed on the water quality impacts in relation to fish and fish habitat (e.g., turbidity); therefore, to the lake water as opposed to any surface water features adjacent to the converter station.

Environmental Management Plan

A Table of Contents for the Environmental Management Plan has been prepared by ITC Lake Erie. This document will be reviewed along with all environmental mitigation measures noted in the Application documents. Neegan Burnside will acquire any updated copies of the Environmental Management Plan from ITC Lake Erie and review these documents as part of the due diligence review.

Air and Noise Impacts

During the call with ITC Lake Erie and HDR on January 4, 2022, representatives from HDR mentioned the sulphur hexafluoride (SF6) is proposed to be used as an insulating and/or arc quenching medium in the high voltage electric equipment throughout the proposed converter station. Although not anticipated, SF6 and other contaminants could potentially be emitted as a result of equipment leakage. Neegan Burnside will review the air quality impact assessment completed as part of the Application and mitigation measures proposed to address any potential impacts as part of the due diligence review. We understand that SNGR raised questions about the potential noise issues from the Project during consultation meetings. The assignment will therefore also include a due diligence review of the noise impact assessments and any identified mitigation measures prepared as part of the Application.

Terrestrial Habitat Enhancement / Naturalization

During several consultation meetings, SNGR expressed an interest in naturalization projects to enhance the Project Area. We understand that a naturalized swale system is proposed for the drainage system associated with the converter station. Neegan Burnside will review these plans in conjunction with any specific feedback on the proposed design of these features offered by SNGR staff to ensure that SNGR values are appropriately incorporated in the designs.

Cultural Impacts

We are aware that SNGR advised ITC Lake Erie of the Potahawk event that is held near the Project Area annually. We will confirm through the due diligence review that this and any other community recreational activities would not be impacted by the Project. SNGR also noted at the November 5, 2014 meeting that the Ontario Power Generation (OPG) lands are historically part of the War of 1812 battle ground lands. We understand that the proximity of the Project Area with respect to the OPG lands was pointed out on maps during this meeting. Any outstanding concerns relating to cultural impacts in this regard will be considered as part of the due diligence review.

Archaeological Resources

For the reasons noted in Section 3.0 above, ARA will conduct a review of archaeological work associated with the Project; specifically, four reports conducted between 2014-2018 by Archaeological Services Inc. (ASI). ARA will also participate in a meeting with the SNGR Lands & Resources staff to discuss their comments and concerns with the archaeological work for the Project and include any recommendations made by the First Nations community in the due diligence report.

5.4 Clarification Meeting with SNGRDC and ITC Lake Erie Team

Neegan Burnside will request a meeting with SNGRDC and the ITC Lake Erie team to answer/clarify any questions that arise from the due diligence review.

5.5 Draft Report

A draft report will be prepared, which will include a compilation of the findings of the due diligence review and a gap/risk analysis of any outstanding concerns that SNGRDC may wish to consider further as consider entering into agreements with ITC Lake Erie. The draft report will be provided to the SNGRDC team for review and comment.

5.6 Finalize Report and Present to SNGRDC Team

Based on the feedback from SNGRDC team on the draft report, Neegan Burnside will prepare a final report and are prepared to present the findings of the due diligence review in a presentation to the SNGRDC team.

6.0 Project Cost

Based on the proposed approach outlined in Section 5.0, the due diligence review is anticipated to cost \$49,983 including labour and disbursements. Table 2 provides a breakdown of the costs per phase of the review.

Table 2: Due Diligence Review Cost

| | Phase | Cost |
|---|---|-----------------|
| 1 | Preliminary Document Screening | \$2,936 |
| 2 | Confirm Review Focus Areas with Six Nations | \$3,693 |
| 3 | Conduct Due Diligence Review | \$21,559 |
| 4 | Meeting with SNGRDC and ITC Lake Erie | \$3,443 |
| 5 | Draft Report | \$15,386 |
| 6 | Finalize Report and Present to SNGRDC Team | \$2,966 |
| | Total | \$49,983 |

7.0 Schedule

We understand that time is of the essence for this assignment as SNGRDC has been given a deadline of June 30, 2022 to enter into an agreement with ITC Lake Erie, if desired. We know that the results of the due diligence review will need to be presented to the community through a consultation process and that this process must be completed before SNGRDC can make its final decision on whether they will invest in the Project. Therefore, our due diligence team is prepared to have the draft report submitted to SNGRDC by February 11, 2022 and a final report and presentation to SNGRDC by February 28, 2022. To keep to this schedule, we would appreciate SNGRDC's support to coordinate the timing of the meeting with SNGR Lands & Resources and CAP staff as soon as possible in mid-January 2022.

8.0 Value-Added

Neegan Burnside understands that once the due diligence review is complete, SNGRDC will need to engage with the community to present the results of the review and obtain feedback. Although not included in our project cost and schedule, Neegan Burnside would be happy to provide SNGRDC with a proposal to facilitate this community engagement process.

9.0 Closing

We sincerely appreciate the opportunity to present the proposed approach and budget for the due diligence review. We know that SNGRDC's potential investment in the Project is a significant decision. We hope that the relationships built through this assignment will help foster a foundation of mutual respect and trust. We look forward to working with you on this important assignment.

Yours truly,

Neegan Burnside Ltd.

Original signed by:

Jennifer Vandermeer, P.Eng.
Senior Environmental Coordinator
JV:sd

cc: Nicole Kohoko, SNGRDC (Via: Email)
Cory Jones, Neegan Burnside (Via: Email)

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February 1, 2022



Six Nations of the Grand River Development Corporation
2498 Chiefswood Road
P.O. Box 569
Ohsweken, Ontario
N0A 1M0

Attention: Nicole Kohoko
Director of Corporate Affairs

Re: Proposal for Consulting Services: Six Nations of the Grand River Development Corporation – Community Investment Review (Confidential Project)

Dillon Consulting Limited (Dillon) is pleased to present the following suggested work plan to Six Nations of the Grand River Development Corporation (SNGRDC), to provide communications and facilitation services in support of a review of a community investment opportunity. We understand that the details of the opportunity are classified at this time, and as such the following work plan is designed to mimic and fill identified gaps based on the approach taken for the Oneida Energy Storage LP completed in the spring of 2021. Should the project in question be identified to have additional engagement risks or challenges, the following work plan may need to be amended to add additional tasks to support the engagement effort.

We understand that SNGRDC would like to take a more proactive approach to attract input and feedback compared to previous processes, and have therefore suggested a number of tactics to support that goal. The approach presented takes into account the need for engagement activities to be internet-based given the current COVID-19 pandemic restrictions, and to seek innovative ways to reach community members.

Work Plan

The following work plan provides an overview of the proposed approach. It is assumed that SNGRDC will coordinate and where necessary undertake all printing and mail out of materials, as well as advertising, email notifications and website management. All final materials for posting online or for public circulation will be provided using Microsoft Office and Adobe Acrobat Pro and following WCAG 2.0 AA guidelines under the Accessibility for Ontarians with Disabilities Act, 2005, ("AODA").

51 Breithaupt Street
Suite 200
Kitchener, Ontario
Canada
N2H 5G5
Telephone
519.571.9833
Fax
519.571.7424



Task 1: Project Management

The Dillon Project Manager, Stephanie Burnham will lead all project management activities, in conjunction with Karla Kolli (Senior Advisor) and Zahra Jaffer (Engagement Advisor). As part of this task, we have also accounted for some time to support review of materials developed by SNGRDC prior to finalization, to apply a plain language and communications friendly lens to the content.

Task 2: Engagement Strategy and Communications Start Up

Task 2.1 Project Review and Engagement Strategy Workshop

Dillon will undertake a review of the scope of work and project schedule for the investment project, to understand the decision milestones and schedule/timing components.

Following the background review, our team will undertake a mapping exercise to identify key rights-holders and audiences for the investment project, and develop a preliminary list of topics/areas of interest for each that considers how communications may be targeted to reach them.

Building on the initial Stakeholder Mapping, our team will host a workshop with SNGRDC Staff to take a deeper dive into elements of the engagement and communications approach that will form the basis of the detailed Engagement Plan, including specific tools and tactics that would be best suited to various audiences, and the messaging and engagement risks associated with the implementation of the work plan. We will consider the different objectives that arise out of the project, including testing new and effective ways to conduct community engagement for investment projects.

Deliverable: **Workshop Agenda and Materials; Virtual meeting setup**

Task 2.2 Engagement Strategy & Implementation Plan

A draft detailed Integrated Engagement Plan will be developed as the culminating effort of the Engagement and Communications Design Workshop. This will include the following key elements:

1. Project introduction, including purpose, objectives and goals, key messages, engagement risks, and key principles to guide engagement;
2. Implementation Plan that identifies tools and tactics to satisfy key objectives. The Implementation Plan will be structured as a 'menu' of options that can be



- selected from in order to allow for flexibility to suit potential social distancing or other constraints. This section will also identify the designated person responsible for each tool or tactic;
3. Engagement schedule; and
 4. Communications guidance to support development of social media and other communications content.

Deliverable: Integrated Engagement Plan (Draft)

Following the SNGRDC team’s review of the Draft Integrated Engagement Plan, our team will receive one (1) consolidated round of edits and hold a conference call with the SNGRDC project manager to confirm the edits and any other feedback on the Draft. Following this, we will provide a Final version of the Integrated Engagement Plan.

Deliverable: Integrated Engagement Plan (Final)

Task 2.3 Communications/Key Messages for SN Future Website and Social Media

We will develop short write-ups on the project description along with key messages to guide social media content, for SNGRDC staff to integrate with the Six Nations Future Website and to host on their Twitter and Facebook accounts.

Deliverable: Plain text content for SN Future Website and Social Media

Task 2.4 Project Explainer Video (Approx. 2-3 mins)

We will develop a short explainer video using stock footage, imagery provided by SNGRDC, and animations to explain the project purpose and intended outcomes, to be used on the project website and social media. We will share a draft of the video for comments, and integrate one round of consolidated comments from SNGRDC staff to develop the final version.

Deliverable: **Video file with subtitles for upload to YouTube (Draft and Final)**

Task 2.5 Linktree Page Setup and Administration

We will set up and administer a Linktree page to consolidate all web links associated with the project, including the SN Futures page, survey links, and social media links. This will be kept updated through the life of the project.



Task 3: Round 1 Engagement - Project Awareness, Early Engagement

Task 3.1 Weekly Webinars (10 total)

To support an opportunity for Six Nations community members both on and off-reserve to ask questions about the project in real time, we will facilitate a set of ten (10) webinars over the course of the first month of the engagement program. These webinars will feature a brief presentation or recorded presentation developed and delivered by SNGRDC staff, followed by a facilitated discussion. The platform used for the calls will be Zoom, unless otherwise determined by SNGRDC staff. Links to join the webinar will be created by the Dillon team and shared with SNGRDC staff to post on the SN Future Website and as part of advertising for the events.

Task 3.2 Targeted Outreach: Academia, Haudenosaunee Confederacy Chiefs Council, Mississaugas of the Credit First Nation, Six Nations Elected Council, Friendship Centres (Off-Reserve)

We recognize that there are key parties who will need more targeted outreach and engagement, namely academic institutions (GREAT, Polytech), Haudenosaunee Confederacy Chiefs Council, Mississaugas of the Credit First Nation, Six Nations Elected Council, and Friendship Centres (Off-Reserve) in order to reach participants who may have not been engaged in past processes. There are two (2) main steps in this task:

- Email and Telephone Follow Up: Based on a contact list provided by SNGRDC staff, we will conduct outreach by email and telephone to arrange a time for a virtual meeting about the project; and
- Meetings (Total of six assumed): Based on interest and availability, we will arrange dedicated meetings with target participants to explain the project and offer space for input as well as information on other channels/opportunities for engagement that they can circulate more broadly, as appropriate.

Task 3.3 Online Quick Poll - Social Media and SurveyMonkey

A short poll to determine current awareness and seek opinions about the project will be developed in SurveyMonkey, with a link and shortened version that can be shared on social media by SNGRDC Staff. We will collect the responses to the poll and include them in the engagement summary in Task 3.5.



Deliverable: Quick Poll link for SurveyMonkey and plain text version for Social Media Upload (**Draft** and Final)

Task 3.4 What We Heard Summary

We will collate, synthesize and summarize the feedback heard so that it can be shared back with community and included in reporting for the project. A draft will be shared with SNGRDC staff for review, and one (1) round of consolidated comments integrated into the final version.

Deliverable: What We Heard Summary (**Draft** and Final)

Task 4: Round 2 Engagement: Feedback Review, Next Steps

Task 4.1 Community Meeting

We will host a broad community meeting in the final two to three (2-3) weeks of the engagement period to encourage community members to ask any questions they may have about the project in a facilitated setting, and share what we have heard to date. The meeting will be held virtually over Zoom, and may be held in conjunction with other meetings or events hosted by SNGRDC. We will support the preparation of a brief presentation to be led by SNGRDC staff on the next steps in the project process.

Task 5: Reporting

Task 5.1 Overall Engagement Report

A final, overall engagement report will be prepared, combining the What We Heard Summary with additional input heard up to the end of the engagement period, and identifying any gaps and recommendations for future engagement. A draft will be shared with SNGRDC staff for review, and one (1) round of consolidated comments integrated into the final version.

Deliverable: Overall Engagement Report (**Draft** and Final)



Engagement Team

Stephanie Burnham, MSc. - Project Manager

Stephanie is a planner and engagement lead at Dillon. She has a Bachelor of Arts in International Development Studies, where she focused on Indigenous community development in rural parts of Thailand; and she has recently received her Masters of Science Degree in Rural Planning and Development at the University of Guelph where she focused on Indigenous Planning perspectives and advocacy. Her career has been guided by the experiences and teachings she received growing up in her home community of Six Nations of the Grand River territory where she primarily focused in the area of Indigenous rights recognition, community development, community and youth engagement and community and land use planning for the past 15 years.

In August 2019, Stephanie was part of the Six Nations Community Plan team that worked to engage members and complete the Six Nations Community Plan update. Her experience on the Joint Stewardship Board with the City of Hamilton and the Haudenosaunee Confederacy Chiefs Council reinforced the importance of building and designing effective engagement and consultation practices that are in line with Indigenous values as it pertains to land use planning and its' effect on Aboriginal and Treaty Rights. Currently, Stephanie is a Consultation Lead for the Marten Falls First Nation Community Access Road. In this position, Stephanie provides insight into more effective ways of consulting and working with First Nations communities, while communicating the positive and negative impacts of the project.

Most recently, Stephanie has become a Board Member for Shared Path Consultation Initiative, a charitable organization that is working to address the challenges and opportunities that emerge where land use change and Aboriginal and Treaty Rights intersect. Stephanie is also co-chair for the Indigenous Planning Advisory Committee for the Ontario Professional Planners Institute where she further promotes relationship building and Indigenous planning perspectives.

Stephanie will lead the project team and oversee the design and development of all aspects of engagement planning and implementation within the Dillon scope of work.



Zahra Jaffer, M.E.S., B.Sc. (Env Bio), Associate – Engagement Lead

Zahra is a planner, communications designer and engagement specialist at Dillon with 10 years of experience in a wide range of community engagement and outreach projects and programs. She has a Bachelor of Science in Environmental Biology from the University of Toronto and a Master of Environmental Studies in Planning from the University of Waterloo. Zahra's work as a planner spans the areas of municipal policy, strategic planning, public engagement, environmental assessment, and infrastructure planning. Her experience also includes leadership on award-winning municipal engagement programs, such as the Biosolids Strategy for the Region of Waterloo.

As an engagement designer, Zahra approaches every project as a unique exercise and works with clients to tailor the recommended approach to their community's specific needs. She is committed to equity in practice and is experienced in applying the broad principles as well as regulatory requirements of the Accessibility for Ontarians with Disabilities framework in the design of visually-appealing communications materials. She sits on the Ontario Professional Planners Institute Planning Knowledge Exchange Committee and the International Association for Public Participation (IAP2) Great Lakes Chapter Executive Committee.

Zahra will lead the development of the engagement plan and support the design of tactics to implement engagement.

Karla Kolli BES, RPP, MCIP, Partner – Engagement Advisor

Karla has worked with municipalities and other clients for over 20 years to assist them with environmental planning and engagement processes for improvements to road, water, wastewater, waste management, and stormwater infrastructure as well as planning projects. She brings to projects technical knowledge in EA, planning and stakeholder engagement blended with years of practical project experience.

Effective consultation is critical to successful projects and Karla has worked extensively with stakeholders to help them understand how different infrastructure and planning projects might affect their communities, and to ensure that their voice is heard in the planning process. Familiar with a mix of communication and consultation tools including traditional face-to-face meetings, e-consultation tools, workshops and liaison committees, Karla capably designs and implements consultation programs to meet varying project needs. She also employs a public lens to the materials she prepares making sure that they effectively communicate the message in simple to understand language and graphics. Karla is an experienced facilitator who has organized and chaired a number of advisory/public liaison committees and facilitated



numerous workshops. Her ability to bring the key principles of good facilitation to the various stakeholder engagement opportunities associated with this project will help foster collaboration while at the same time guide the project to its conclusion.

Karla is a full member of the Ontario Professional Planning Institute and on the Executive Committee of the local chapter of the International Association for Public Participation (IAP2). She has been at Dillon since 1991 and is a Partner in the firm.

Karla will provide guidance to the project team on engagement approaches and facilitation, review materials and approaches, and facilitation and meeting design support.

Ravi Mahabir, P.Eng., **Certified Risk Manager** – Technical Advisor

Ravi Mahabir has over 15 years of experience and is the technical service lead for Atmospheric Services. Ravi is experienced in both climate change mitigation and adaptation planning. Ravi's experience in the adaptation planning realm includes the customization of the Engineer's Canada PIEVC protocol for application at a community scale and to incorporate Traditional Knowledge from First Nations, the development and delivery of capacity building workshops for First Nations communities on behalf of the Government of Alberta, analysis of adaptation options to select preferred system design/technologies for greenfield infrastructure development, assessing the economic impacts of extreme weather events on rail business operations, climate change risk and vulnerability assessment and adaptation planning for water utility services, adaptation planning for First Nations and assessing adaptation options for the Caribbean tourism sector.

Ravi will provide advice and guidance to the project team on messaging and communications, to apply a plain-language approach to explaining complex terms and bring his knowledge of previous projects to bear on ways to support meaningful conversations.



Faith Oloruntoba, MA, PMP – Lead Facilitator

Faith is a Community Engagement, Outreach and Communications Project Manager at Dillon with over seven (7) years of experience in communications, community engagement, project management, public and stakeholder consultation. She is experienced in developing and executing communications strategies and community engagement plans that involve tactics and activities customized to the needs of key stakeholders and the clients. She is skilled at organizing and facilitating workshops, meetings and consultations aimed at building consensus, resolving conflicts and gaining cooperation. She also has an advanced understanding and use of evaluation techniques, pre and post-engagement assessment tools to elicit feedback and understand the needs and grievances of relevant stakeholders. Faith holds a Bachelors in Mass Communications, a Masters in Media Communications, a post-graduate certificate in Business and Advanced Communications and is a certified PMP. She is passionate about equity and inclusion.

Faith will facilitate meeting discussions and support the team in the development of plans and materials to implement engagement.

Budget and Timeline

Dillon will complete the above-noted scope of work for a lump sum fee of \$55,112.50, including provisional items, but excluding applicable taxes, as identified in Appendix A. Dillon will invoice monthly based on a percent of project progress.

The overall Project schedule is anticipated to be approximately three (3) months (March to May 2022). A detailed schedule will be confirmed as part of Task 2.2 (Engagement Strategy and Implementation Plan).

Closure

Dillon's policies require written authorization to proceed prior to commencing work. Please review the attached Agreement for Professional Services, and Terms of Engagement. To acknowledge that you have read, understood and accept these terms that apply to our services and to provide written authorization to proceed, please sign and return one copy of this full document including the Agreement for Professional Services, and Terms of Engagement, to the undersigned.



We look forward to working with you on this assignment. If you have any questions please feel free to contact me.

Sincerely,

DILLON CONSULTING LIMITED

Stephanie Burnham
Planner, MSc.

Ron Shishido
Partner

SB:mli

Attachment(s) Appendix A: Proposed Project Budget; and
Appendix B: Agreement for Professional Services and Dillon
Standard Terms of Engagement.

Commercial Confidentiality Statement

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